



**POLICY ON DETERMINATION OF
MATERIALITY OF EVENTS/INFORMATION**

MANGALAM ORGANICS LIMITED

POLICY ON DETERMINATION OF MATERIALITY OF EVENTS/INFORMATION

(a) *Preface:*

Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") specifies that all the companies whose equity shares/convertible instruments are listed on any recognised stock exchanges shall frame a policy for determination of materiality of events/information for the purpose of making disclosure to stock exchange(s).

This Policy shall be applicable to Mangalam Organics Limited (the "**Company**") for the purpose of making disclosures to the stock exchanges as envisaged under the Listing Regulations. The details that would need to be disclosed shall be in accordance with the circular of the Securities and Exchange Board of India dated September 09, 2015, i.e., CIR/CFD/CMD/4/2015, as would be amended from time to time.

(b) *Policy Objective:*

To define principles and guidelines to determine the materiality of events/information for the purpose of making disclosure to stock exchange(s).

(c) *Definitions:*

- i. "**Associate Company**" shall be a company defined as Associate Company under the Companies Act, 2013 and the Rules made thereunder.
- ii. "**Board of Directors**" or "**Board**" means collectively the Directors of of the Company, holding the position as Directors for the time being.
- iii. "**Company**" means Mangalam Organics Limited.
- iv. "**Policy**" means this Policy on determination of materiality of events/information, as amended from time to time.
- v. "**Stock Exchange**" means National Stock Exchange of India Limited and BSE Limited.
- vi. "**Subsidiary Company**" shall be a company defined as subsidiary company under the Companies Act, 2013 and the Rules made thereunder.

Capitalized terms not defined herein shall have the meanings ascribed to such terms under Listing Regulations

(d) *Principles for determination of Materiality of events/information:*

An event/information shall be considered as material, if it meets the following criteria:

- (a) the event or information is likely to result in discontinuity or alteration of an event or information already available publicly; OR
- (b) the event or information is likely to result in significant market reaction if the said event or information came to light at a later date; OR
- (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as material if in the opinion of Key Managerial Personnel the event/information is considered material.

The events/information may be in relation to the Company or any of its operating Subsidiary Company or Associate Company.

(e) *Guidelines for determination of materiality of events or information and price sensitive information*

Materiality has to be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. In order to determine whether a particular event/information is material in nature, the following quantitative or qualitative criteria(s) may be considered before the disclosure is made:

Quantitative criteria:

Whether the value involved in the impact of the event/information is likely to exceed 10% of the revenue or net worth, as the case may be, of the Company on a consolidated basis.

Explanation: For the purpose of above calculation, the above thresholds shall be determined on the basis of the Company's audited consolidated financial statements of the immediately preceding financial year.

While considering the materiality, following should be considered:

- a. Whether an event/information that is individually immaterial, but taken together with any other event/information renders it materially important.
- b. Whether there are qualitative considerations that can cause a quantitatively small event/information to be material.

Qualitative criteria:

- a. Whether the event/information in question is contingent on something else happening or speculative by nature. For contingent or speculative events, materiality determinations shall balance both the:
 - Probability that the event will occur.
 - Significance of the event to the Company.
- b. Whether the event/information relates directly/indirectly to the Company and which if published is likely to materially affect the price of securities of the Company.
- c. Whether in the past there has been demonstrated price volatility in the Company's securities (or in the securities of comparable companies) in response to disclosures of a type similar to the event/information.

If a particular information or event in question satisfies any of the quantitative or qualitative criteria, the Company shall, upon the decision taken by the Authorised Persons(as defined in Clause 6), which decision shall be final, make a disclosure of the same to the Stock Exchange. Any Authorised Person cannot be held responsible in respect of any information of which he/she had no knowledge.

(f) Authority to determine materiality of event/information

The Board of Directors has authorised the Managing Director, Executive Directors, the Chief Financial Officer and the Chief Executive Officer (hereinafter collectively referred to as "Authorised Persons") for the purpose of determining materiality of event/information and for making disclosures to the Stock Exchange. The contact details of such Authorised Persons shall be disclosed to the Stock Exchange and on the website of the Company initially and as and when any change takes place in the said Authorised Persons.

