



## Himadri Speciality Chemical Ltd

CIN: L27106WB1987PLC042756

### **POLICY ON DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION**

*[Pursuant to Regulation 30(4) (ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]*

<b>Version</b>	<b>Revision Date</b>	<b>Approved By</b>	<b>Date Approved</b>
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<b>V1</b>	<b>17 December 2019</b>	<b>Board</b>	<b>17 December 2019</b>
<b>V2</b>	<b>10 February 2023</b>	<b>Board</b>	<b>10 February 2023</b>
<b>V3</b>	<b>18 July 2023</b>	<b>Board</b>	<b>18 July 2023</b>
<b>V4</b>	<b>13 January 2025</b>	<b>Board</b>	<b>13 January 2025</b>

## **Policy on Determination of Materiality of Events**

### **I. BACKGROUND AND APPLICABILITY**

Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) requires every listed entity to disclose events or information which, in the opinion of the Board of Directors or the Authorized Key Managerial Personnel (“**Authorized KMP**”), are material.

In this context, this Policy on Determination of Materiality of Events (“**Policy**”) has been framed by the Board of Directors (“**Board**”) of Himadri Speciality Chemicals Ltd. (“**HSCL**”/ “**Company**”) with the objective of determining materiality of events and information for the purpose of making disclosure to the stock exchange. Further, it also lays down guidelines to assist the Relevant Employees in identifying any potential material event or information and reporting the same to the Authorized KMP.

### **II. DEFINITIONS**

In the Policy, unless the context otherwise requires the following words and expressions used shall have the meaning as defined herein:

- a. “Acquisition” shall mean: -
  - i. acquiring control, whether directly or indirectly; or
  - ii. acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that:
    - 1. the Company holds shares or voting rights aggregating to twenty per cent or more of the shares or voting rights in the said company; or
    - 2. there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) above and such change exceeds five per cent of the total shareholding or voting rights in the said company; or
    - 3. the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Provided that acquisition of shares or voting rights aggregating to five percent or more of the shares or voting rights in an unlisted company and any change in holding from the last disclosure made under this proviso exceeding two per cent of the total shareholding or voting rights in the said unlisted company shall be disclosed on a quarterly basis in the format specified as part of the Integrated Filing (Governance).

- b. “Board” or “Board of Directors” shall mean the Board of Directors of Himadri Speciality Chemicals Ltd., as may be reconstituted from time to time;
- c. “Authorized KMP” shall mean one or more key managerial personnel as defined under section 2(51) of the Companies Act, 2013 read with regulation 6(1) of the Listing Regulations and as may be authorized by the Board for the purpose of determining materiality of an event or information in accordance with the criteria laid down in this Policy and for the purpose of making disclosures to stock exchange(s);
- d. “Default” shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.

Explanation 3- Fraud by senior management, other than who is promoter, director or key managerial personnel, shall be required to be disclosed only if it is in relation to the listed entity.

- e. "Fraud" shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003
- f. "Forensic audit" refers to the audits, by whatever name called, which are initiated with the objective of detecting any mis-statement in financial statements, mis-appropriation, siphoning or diversion of funds and does not include audit of matters such as product quality control practices, manufacturing practices, recruitment practices, supply chain process including procurement or other similar matters that would not require any revision to the financial statements disclosed by the Company
- g. "Key managerial personnel (KMP)" means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 read with Regulation 6(1) of the Listing Regulations i.e.
  - i. Chief Executive Officer (CEO)/ Managing Director (MD)/ Manager
  - ii. Whole-time Director (WTD)
  - iii. Chief Financial Officer (CFO)
  - iv. Company Secretary (CS)
  - v. The Compliance Officer under Listing Regulations
  - vi. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board
  - vii. such other officer as may be prescribed by the Companies Act, 2013 and rules framed thereunder
- h. "Relevant Employees" shall mean Senior Management Personnel, in identifying any potential material event and reporting the same to authorized Key Managerial Personnel for determining the materiality of the said event or information and for making the necessary disclosures to the stock exchange(s).
- i. "Senior Management" shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the persons identified and designated as key managerial personnel, other than the board of directors, by the Company.
- j. "Stock Exchange" means the stock exchanges where the Securities of the Company are listed.

All other words and phrases not defined herein shall have the same meaning and definition as specified under the Listing Regulations and the Companies Act, 2013 including amendments thereto.

### III. BROAD LAYOUT

The Regulations classify disclosure of such events, into following categories:

- a. Type 1 Events: Events which are deemed to be material events and must be disclosed without application of the “materiality criteria”. These events are specified under Para A, Part A of Schedule III of the Listing Regulations.
- b. Type 2 Events: Events which need to be disclosed based on the application of the “materiality criteria” as specified under sub-regulation (4) of regulation 30. These events are specified under Para B, Part A of Schedule III of the Listing Regulations.
- c. Type 3 Events: Events not specified in Para A or B of Part A of Schedule III of the Listing Regulations which the Board considers to be material in terms of the requirement of Para C of Part A of Schedule III.
- d. Type 4 Events: Disclosure as SEBI may, from time to time, specify to be disclosed under Regulation 30 of LODR.

