

VAISHALI PHARMA LIMITED

Policy on Determination Of Materiality Of Events

Under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. BACKGROUND AND APPLICABILITY OF THE POLICY

As per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) Vaishali Pharma Limited (the “Company”) is required to frame a policy to determine the material events/ information under Regulation 30(4)(ii) of the Regulations for the purpose of adequate, accurate, explicit and timely disclosure of the same to the Stock Exchange(s). In this context, the following policy has been framed by the Board of Directors (“Board”) of the Company at its meeting held on 17th August, 2017 with the objective of determining materiality of events. A copy of the Policy shall be disclosed on the website of the Company. This Policy shall be applicable on events in the Company, as and when they come under the criteria enumerated in the Policy.

2. DEFINITIONS

2.1. “**Acquisition**” shall mean-

- a. acquiring control, whether directly or indirectly; or
- b. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –
 - i. the Company holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company; or
 - ii. there has been a change in holding from the last disclosure made under sub-clause (i) of clause (b) above and such change exceeds two per cent of the total shareholding or voting rights in the said company.

2.2. “**Board**” shall mean the Board of Directors of the Company;

2.3. “**Compliance Officer**” shall mean the Company Secretary of the Company;

2.4. “**Key Managerial Personnel/KMP**” means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 i.e.-

- a. Chairman and Managing Director (CMD)
- b. Chief Financial Officer (CFO);
- c. Company Secretary (CS);
- d. Whole Time Director;

- e. such other officer as may be prescribed.
- 2.5. **"Market Sensitive Information"** shall mean information concerning the Company that a reasonable person would expect to have a material effect (upwards or downwards) on the price or value of the Company's securities or information which causes the market to maintain the price of security at or about its current level when it would otherwise be expected to move materially in a particular direction, given price movements in the market generally or in the Company's sector;
- 2.6. **"Promoter"** shall have the meaning assigned to the term 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;
- 2.7. **"Stock exchange"** means a 'recognised stock exchange' as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956; and
- 2.8. **"Subsidiary"** means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013

3. MATERIALITY THRESHOLDS

The following guidelines shall be followed while determining Materiality Threshold on which requirement to make disclosure of an event/information:

I. EVENTS WHICH SHALL BE DEEMED MATERIAL AND IN RESPECT OF WHICH THE COMPANY SHALL MAKE DISCLOSURES

- 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
- 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. Amendments to memorandum and articles of association of Company, in brief
- 5. Outcome of meetings of the Board of the Company 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 Company from Stock Exchange(s).
6. 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;
 7. Corporate debt restructuring;
 8. Fraud/defaults by Promoter or KMP or by the Company or arrest of KMP or Promoter;
 9. Change in directors, KMP and auditor;
 10. Appointment or discontinuation of share transfer agent;
 11. Reference to the Board of Industrial and Financial Reconstruction 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 Company;

13. Proceedings of annual and extraordinary general meetings of the Company;

II. THE FOLLOWING EVENTS SHALL BE CONSIDERED MATERIAL SUBJECT TO THE APPLICATION OF THE GUIDELINES MENTIONED IN CLAUSE (III)

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 Company 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;
9. Fraud/defaults etc. by directors (other than KMP) or employees of the 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.

III. THE EVENTS AS ENUMERATED IN CLAUSE (B) ABOVE SHALL BE CONSIDERED MATERIAL ONLY ON APPLICATION OF THE FOLLOWING GUIDELINES

1. The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or

2. 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
3. In case an event/information may be treated as being material if in the opinion of the Board, the event / information is considered material.

For the avoidance of doubt, it is clarified that the guidelines set out in this Clause III shall apply only for the events set out in Clause II above. The events set out in Clause I above shall be disclosed without any application of these guidelines for materiality.

IV. ANY OTHER INFORMATION/EVENT VIZ. MAJOR DEVELOPMENT THAT IS LIKELY TO AFFECT BUSINESS:

Events/information that may include but are not restricted to-

- a. Emergence of new technologies;
- b. Expiry of patents;
- c. 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;
- d. Any Market Sensitive Information as may be determined the Committee/ Board from time to time;
- e. Any event which, in the view of the Board, is material.

4. ADMINISTRATIVE MEASURES

- a. Unless otherwise decided by the Board, the Chief Financial Officer (CFO) of the Company shall be authorized for the purpose of determining materiality of an event or information and making disclosures to the Stock Exchange(s).
- b. The CFO so designated will be guided by the SEBI circular (CIR/CFD/CMD/4/2015) dated 9th September, 2015, while expressing a view on whether an event/information has occurred requiring a disclosure to be made under this Policy and the contents of such disclosure.
- c. The CFO shall take into consideration totality of factors surrounding the particular information to take a view on whether the information is Market Sensitive Information.
- d. The CFO may seek expert advice where so felt necessary as to whether the information is required to be disclosed in accordance with the terms of this Policy.

- e. The heads of various departments of the Company will support the CFO with regard to compliance of the terms of this Policy, and forthwith notify the CFO and provide all relevant details with regard to any event/ information which is likely to be construed as material under Clause III of this Policy.
- f. The contact details of the CFO shall be disclosed to the Stock Exchange(s) and also be placed on the Company's website.
- g. The Compliance Officer shall ensure overall compliance of this Policy.

5. DISCLOSURE

The CFO shall observe the following for proper and timely disclosure of any material events/ Information as defined hereon:

- a. For determining materiality of any event/transaction, reference is to be made to this Policy and the Regulations.
- b. Disclosure of the events enumerated in Clause 3(1)(5) above shall be made within 30 minutes of the conclusion of the Board meeting at which such events were discussed along with the time of commencement and conclusion of the meeting.
- c. In case of events/information such as natural calamities, disruption, etc., they shall be disclosed when the Company becomes aware of such events/information.
- d. The estimated details with regard to any fraud/ default by any director, Promoter or KMP or by the Company or arrest of any Promoter or KMP shall be disclosed at the time of unearthing of the fraud or occurrence of default/ arrest. A subsequent disclosure shall be made with respect to further details of the fraud/default/arrest such as actual amount involved (if any), actual impact on the Company and its financials and corrective measures taken by the Company.
- e. The Stock Exchange(s) shall also be regularly intimated of details of any change/ updates in the disclosure including status and/ or any material development thereon till such time as the event is resolved/ closed, with relevant explanations.
- f. All the disclosures made to the Stock Exchange(s) under this Policy shall also be disclosed on the website of the Company and the same shall be hosted for a minimum period of five years.
- g. The Company shall provide specific and adequate reply to all queries raised by any Stock Exchange with respect to any events or information. The Company may on its

- own initiative also confirm or deny any reported event or information to Stock Exchange(s).
- h. The Company shall also disclose all the events or information with respect to its Subsidiaries which are material for the Company.

6. INTERPRETATION

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule or regulation governing the Company, the law, rule, or regulation will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule or regulation.

7. MODIFICATION OF THE POLICY

The Board is authorized to make such alterations to this Policy as considered appropriate, subject however, to the condition that such alterations shall not be inconsistent with the provisions of the Regulations. The Company Secretary, being the Compliance Officer, is also authorized to make amendment in this Policy, where there is/are any statutory change(s) necessitating the amendment in the Policy.

This Policy is framed based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified on September 2, 2015. In case of any subsequent amendments to the Regulations which makes any of the provisions in the Policy inconsistent, the provisions of the Regulations shall prevail.