

POLICY FOR DETERMINATION OF MATERIALITY AND DISCLOSURE OF MATERIAL EVENTS

PURPOSE & OBJECTIVE

In terms of the Regulation 30 (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI's circular No.CIR/CFD/CMD/4/2015 dated September 9, 2015, (*hereinafter referred to as "Regulations"*), SALORA INTERNATIONAL LIMITED (*hereinafter referred to as "the Company"*) is required to frame a Policy for determination of materiality of events/information. The purpose of this policy is to determine the Material Events having weighty effects on the performance and operations of the Company and their timely disclosure to the Stock Exchange.

This Policy is called "SALORA- POLICY FOR DETERMINATION OF MATERIALITY AND DISCLOSURE OF MATERIAL EVENTS" (*hereinafter referred to as "Policy"*). This Policy for determination of materiality of events/information aims at:

- ensuring that all investors have equal access to important information that may affect their investment decisions;
- ensuring that adequate and timely information is provided to investors;
- avoiding establishment of false market in the securities of the Company; and
- communicating the principles of materiality based on which the Company shall make Disclosures of events or information.

DEFINITIONS

"Board" means Board of Directors of Salora International Limited.

"Company" means Salora International Limited having its registered office at D 13/4, Okhla Industrial Area, Phase-II, New Delhi-110020 with Corporate Identification Number "L74899DL1968PLC004962" and listed its securities with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

"Exchange" means and includes the exchanges on which the securities of the Company are listed.

"Material Information" means and includes, an Information:

- 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;
- 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 the Company, or any Person authorised in this behalf, considered material.

"Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

AUTHORITY

The authority for the purpose of determining the material events/information under this policy shall be on any Key Managerial Person who is specifically authorised in this behalf and Board of Directors of the Company. The Board shall authorise one or more Key Managerial Person under Regulation 30(5) of the Regulations, 2015 for the purpose of determining materiality of an event of information and for the purpose of making disclosures to the Stock Exchanges. Further, the contact details of such persons be disclosed to the stock exchange and on the Company's website on time to time basis. Board shall lay down the criteria for the materiality of the information which in its opinion required to be disclosed to the exchange. Further, the onus of ensuring that the information disclosed to the Exchange is duly authorized to be disclosed as such, lies with the Company only and the Exchange shall assume that any disclosure received has been duly authorized by the Board.

GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION

As stated above, in terms of the Regulation 30 of the Regulations, the Company is required to make disclosures of any Events or Information which, in the opinion of any Key Managerial Person who is specifically authorised in this behalf or Board of Directors of the Company, is material.

Further, the events specified in Para A of Part A of Schedule III are deemed to be material events and the Company is mandatorily required to make disclosure of such events. The Company is required to make disclosure of events specified in Para B of Part A of Schedule III, based on application of the guidelines for materiality as set out in this Policy.

In this context, the following has been approved and adopted by the Board the Company at its meeting held on 11th February, 2016 with the objective of determining materiality of events:

- The events specified in Para A of Part A of Schedule III of the Regulations and as set out in **Annexure I** to this Policy shall be disclosed by the Company as applicable from time-to-time and in a manner as set out in the Regulations and this Policy.
- For disclosing the events specified in Para B of Part A of Schedule III, the Company shall consider the following criteria for determination of materiality of an event/information:
 - 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; or
 - c)** Where it would be difficult to report any event including events specified in Para B of Part A of Schedule III and set out in **Annexure II** to this Policy, based on qualitative criteria as stated in points **a)** and **b)** above, the same may be considered material for disclosure, upon meeting materiality thresholds as mentioned herein below:
 - i. For events specified in **Annexure II** of this Policy, if the impact of the occurrence of such an event would exceed 20% of the gross standalone turnover of the Company or

- 25% of the Net Worth of the Company, whichever is lower as per immediately preceding year' audited financial statements.
- ii. For events specified in **Annexure II** of this Policy with respect to a Subsidiary of the Company, if the impact of the occurrence of such an event would exceed 10% of the gross turnover of the Company or 10% of the Net Worth of the Company, whichever is lower as per immediately preceding year' audited consolidated financial statements.

DISCLOSURE TO EXCHANGE

Events specified in **Annexure I**, are deemed to be material events and the Company shall make disclosure of such events or informations as soon as reasonably possible and not later than Twenty Four (24) Hours from the occurrence of such event or information/ receipt of communication regarding such event or information in the following manner:

- a) Inform the stock exchanges on which the securities of the Company are listed by filing the information with the Exchange on their specified electronic platform or through any other mode; and
- b) Upload on the Company's website.

Provided that in case the disclosure is made after Twenty Four (24) Hours of occurrence of such event or information / receipt of communication regarding such event or information, the Company shall along with such disclosure(s) provide an explanation for the delay. The Company shall make the disclosure of events/information as specified in **Annexure II** based on application of guidelines for determining Materiality.

All the above disclosures will be hosted on the website of the Company for a minimum period of five years (5) and thereafter archived in accordance with the Company's policy for Preservation and Archival of Documents.

COMMUNICATION AND DISSEMINATION OF THE POLICY

For all new Employees and Directors, a copy of this Policy shall be handed over as a part of the joining documentation, along with other HR related policies. For all existing Employees and Directors, a copy of this Policy shall be posted on the web-site of the Company.

AMENDMENTS

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.

Annexure I

- 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 any 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 a dividend with reasons therefore;
 - 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 of reserves 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 which may be to subscribed 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).
- 5)** Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that they impact 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 a Promoter or Key Managerial Personnel or by Company or arrest of Key Managerial Personnel or a 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 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)** Schedule of Analyst or institutional investor meets and presentations on financial results made by the Company to analysts or institutional investors.

Annexure II

Illustrative list of events which 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 the business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-ups, 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, winning/ receiving, amendment or termination of awarded/won 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 the 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 divisions of the Company due to a 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 their possible 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 a guarantee or an 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/ 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
