

AKUMS DRUGS & PHARMACEUTICALS
LTD.

POLICY ON DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION



AKUMS DRUGS & PHARMACEUTICALS LTD.

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1. Introduction

Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) requires every Listed Company to formulate and put in place a Policy on Determination of Materiality of Events / Information (“Policy”).

In compliance of the above Regulations, the Board of Directors of Akums Drugs & Pharmaceuticals Ltd. (“AKUMS” or the “Company”) have adopted the following policy.

2. Effective Date

This Policy is effective from the date of commencement of trading in Company’s shares at the Bombay Stock Exchange and The National Stock Exchange of India.

3. Objectives of the Policy

This Policy has been framed with the objective of providing adequate and appropriate disclosures that are consistent with the facts of the material events. The current Policy mechanisms provides for:

- a. the procedure determining the materiality of the events/information,
- b. the procedure governing the disclosure of the events that are deemed to be material.
- c. the time frame within which such information is to be disclosed.

4. Definitions

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- a. "Company" means Akums Drugs & Pharmaceuticals Ltd
- b. "Board" means the board of directors of Akums Drugs & Pharmaceuticals Ltd.
- c. "Compliance Officer" means the Company Secretary of the Company.
- d. "Listing Regulations" means the Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015)
- e. "Policy" means this Policy on Determination of Materiality of Events / Information
- f. "Schedule III" means Schedule III of the Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Any other term not defined herein shall have the same meaning as ascribed to it under the Companies Act, 2013, Listing Regulations or any other relevant regulation/legislation applicable to the Company.

5. Disclosure of Material Information

- a. Company shall make disclosure of any event or information which is material in nature to the stock exchange.
- b. Events / Information specified in Para A of Part A of Schedule III of the Listing Regulations are deemed to be material events and Company shall make disclosure of such events as listed in Annexure-1 of this Policy (reproduced in Annexure 1 for ease of reference).
- c. Events / Information specified in Para B of Part A of Schedule III of the Listing Regulations as listed in Annexure-2 of this Policy or any other events or information,

shall be treated as material based on application of the guidelines for materiality, as specified hereinafter.

6. Guidelines for determining Materiality of Events or Information

Materiality of an Event must be determined on a case to case basis depending on specific facts and circumstances relating to it. Such determination shall be done on both qualitative and quantitative grounds. The primary approach however shall be qualitative. The criteria given hereunder shall be used a guide or reference for determining materiality and arriving at the overall decision on whether to report the Event. These criteria shall apply to Events specified in Para B of Part A of Schedule III of the SEBI Listing Regulations only (reproduced in Annexure 2 for ease of reference).

Qualitative criteria - The Company shall apply the qualitative criteria for materiality assessment as defined under SEBI Listing Regulations as below:

- a. The omission of an Event, which is likely to result in discontinuity or alteration of already available publicly; or
- b. The omission of an Event, which is likely to result in significant market reaction if the said omission came to light at a later date;
- c. In case where the criteria specified in sub-clauses (a) and (b) of qualitative approach and all clauses of quantitative approach are not applicable, an Event may be treated as being material if in the opinion of the Authorised Person, it is considered material.
- d. It is deemed to be material under applicable laws and regulations.

Quantitative criteria- The Company shall apply the following quantitative criteria for materiality assessment. The following will be the materiality criteria:

- a. An Event specified in Annexure 2 would be considered material if the impact in terms of value or the expected impact in terms of value, exceeds the lower of the following:
- (1) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
 - (2) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
 - (3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity;
- b. Only such impact which is direct (not derivative), reasonably perceivable (not remote), quantifiable and having a short term horizon of less than two years shall be considered.
- c. The above threshold shall be determined on the basis of audited consolidated financial statements of the Company's last audited financial year.

7. Authority for Determining and Disclosure of Materiality of an Event or an Information

The authority for determining materiality of an information/event lies with the decision of the following members severally:

- Determining Authority : Managing Director (s)
- Disclosing Authority : Managing Director (s) or
Chief Financial officer or
Company Secretary & Compliance Officer

Based on the decision of the above-named officials, the Compliance Officer shall be responsible for making disclosure to the Stock Exchange. The contact details of the Compliance Officer shall be made available on the website of the Company.

8. Continual Disclosure Obligations

- a. The Company shall first disclose to stock exchange(s) all events specified in Annexure 1 as soon as reasonably possible and in any case not later than the following.
 - i. Thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken;
 - ii. Twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity;
 - iii. Twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity:
- b. The disclosure with respect to events specified in Point 4 of Annexure 1 shall be made within thirty minutes of the conclusion of the Board meeting.
- c. The Company shall, with respect to events/information mentioned in Annexure 1 & 2, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- d. The Company shall make disclosures of events/information as specified in Annexure-2 based on application of guidelines for determining Materiality as per Clause 6 of this policy.

- e. The Company shall disclose all events or information with respect to subsidiaries which are material for the Company.

All the above disclosures will be hosted on the website of the Company for a minimum period of five years and thereafter archived in accordance with the Company's Preservation and Archival Policy.

9. Amendments to the Policy

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with 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.

The list of events / information mentioned in Annexure 1 & 2, as it stands today may be updated, from time to time, by the Compliance Officer, to reflect any changes to the Listing or SEBI Regulations and the updated version be issued and published as necessary, without any requirement for approval from the Board.

10. Publication of the Policy

This Policy shall also posted on the web-site of the Company, after the company is listed.

Annexure - 1

The following events/information specified in Para A of Part A of Schedule III to the Listing Regulations shall be mandatorily disclosed without any further consideration 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 subclause (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:

- (i) 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;
- (ii) any cancellation of dividend with reasons thereof;
- (iii) the decision on buyback of securities;
- (iv) the decision with respect to fund raising proposed to be undertaken;
- (v) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
- (vi) 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;
- (vii) short particulars of any other alterations of capital, including calls;
- (viii) financial results;
- (ix) 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

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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 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 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 Company.
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 Company to analysts or institutional investors.

Annexure – 2

The following events/information specified in Para B of Part A of Schedule III to the Listing Regulations 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 Company.
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.

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9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company.
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.
13. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.