

GUJARAT ALKALIES AND CHEMICALS LTD.



POLICY

FOR DETERMINING MATERIALITY WITH

REGARD TO

DISCLOSURE OF EVENTS OR INFORMATION

(INCLUDING ARCHIVAL POLICY)

GUJARAT ALKALIES AND CHEMICALS LIMITED

Policy for determining Materiality with regard to Disclosure of Events or Information (including Archival Policy)

1. INTRODUCTION

The Securities and Exchange Board of India (“SEBI”) has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations, 2015”) on 2nd September, 2015, which shall be applicable to all listed entity with effect from 1st December, 2015. The Listing Regulations, 2015 shall replace the existing Listing Agreements entered into by the Company with the Stock Exchanges.

The Listing Regulations, 2015 inter alia contain provisions for disclosure of certain events or information, which in the opinion of the Board, is material and in respect of which, the listed entity is required to make timely and adequate disclosures to the Stock Exchange(s).

Regulation 30 of the Listing Regulations, 2015 deals with such events or information. Such events or information are divided into two parts as under:

- (1) The events specified in Para A of Part A of Schedule III (**Annexure A**), which are deemed to be material events and listed entity shall make disclosure of such events without application of guidelines for materiality; and
- (2) The events specified in **Para B** of Part A of Schedule III shall be disclosed based on application of the guidelines for materiality as specified in the sub-regulation (4).

The sub-regulation (4) further states that the listed entity shall frame a **Policy for determination of Materiality**, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website.

2. OBJECTIVE

In order to ensure the compliance of the above provisions of the Listing Regulations, 2015, Gujarat Alkalies and Chemicals Limited (“Company”) is required to formulate a Policy for determining Materiality with regard to disclosure of Events or Information specified in **Para B** of Part A of Schedule III of the Listing Regulations, 2015.

3. APPLICABILITY AND EFFECTIVE DATE

This Policy shall be applicable to the Company with effect from 1st December, 2015.

4. MATERIALITY WITH REGARD TO DISCLOSURE OF EVENTS OR INFORMATION

4.1 Determination of Materiality

4.1.1 Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to the event / information. In order to determine whether a particular event / information is material in nature, the Company shall consider the “Quantitative” or “Qualitative” criteria(s) as mentioned below:

4.1.2 “Quantitative” criteria to determine materiality shall become applicable to an event / information, where the value involved or the impact exceeds 20% of the gross turnover or total revenue or total income.

The above threshold shall be determined on the basis of consolidated audited financial statements of the Company of the preceding financial year.

4.1.3. Sub-regulation 4 of Regulation 30 of the Listing Regulations, 2015 deals with the criteria for determination of materiality of events or information which may for this purpose be deemed as “Qualitative” criteria to determine materiality to an events or information, which are as under:

- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) 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, which may also be termed as price sensitive information;

The Company may consider the following test(s) to determine whether particular information is price sensitive:-

Price impact test: any information which relates directly or indirectly to a listed entity and which if published is likely to materially affect the price of shares of the listed entity;

The reasonable investor test: Whether the information in question is likely to be used by a reasonable investor as part of the basis of his investment decisions and therefore likely to have a significant effect on the price of shares of the listed entity.

It is to be noted that, ‘significant effect on the price’ cannot be quantified (percentage change or otherwise) due to various reasons. However, the following information is likely to be considered relevant to a reasonable investor's decision i.e. any information which affects:

- the assets and liabilities of the listed entity; or
- the financial condition of the listed entity; or
- major developments in the business of the listed entity / the industry in which the listed entity operates; or
- information previously disclosed to the market.

(c) in case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of listed entity, the event / information is considered material.

4.1.4 In circumstances where “Quantitative” test may not be applicable, “Qualitative” test may be applied to determine materiality.

4.1.5 If a particular information or event in question satisfies any of the “Qualitative” or “Quantitative” criteria(s), the Company shall disclose the same to the Stock Exchanges in timely and adequate manner.

4.2 Determination of the time when can the event / information be said to have occurred

For the purpose determining the time when can the event / information be said to have occurred, the following guidelines shall be followed by the Company.

4.2.1 Where the occurrence of event / information depends upon the stage of discussion, negotiations or approval:

The events or information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events or information after receipt of approval of both, i.e. Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends, disclosure shall be made on receipt of approval of Board of Directors pending Shareholder’s approval.

4.2.2 the occurrence of event / information where no such discussion, negotiations or approvals are required:

The events or information can be said to have occurred when the Company becomes aware of the events or information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

Explanation: The term ‘officer’ shall have same meaning as defined under the Companies Act, 2013 and includes promoter of the listed Company.

