



Kalpataru Limited

Policy for determination of materiality of events or information

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1. Legal framework

The Company is required to make adequate, accurate and timely disclosure of all material events or information to enable investors to take well informed decisions. Taking the same into consideration, this Policy has been framed in accordance with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"Listing Regulations"**) to lay down the principles for determining 'Materiality' for disclosure of events or information pertaining to the Company and/ or its subsidiaries to ensure timely and adequate disclosure of such information or event to the stock exchanges where specified securities of the Company are listed (**"the Policy" or "this Policy"**). Further, such disclosures are required to be hosted on website of the Company for a minimum period of 5 years.

This Policy aims to assist relevant employees of the Company and/ or its subsidiaries in identifying any potential material event or information and reporting the same to the Operations Committee (defined hereinafter) for determining materiality of the said event or information and for making necessary disclosures to the stock exchanges.

This Policy is applicable and binding on the Company and its subsidiaries.

2. Interpretation

All words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the Companies Act, 2013, the Listing Regulations, the Securities and Exchange Board of India Act, 1992 and any other law applicable to the Company for time.

3. Operations Committee

An Operations Committee, comprising of:

- i. Managing Director;
- ii. Executive Director;
- iii. Chief Financial Officer;
- iv. Company Secretary; and
- v. any other person nominated by the Board,

shall be the authority to, *inter alia*, determine materiality of any event or information, classify it as a Material event or information, contents of disclosure and ensure submission of such disclosure within prescribed timelines to the stock exchanges.

Further, Senior Vice President Finance would act as the coordinator for the Committee and assist in providing all details and information from various stakeholders.

4. Events or information deemed to be material

Events or information specified in Para A of Part A of Schedule III of the Listing Regulations (**"Para A Events"**) shall be disclosed to the Stock Exchanges without applying the test of materiality as these are "deemed" material.

5. Events or information to be evaluated for materiality

The event or information specified in Para B of Part A of Schedule III of the Listing Regulations (**"Para B Events"**), if on application of materiality criteria, as provided below, are found to be material, will be disclosed based to the stock exchanges.

6. Guidelines for assessment of materiality

Materiality has to be determined on a case to case basis depending upon facts and circumstances relating to such event or information by applying qualitative judgement by the Operations Committee.

Only such impact which is direct, reasonably perceivable and not remote, and reasonably quantifiable, shall be considered. The Company shall consider following criteria for determination of materiality of an event or information:

- A. The omission of an event or information, which is likely to:
 - i. result in discontinuity or alteration of information or event already available publicly;
 - ii. is likely to result in significant market reaction if the said omission came to light at a later date;
- B. The omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - i. 2%* (two percent) of turnover, as per last audited consolidated financial statements of the Company;
 - ii. 2%* (two percent) of net worth, as per last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
 - iii. 5%* (Five Percent) of the average of absolute value of profit or loss after tax, as per the last 3 (Three) audited consolidated financial statements of the Company.

(*These limits be updated every year post approval of Annual Financial Statements.)

- C. Any event even if not covered under Para A or Para B of the Listing Regulations but if it is found to be potentially of material nature, on evaluation by the Operations Committee.
- D. Any event or information which in opinion of the Board, ought to be disclosed even though not required to be statutorily disclosed.

The Company shall disclose any other information or event, viz. major development that is likely to affect business and operations of the Company and brief details thereof and any other information which is exclusively known to the Company, which may be necessary to enable the investors to take informed decisions and to avoid establishment of false market in securities of the Company.

In cases where aforementioned quantitative criteria cannot be ascertained or applied reasonably, the Operations Committee may apply qualitative criteria for determining an event or information to be material or not. The Operations Committee is authorized to put up specific matters before Board for assessment of materiality, if the need be.