(g) Disclosure of material information/events to the Stock Exchange:

- i. The Company shall make disclosures of all events or information as specified in Annexure A hereto, without application of the guidelines for materiality, to the stock exchanges as soon as possible and in any case not later than twenty four hours from the occurrence of event or information.
- ii. The Company shall make disclosures of all events or information as specified in Annexure B hereto, with application of the guidelines for materiality, to the stock exchanges as soon as reasonably possible and in any case not later than twenty four hours from the occurrence of event or information.

- iii. The disclosures under sub-clause (a) and (b) above shall be made to the Stock Exchange by the Company Secretary or in his/her absence by the Chief Executive Officer or in his/her absence by the Chief Financial Officer or in his/her absence by the Managing Director.
- iv. With respect to disclosures made under sub-clause (a) and (b) above, the Company shall continue to make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- v. The Company shall disclose on its website all such events or information, which have been disclosed to Stock Exchange as above and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company.
- vi. The Company shall also disclose all events or information with respect to its Subsidiary Company or Associate Company which are material to the Company.
- vii. The time of occurrence of an event/information shall be determined in accordance with the guidance provided in the SEBI circular dated September 9, 2015 i.e., CIR/CFD/CMD/4/2015, as would be amended from time to time.

(h) Disclosures:

The Company shall disclose on its website:

- (a) the policy on determination of materiality of events/information; and
- (b) Contact details of Authorised Persons who have been authorised by the Board of Directors under Clause (f) above.

(i) Amendment:

Any amendment in this Policy may be carried out with the approval of the Board of Directors of the Company.

In case any amendment(s), clarification(s), circular(s) and guideline(s) issued by Securities and Exchange Board of India/Stock Exchanges, that is not consistent with the requirements specified under this Policy, then the provisions of such amendment(s), clarification(s), circular(s) and the guideline(s) shall prevail upon the requirements hereunder and this Policy shall stand amended accordingly effective from the date as laid down under such amendment(s), clarification(s), circular(s) and guideline(s). Such amendments shall be brought to the attention of the Board of Directors at its meeting held thereafter.

Annexure A

Events/Information which shall be disclosed without any application of the guidelines for materiality as specified in Clauses (d) & (e) above:

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 Company or any other restructuring.

Explanation - For the purpose of the above clause, 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 Company holds shares or voting rights aggregating five per cent or more of the shares or voting rights in such investee 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 clause and such change exceeds two per cent of the total shareholding or voting rights in the said company.
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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 Company shall disclose to the Stock Exchange, 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 capitalisation 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 Company from Stock Exchange.
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 Company), 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 the Company or arrest of Key Managerial Personnel or promoter.
7. Change in directors, Key Managerial Personnel, Auditors and Compliance Officer.
8. Resignation of the auditor along with detailed reasons for resignation as given by the auditors shall be disclosed to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor within twenty four hours of receipt of such resignation.
9. Resignation of Independent Director along with the detailed reasons for the resignation and confirmation that there is no other material reasons other than those provided in the reason for resignation as given by the said director shall be disclosed to the stock exchanges within seven days from the date of resignation.
10. Appointment or discontinuation of share transfer agent.
11. Corporate debt restructuring.
12. One time settlement with a bank.
13. Reference to BIFR and winding-up petition filed by any party/creditors.
14. 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.
15. Proceedings of Annual and extraordinary general meetings of the Company.
16. Amendments to memorandum and articles of association of Company, in brief.
17. Schedule of Analysts or institutional investors meet; and presentations on financial results made by the persons authorised by the Company to analysts or institutional investors;

Annexure B

Events which shall be disclosed upon application of the guidelines for materiality referred in Clauses (d) & (e) above:

1. Commencement or any postponement in the date of commencement of commercial production or operations of any unit or division.
2. Change in the general character or nature of business of the Company or its subsidiary 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 or division (entirely or piecemeal).
3. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts by a subsidiary not in the normal course of business.
4. 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.
5. Disruption of operations of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
6. Effect(s) arising out of change in the regulatory framework applicable to the Company.
7. Litigation(s) / dispute(s) / regulatory action(s) with impact.
8. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company.
9. Options to purchase securities including any ESOP/ESPS Scheme.
10. Giving of guarantees or indemnity or becoming a surety for any third party.
11. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
12. 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 Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.