- 4.2.3 At times the preliminary information about an event is such that the Company or its officer cannot reasonably determine whether the information is material or not and may need to wait for more information or seek expert advice or conduct investigation / inquiry in order to determine the nature of the information:

In such cases, the Company or its officer shall be construed to have become aware of the event / information when the probable impact of the event / information becomes known / assessable to the extent of 75% of materiality threshold and not when the impact is finally and accurately assessed.

4.3 General Obligations

- 4.3.1 The Board of Directors and the Key Managerial Personnel authorized in this regard shall apply the above guidelines for determining the materiality of the event or information specified in **Para B** of Part A of Schedule III of the Listing Regulations, 2015.
- 4.3.2 The Company shall first disclose to the Stock Exchange(s) of all events, as specified in Part A of Schedule III or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information. Provided that disclosure with respect to events specified in sub-para 4 of Para A of Part A of Schedule III shall be made within thirty minutes of the conclusion of the Board Meeting.
- 4.3.3 In respect of information or details that need to be provided by the Company under specific events, the Company shall follow the Annexure I of the SEBI Circular CIR/CFD/CMD/4/2015 issued on 9th September, 2015 and as amended from time to time.
- 4.3.4 With respect to the disclosures of material events or information so made to the Stock Exchange(s), the Company shall make disclosures updating material developments on a regular basis till such time the event is resolved / closed, with relevant explanations.
- 4.3.5 The Company shall disclose on its website all such events or information which has been disclosed to Stock Exchange(s) under this regulation 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 (Clause 6) of the Company, as disclosed on its website.
- 4.3.6 The Company shall disclose all events or information with respect to subsidiaries which are material for the listed entity.
- 4.3.7 The Company shall provide specific and adequate reply to all queries raised by Stock Exchange(s) with respect to any events or information.

- 4.3.8 The Company may on its own initiative also, confirm or deny any reported event or information to Stock Exchange(s).
- 4.3.9 In case where an event occurs or an information is available with the Company, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on it, the Company is required to make adequate disclosures in regard thereof.

5. ARCHIVAL POLICY

- 5.1 According to the sub-regulation (8) of Regulation 30 of the Listing Regulations, 2015, the listed entity shall disclose on its website all such events or information which has been disclosed to Stock Exchange(s) under the said Regulation and such disclosures shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website.
- 5.2 In order to ensure compliance of the provisions of sub-regulation (8) of Regulation 30 of the Listing Regulations, 2015, the Company has adopted following procedure as a part of Archival Policy:
- (a) The Company, after disclosure of the events or information to the Stock Exchange(s) as per the applicable Policy shall also place the same on its website.
 - (b) The Company shall also maintain the physical copies of such disclosure made to the Stock Exchanges(s) which shall be preserved for the period as per the Company's Policy on Preservation of Documents.
 - (c) The disclosure so placed shall be kept for a minimum period of five years on the website of the Company. Period of five years shall be counted from the date of such events or information first placed on the website of the Company.
 - (d) Material developments to such events or information which are disclosed to the Stock Exchange(s) on regular basis shall also be placed on the website of the Company under the respective events or information.
 - (e) All such events or information so disclosed on the website of the Company, after the expiry of the five years from the date of such posting shall be archived and moved to the location or place under - "Historic Material Events / Information".
 - (f) The events or information so archived under "Historic Material Events / Information" shall be preserved for a further period of three years or till the time such events or information are resolved or closed, whichever is later.

- (g) Any change in the events or information so placed shall be updated on the website of the Company within two working days from the date of such change as per Regulation 46(3)(b) of the Listing Regulations, 2015.

6. BOARD APPROVAL

The Board of Directors of the Company at its meeting held on 29th October, 2015 has approved the “Policy for determining Materiality with regard to Disclosure of Events or Information”.

The Managing Director, Chief Financial Officer and Company Secretary, being the Key Managerial Personnel are severally authorized for the purpose of determining materiality of an event or information and for the purpose of making disclosures to the Stock Exchange(s) under the Regulations.

7. DISCLOSURE

The Company shall disclose the Policy on its website.

The contact details of the Managing Director, Chief Financial Officer and Company Secretary, being the Key Managerial Personnel shall also be disclosed to the Stock Exchange(s) as well as on the Company's website.

8. AMENDMENT IN LAW

Any subsequent amendment / modification in the Regulations in this regard shall automatically apply to this Policy. The same shall be added/amended/modified from time to time by the Board of Directors of the Company with due procedure.

SCHEDULE III

**PART A: DISCLOSURES OF EVENTS OR INFORMATION: SPECIFIED
SECURITIES [See Regulation 30]**

The following shall be events/information, upon occurrence of which listed entity shall make disclosure to Stock Exchange(s):

A. Events 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 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;

B. Events which shall be disclosed upon application of the guidelines for materiality referred 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 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.
- C. 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.
- D. Without prejudice to the generality of para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.