

# **BALAJI SPECIALITY CHEMICALS LIMITED**

## **POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT/INFORMATION**

BALAJI SPECIALITY CHEMICALS LIMITED

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## **PREAMBLE**

This Policy has been formulated in accordance with Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 9, 2015, all listed companies are required to frame a Policy for Determination of Materiality of an Event/Information is being framed and implemented under the said Regulation.

## **OBJECTIVE**

The Board of Directors of Balaji Speciality Chemicals Limited ("the Company") at its Meeting held on June 1, 2022 has adopted this Policy for Determination of Materiality of an Event/Information with the intention to serve as a guiding charter to the management to ensure that timely and adequate disclosure of events or information are made to the investor community by the Company under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to enable them to take well informed investment decisions with regard to the securities of the Company.

Further, the Policy is designed for systematic identification, categorization, review and disclosure to the stock exchanges and hosting on the Company's website and regular updation of the events/ information which may have material bearing on the performance /operation of the Company and as a result, affect the market prices of the listed securities of the Company.

## **APPLICABILITY**

This Policy shall come into force from the date of listing of equity shares of the Company on the stock exchanges.

## **DEFINITIONS**

In this Policy, unless otherwise expressly mentioned,

**"Board of Directors" or "Board"** means the collective body of the Directors of the Company;

**"Committee"** means a Committee of the Board;

**"Material event/information"** means any decision made by the majority shareholders, decisions made at a members' general meetings or by the Board or a committee or senior management, or any other acts related to company's business and operations that could significantly influence:

- the market price of securities issued by the Company; and/or
- an investor's decision to buy, sell or maintain such securities.

However, the same shall not include any decision in the nature of recommendation, advisory or suggestions given by any committee or the Board or the Senior Management.

**“Meeting”** means a meeting, duly convened, and constituted, of the Board or any committee thereof or of the Members of the Company.

**“Policy”** shall mean this Policy for Determination of Materiality of events/information and as amended from time to time.

**“Senior Management”** shall mean officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/ (including chief executive officer/, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.

**“SEBI Listing Regulations”** shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

**“Schedule”** shall mean Schedule III of SEBI Listing Regulations.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations or any other applicable law or regulation to the extent applicable to the Company.

#### **AUTHORITY**

The Managing Director/ Whole-Time Director, Chief Financial Officer and Company Secretary/Compliance Officer of the Company shall any 2 jointly, in consultation with the Senior Management (where required), determine the materiality of an event or information and shall make necessary disclosures to the Stock Exchanges.

Contact details of the Authorized Persons shall be disclosed to the Stock Exchanges and also provided on the website of the Company.

#### **DEEMED MATERIAL EVENTS /INFORMATION AND DISCLOSURE**

Events or information specified as per Regulation 30 (2) in Part A (Para A) of Schedule III to the Listing Regulations will be deemed to be material events/information and will be disclosed as per the Listing Regulations, irrespective of application of the materiality criteria. **(List of events attached as Annexure-A to this policy).**

The Company shall disclose all such events or information as specified in Part A of Schedule III of the Listing Regulations not later than 24 hours from the occurrence of such event or information. In case the

disclosure is made after 24 hours of the occurrence of such event or information, the Company shall along with such disclosures provide explanation for such delay.

However, events or information specified in Sub-Para 4 of Para A of Part A of Schedule III of the Listing Regulations, shall be disclosed within such time limit as may be prescribed under the Listing Regulations from time to time.

#### **DETERMINATION OF MATERIALITY OF EVENT/INFORMATION AND DISCLOSURE**

1. Materiality has to be determined on a case-to-case basis depending on specific facts and circumstances relating to the event/information. In order to ascertain whether a particular event/information is material in nature, materiality criteria as under will be applied subject to the Quantitative factor mentioned below:
  - a) the omission of an event or information which is likely to:
    - result in a discontinuity or alteration of an event already available publicly; or
    - result in significant market reaction if the said omission came to light at a later date;
  - b) Any event or information having a significant risk to the reputation of the Company;
  - c) In the opinion of the Board of Directors of listed entity, the event/information ought to be disclosed.
2. **Quantitative Factor for Determining Materiality**

A transaction is considered to be material if it is Rs.50 Crore or more then equal to 10% of the annual consolidated turnover or 10% of the total net worth whichever is higher, such turnover/net worth to be based on the latest audited annual financial statements of the company, shall be taken as a trigger.
3. Events specified in Para B of Part A of Schedule III of the SEBI Listing Regulations shall be disclosed by the Company based on materiality criteria in Point 1 and Point 2 above **(List of events attached as Annexure-B to this policy)**.
4. In determining materiality, a number of factors such as the nature of the information, prevailing market conditions, general business practices, industry scenario, business outlook etc. shall be taken into consideration.
5. The Company will disclose Material Information concerning the business and affairs of the Company to the public immediately, except where permitted by law and when otherwise required for the purpose of maintaining the confidentiality of the information.
6. The extent of the disclosures will depend upon the stage of discussions, studies, or negotiations.

