

KERALA AYURVEDA LIMITED

POLICY ON DETERMINATION OF MATERIALITY OF EVENTS

1. PREAMBLE

The Policy is framed in accordance with the requirements of the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations) which requires every Listed Company to disclose events or information which, in the opinion of the Board of Directors of a Company are material and need to frame policy for determination of Materiality of Information or Events.

2. OBJECTIVE

The objective of the Policy is to determine materiality of events or information relating to the Company and to ensure that such information is adequately disseminated in pursuance of the Regulations and to provide an overall governance framework for such determination of materiality.

3. APPLICABILITY

This policy shall be applicable to all the events in the Company, as and when they fall under the criteria enumerated in the policy.

4. EFFECTIVE DATE

The Policy as approved by the Board of Directors shall be effective from December 1, 2015.

5. DISCLOSURE OF EVENTS OR INFORMATION

A. Disclosure of events which shall be considered deemed material

Events or information specified in Para A of part A of Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("regulations") **(List of the same is enclosed as Annexure A)** shall be disclosed as soon as reasonably possible and not later than twenty-four hours from the occurrence of the same to the stock exchanges on which the securities of the Company are listed and upload on the website of the Company.

Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the listed entity shall, along with such disclosures provide explanation for delay.

Provided further that disclosure with respect to events specified in sub-para 4 of Para A of Part A of Schedule III of the regulations shall be made within thirty minutes of the conclusion of the board meeting.

B. Disclosure of events which shall be considered as material subject to application of materiality guidelines

For disclosure of certain events as specified in Para B of Part A of Schedule III of the Regulations (**List of the same is enclosed as Annexure B**) to the Stock Exchanges the following criteria shall be considered by the Board for determining whether the events or information are material or not:-

(a) Qualitative Criteria: Where the omission of the event or information likely to result in discontinuity or alteration of event or information already available publicly or where the omission of the event or information is likely to result in significant market reaction if the said omission came to light at a later date and if the Company or any other event / information which should be treated as being material in the opinion of the Board of Directors of the Company. (Subjective test)

(b) Quantitative Criteria: Where the event or information results into change exceeding 10% of total revenue during the previous audited accounting year or exceeding 20% of the net worth ,whichever is lower;

The above threshold shall be determined on the basis of audited consolidated financial statements of last audited financial year

- C. All the disclosure developments that are material in nature on a regular basis, will be updated till such time the event or information is resolved/closed, with relevant explanations.
- D. All the above disclosures will be hosted on the website of the Company for a minimum period of five years and thereafter archived in accordance with the Company's policy for Preservation and Archival of Documents.
- E. The Company shall use the electronic facilities provided by the Stock Exchanges for dissemination of the information and may subsequently disclose the same via other media, including the press release, website, etc.
- F. Statutory timeframes for disclosure shall be adhered to. Delay, if any, should be sufficiently explained along with the disclosure.
- G. Regular updates, where relevant, shall be made with relevant explanations.

6. AUTHORITY TO KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company has authorized, Mr. Arvind Agrawal, Chief Financial Officer to determine the materiality of an event or information and to make appropriate disclosure to the Stock Exchange on a timely basis.

The Authorized Person is also empowered to seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders as they may deem fit.

The Authorized person shall Review and assess an event or information that may qualify as 'material' and may require disclosure, on the basis of facts and circumstances prevailing at a given point in time and also determine the appropriate time at which the disclosures are to be made to the stock exchanges based on an assessment of actual time of occurrence of an event or information.

The authorized person shall also consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the Listing Regulations and determine the materiality, appropriate time and contents of disclosure for such matters.

7. 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 at www.keralaayurveda.biz.

8. MODIFICATION OF THE POLICY

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 A

Events which shall be mandatorily disclosed without any further consideration of the guidelines for materiality:

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 therefor;
- 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 B

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.
14. The listed entity may make disclosures of event/information as specified by the Board from time to time.