7. Role and responsibility of the Operations Committee

The role and responsibility of the Operations Committee

- a. To review and assess materiality of an event that may qualify as 'material' and may require disclosure, on the basis of prevailing facts and circumstances at that point in time. The disclosure shall be finalized in consultation with the Managing Director and in his absence, the Executive Director.
- b. To make required disclosures to the stock exchanges within stipulated time of actual occurrence of an event or information, after ascertaining the facts.
- c. To disclose material developments with relevant explanation on a regular basis, till such time the event or transaction is resolved/closed, with relevant explanations.
- d. To consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the Listing Regulations and determine materiality, appropriate time and contents of disclosure for such matters.
- e. To disclose material events or information with respect to the subsidiaries of the Company.
- f. Any decision taken by Operations Committee shall be valid and binding on the Company and contact details of members of the Operations Committee shall be disclosed to the stock exchange and also be placed on the Company's website.

"Relevant Employees" shall mean the Senior Managerial Personnel of the Company who deal with or comes into possession of potential material event or information in the course of the performance of their duties.

In case any Relevant Employee becomes aware of any material information or event, such person should contact any one of the members of the Operations Committee, who would then put up the matter before the Operations Committee.

8. Timelines for disclosure to stock exchanges

The Company shall disclose to the stock exchanges all events or information which are material as soon as reasonably possible and in any case not later than:

- i. 30 (thirty) minutes from closure of the Board meeting in which decision pertaining to the event or information has been taken;

Provided that in case the Board meeting closes after Normal Trading Hours of that day but more than 3 (three) hours before the beginning of the Normal Trading Hours of the next trading day, the Company shall disclose decision pertaining to the event or information, within 3 (three) hours from the closure of the Board meeting.

- ii. 12 (Twelve) hours from occurrence of the event or information, in case the event or information is emanating from within the Company;
- iii. 24 (Twenty Four) hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

Provided that if relevant information, in respect of claims made against the Company under any litigation or dispute, other than tax litigation or dispute in terms of sub-paragraph 8 of paragraph B of Part A of Schedule III, is maintained in the structured digital database of the Company, in terms of provisions of the PIT Regulations, the disclosure with respect to such claims shall be made to the stock exchanges within 72 (seventy-two) hours of receipt of notice by the Company.

Further, the disclosure, with respect to Para A Events for which timelines have been specifically provided, shall be made within such prescribed timelines.

In case disclosure is made after stipulated timeline, the Company shall provide rationale for the delay along with the disclosure.

9. Disclosure of material event or information pertaining to subsidiaries

The Company shall disclose all events or information with respect to subsidiaries which are material to the Company. The internal guidelines shall also contain relevant departments and employees of subsidiaries, who are responsible to report the event or information to any member of the Operations Committee so that the Company duly complies with its disclosure obligations.

10. Response to market rumours

In case any stock exchange requires the Company to make a definitive statement in response to a market rumor that is causing significant volatility in securities of the Company, the Operations Committee shall consider the matter and content of the Company's response, such as confirming "no corporate development at this time" and shall provide specific and adequate reply on same.

11. Disclosure to stock exchanges

The Compliance Officer is authorised for making disclosure to the stock exchanges and in case of non-availability of Compliance Officer, any of the Key Managerial Personnel who is also a member of the Operations Committee may make such disclosures on behalf of the Company. The contact details of Compliance Officer shall be also disclosed to the stock exchanges and as well as on the website of the Company.

12. Disclosure on Company's Website

The Company shall update all disclosures made to the stock exchanges on its website and such disclosures shall continue to be hosted for a minimum period of 5 (Five) years and thereafter the same shall be archived so as to be available for retrieval for a further period of three years by storing the same on suitable media. Thereafter the said information, documents, records may be destroyed as per the Policy on preservation of documents.

13. Policy review

The Board of Directors has the authority to review and revise this Policy from time to time.

In the event of any conflict between the provisions of this Policy and the Listing Regulations or the Act or any other statutory enactments and rules thereto (the Law), the Law shall prevail.

Any subsequent amendment / modification in the Listing Regulations or the Act or applicable laws in this regard shall automatically apply to this Policy and the relevant provisions of this Policy shall be deemed to be modified and / or amended to that extent, even if not incorporated in this Policy.