#### **ANY OTHER INFORMATION OR EVENT WHICH IS TO BE DISCLOSED BY THE COMPANY**

Events of the Company to which neither Para A nor B of Schedule III apply, should be disclosed if such events are considered as material by the Company based on the determination of Materiality criteria above. The Company shall disclose major developments that are likely to affect its business, e.g., emergence of new technologies, any change of accounting policy that may have a significant impact on the accounts, etc. and any other information which is exclusively available with the Company and which may be necessary to enable the holders of securities to review their position and to avoid creation of a false market for equity shares of the Company.

The Company may at its own discretion, confirm or deny any reported event or information to stock exchange(s).

#### **WEBSITE**

The Company shall disclose on its website all such events or information which have been disclosed to the Stock Exchanges as stated above and such disclosures shall be hosted on the website of the Company for a period of 5 (five) years and thereafter as per the Policy for Preservation of Documents & Archival Process of the Company.

#### **MONITORING AND EVALUATION OF THE POLICY**

This Policy will be reviewed by the Board from time to time and if required, modify the same in order to comply with the statutory requirements and also to incorporate the best industry practices.

The Company shall also make disclosure of events / information as may be specified by the Securities and Exchange Board of India from to time.

**Annexure A**  
**Same as Para A of Part A of Schedule III**

**Events or information which shall be disclosed without any application of the guidelines for Materiality as specified in sub-regulation (4) of Regulation (30):**

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. - '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 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 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 credit rating(s);
  4. Outcome of Meetings of the Board of Directors: The Company 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):

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

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 Company 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.
- (7A) In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor.
- (7B) Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:
- i. The letter of resignation along with detailed reasons for the resignation as given by the said director.
  - i(a) Names of the listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
  - ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there are no other material reasons other than those provided.
  - iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.
8. Appointment or discontinuation of share transfer agent;
  9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
    - a. Decision to initiate resolution of loans/borrowings;
    - b. Signing of Inter-Creditors Agreement (ICA) by lenders;
    - c. Finalization of Resolution Plan;
    - d. Implementation of Resolution Plan;
    - e. Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
  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 Company;
  13. Proceedings of Annual and extraordinary general meetings of the Company;
  14. Amendments to memorandum and articles of association of Company, in brief;
  15. a. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.



Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.

- b. Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:
  - i. the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
  - ii. the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with is mandatory;

16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:
- a. Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
  - b. Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
  - c. Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
  - d. Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
  - e. List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
  - f. Appointment/ Replacement of the Resolution Professional;
  - g. Prior or post-facto intimation of the meetings of Committee of Creditors;
  - h. Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
  - i. Number of resolution plans received by Resolution Professional;
  - j. Filing of resolution plan with the Tribunal;
  - k. Approval of resolution plan by the Tribunal or rejection, if applicable;
  - l. Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:
    - i. Pre and Post net-worth of the company;
    - ii. Details of assets of the company post CIRP;
    - iii. Details of securities continuing to be imposed on the companies' assets;
    - iv. Other material liabilities imposed on the company;

- v. Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
  - vi. Details of funds infused **in the** company, creditors paid-off;
  - vii. Additional liability on the incoming investors due to the transaction, source of such funding etc.;
  - viii. Impact on the investor – revised P/E, RONW ratios etc.;
  - ix. Names of the new promoters, key managerial persons(s), if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
  - x. Brief description of business strategy.
- m. Any other material information not involving commercial secrets;
  - n. Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
  - o. Quarterly disclosure of the status of achieving the MPS;
  - p. The details as to the delisting plans, if any approved in the resolution plan.
17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:
- a. The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
  - b. Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.

**Annexure B**  
**Same as Para B of Part A of Schedule III**

**Events which shall be disclosed upon application of the guidelines for Materiality as specified in sub-regulation (4) of Regulation (30):**

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 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 viz major developments that is likely to effect the business e.g. emergence of new technologies, expiry of patents and change in accounting policies that may have 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;
14. Occurrence of any event or availability of information which is not specified pursuant to the Regulation 30 of the SEBI Listing Regulations, but which may have material effect on the Company.

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