



# Hikal Ltd.

## Policy for Determination of Materiality of any Events or Information

### **1. Introduction:**

The Securities and Exchange Board of India (SEBI) on 2<sup>nd</sup> September, 2015 issued the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “Regulations”) with the aim to consolidate and streamline the provisions of existing listing agreements thereby ensuring better enforceability and bringing the basic framework governing the regime of Listed Entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied SEBI Regulations / Circulars governing Equity as well as Debt segments of capital market.

Regulation 30 of the Regulations deals with disclosure of material events / information by the Company whose equity and convertible securities are listed and are required to make disclosure of events / information specified under the relevant Schedule of Regulation 30. The Regulations requires Company to frame a policy for determination of materiality, based on criteria specified in the Regulations, to be approved by Board of Directors of the Company and further to be disclosed on the website of the Company.

Accordingly the Policy on Determination of Materiality of Events as described herein below has been approved and adopted by the Board of Directors of the Company at their meeting held on 28<sup>th</sup> October, 2015.

### **2. Purpose:**

The Policy aims to determine materiality of events or information of the Company and to ensure that such events or information post 1st December 2015 are disclosed to the stock exchange in pursuance with the Regulations. The Policy is applicable with effect from 1st December, 2015.

### **3. Definitions:**

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.



“Board of Directors” or “Board” means the Board of Directors of Hikal Ltd.

“Company” means Hikal Ltd.

“Compliance Officer” shall mean the Company Secretary of the Company.

“Key Managerial Personnel” mean key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

“Listing agreement” shall mean an agreement that is to be entered into between a recognized Stock Exchange and the Company pursuant to the Securities and Exchange Board (Listing Obligations and Disclosure Requirements) Regulations, 2015;

“Net Worth” shall mean Net worth as defined in sub-section (57) of Section 2 of the Companies Act, 2013.

“Promoter” shall have the same meaning as assigned in clause(za) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

“Regulations” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

"Schedule" means a Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Stock Exchange” means a recognized stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956.

“Total Income” shall mean Total Revenue = Net Sales + Other operating Revenues + Other Income as mentioned and described in the Books of Accounts of the Company.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Company.

#### **4. Criteria for Determining Materiality of Events or Information:**

Events or information shall be considered as Material if it meets any of the following criteria:

- a) have an impact of 10% or more on the total income or net worth as per the last audited accounts of the Company, whichever is lower, on the current annual financial results of the Company; or
- b) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- c) the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date; or
- d) any other event or information which is treated as being material in the opinion of the persons authorized to determine materiality under this Policy or the Board of Directors of the Company.

#### **5. Disclosures of Events or Information:**

- a) Events / information specified in Annexure A are deemed to be material events and the Company shall make disclosure of such events or information as soon as reasonably possible and not later than twenty-four (24) hours from the occurrence of such event or information in the following manner:

- i. inform the stock exchanges in which the securities of the Company are listed;
- ii. upload on the website of the Company.

Provided that in case the disclosure to the Stock Exchanges is made after twenty-four (24) hours of occurrence of such event or information, the Company shall, along with such disclosure(s) provide an explanation for delay.

- b) The Company shall make disclosures with respect to item no. 4 of Annexure A i.e., certain events regarding outcome of Board Meetings within 30 minutes of the conclusion of the Board Meeting.
- c) The Company shall promptly make disclosure of events as specified in Annexure B based on application of guidelines for determining Materiality as per Clause 4 of the Policy.

The event or information mentioned in Annexure A and B has been taken from the Regulations. In case of any amendments in the Regulations, changing the event and information required to be disclosed, Annexure A and B will be deemed to be amended accordingly.

- d) In case where an event occurs or information is available with the Company, which has not been indicated in Annexure A or Annexure B, but which may have material effect on it, the Company will make adequate disclosures in regard thereof.

All the above disclosures would be hosted on the website of the Company for a minimum period of five years and thereafter archived as per Company's Archival Policy.

## **6. Authority to determine materiality**

The Chairman & Managing Director, President & Joint Managing Director/Whole Time Director, Chief Financial Officer and/or the Company Secretary of the Company shall be severally authorized to determine Materiality of any event or information, verifying or denying rumours for the purpose of making disclosures to the stock exchange(s), subject to the provisions of this Policy.

The aforesaid Key Managerial Personnel (KMP) shall be further severally authorized to make necessary disclosures of material event / information to the Stock Exchanges and upload the same on the Company's website.

The contact details of the above mentioned KMP of the Company shall be disclosed and updated from time to time to the stock exchange(s) and as well as maintained on the Company's website.

## **7. Amendments/Review**

The Board may, subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

## **8. Scope and Limitation**

In the event of any conflict between the provisions of this Policy and the Listing Agreement; Companies Act, 2013; Regulations or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.



## **9. Dissemination of Policy**

This Policy shall be hosted on the website of the Company.

**For Hikal Ltd.**

**Place: Mumbai**  
**Date: October 28, 2015**

**Jai Hiremath**  
**Chairman & Managing Director**

## Annexure A

### **Events which shall be disclosed without any application of the guidelines for Materiality:**

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the listed entity or any other restructuring.

Explanation.- For the purpose of this sub-para, the word 'acquisition' shall mean,-

- (i) acquiring control, whether directly or indirectly; or,
  - (ii) acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –
    - (a) the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
    - (b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.
2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
  3. Revision in Rating(s).
  4. Outcome of Meetings of the Board of Directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:
    - a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
    - b) any cancellation of dividend with reasons thereof;
    - c) the decision on buyback of securities;
    - d) the decision with respect to fund raising proposed to be undertaken
    - e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
    - f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
    - g) short particulars of any other alterations of capital, including calls;
    - h) financial results;

- i) decision on voluntary delisting by the listed entity from stock exchange(s).
5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), agreement(s)/treaty(ies)/contract(s) with media companies) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
  6. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
  7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Auditor and Compliance Officer.
  8. Appointment or discontinuation of share transfer agent.
  9. Corporate debt restructuring.
  10. One time settlement with a bank.
  11. Reference to BIFR and winding-up petition filed by any party / creditors.
  12. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the listed entity.
  13. Proceedings of Annual and Extraordinary General Meetings of the listed entity.
  14. Amendments to Memorandum and Articles of Association of listed entity, in brief.
  15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;

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**Annexure B**

**List of events which shall be disclosed upon application of the guidelines for materiality:**

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity.
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by Directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

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