### IV. CRITERIA FOR DETERMINING MATERIALITY

Materiality has to be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. For determination of materiality of information /events, the following criteria shall be considered by the Authorized KMP:

#### Qualitative Criteria

- 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 the light at a later date; or

#### Quantitative Criteria

- c. The omission of an event or information, whose value or the expected impact in terms of value, exceed the lower of the following:
  - (1) Two percent of turnover, as per the last audited consolidated financial statement of the Company;
  - (2) Two percent of net worth, as per the last audited consolidated financial statement of the Company, except in case the arithmetic value of the net worth is negative;
  - (3) Five percent of the average of absolute value of profit or loss<sup>1</sup> after tax, as per the last three audited consolidated financial statements of the Company.

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<sup>1</sup> **Absolute value of profit or loss:** In terms of SEBI circular dated July 13. 2023, the average of absolute value of profit or loss is required to be considered by disregarding the ‘sign’ (positive or negative) that denotes such value as the said value / figure is required only for determining the threshold for ‘materiality’ of the event and not for any commercial consideration.

- d. In cases where the criteria specified in points (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the Board of Directors of the Company or in the opinion of the Authorized KMP, the event or information is considered material.
- e. However, where the last financial statements are not audited at the time of determining materiality of an event, the Company may consider taking into account the latest audited financial statements for the said purpose.
- f. The Company shall derive the figures as stated in the quantitative criteria above on the basis of the audited financial statements and place it in the meeting of the Board of Directors in which the audited financial statements are being adopted and thereafter circulate the same to the Authorised KMP and Relevant employees.

## **V. GUIDANCE ON WHEN AN EVENT/INFORMATION IS DEEMED TO BE OCCURED FOR THE PURPOSE OF DISCLOSURE TO THE STOCK EXCHANGE**

- 1. The events/information shall 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/information after receipt of approval of the Board of Directors;
- 2. The events/ information that may be of price sensitive nature such as declaration of dividends, etc., on receipt of approval of the event by the Board of Directors, pending Shareholder's approval;
- 3. The events/information can be said to have occurred when the Company becomes aware of the events/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;

## **VI. ADMINISTRATIVE MEASURES**

Unless otherwise decided by the Board, the Authorized KMP shall be authorized for the purpose of determining materiality of an event or information in accordance with Para V of this Policy and for making disclosures of such material event or information to the stock exchange.

- a. The Authorized KMP may also be guided by previous guidance of SEBI or comparable international Regulators about materiality, while expressing a view on whether the information is material / market sensitive or not.
- b. The Authorized KMP shall take into consideration the totality of factors surrounding the particular information to take a view on whether the information is Material/ Market Sensitive or not. Without prejudice to the generality of the above, the Authorized KMP may seek expert advice where so felt necessary as to whether an Information is Market Sensitive/Material or not.

The Authorized KMP shall periodically bring to the attention of the Board of Directors of the Company all events, information or materials which in its opinion has to be brought to the attention of the Stock Exchanges.

All decisions of the Authorized KMP shall be recorded and preserved for a minimum period of five years subject to its conformity with the Policy for Preservation of Documents of the Company.

## VII. TIMELINE FOR DISCLOSURE

1. The Company shall first disclose to the Stock Exchange(s) all events or information which are material in terms of the provisions of the Regulations as soon as reasonably possible and in any case not later than the following:

- (i) Thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken;

Provided that in case the meeting of the board of directors closes after normal trading hours of that day but more than three hours before the beginning of the normal trading hours of the next trading day, the Company shall disclose the decision pertaining to the event or information, within three hours from the closure of the board meeting.

Provided further that in case the meeting of the board of directors is being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of such meeting for the day on which it has been considered

Explanation: Normal trading hours shall mean time period for which the recognized stock exchanges are open for trading for all investors

- (ii) Twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
    - (iii) Twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

Provided that if all the relevant information, in respect of claims which are made against the Company under any litigation or dispute, other than tax litigation or dispute, in terms of sub-paragraph 8 of paragraph B of Part A of Schedule III, is maintained in the structured digital database of the Company in terms of provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the disclosure with respect to such claims shall be made to the stock exchange(s) within seventy-two hours of receipt of the notice by the Company.

2. Imposition of fine or penalty shall be disclosed in the following manner along with the details pertaining to the action(s) taken or orders passed as mentioned above:
  - a. disclosure of fine or penalty of rupees one lakh or more imposed by sectoral regulator or enforcement agency and fine or penalty of rupees ten lakhs or more imposed by other authority or judicial body shall be disclosed within twenty-four hours.
  - b. disclosure of fine or penalty imposed which are lower than the monetary thresholds specified in the clause (i) above on a quarterly basis in the format specified as part of the Integrated Filing (Governance).
3. Disclosure with respect to events for which timelines have been specified in Part A of Schedule III read with Table 1 of SEBI Circular no. SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated 31st December, 2024, including any amendments and modification thereof, shall be made within such timelines.

4. In case disclosure is made after the timelines specified under the Listing Regulations read with the relevant SEBI Circulars, the Company shall, along with such disclosure, provide the explanation for the delay.
5. The Company shall, with respect to disclosures made, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
6. All the disclosures would be hosted on the website of the Company for a minimum period of five years and thereafter as per the Policy on Preservation of Documents & Archival Policy of the Company. The Company shall also disclose the name and contact details of the Authorised KMP on the website of the Company and also intimate the same to the stock exchange.
7. The Company shall also disclose all such events or information with respect to subsidiaries which are material for the Company.
8. The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.
9. The Company may either on its initiative or as required under Listing Regulations as the case may be, confirm or deny any reported event or information to Stock Exchange(s) within the timeline provided in Listing Regulations. Provided further that if the Company confirms the reported event or information, it shall also provide the current stage of such event or information.
10. The promoter, director, key managerial personnel or senior management of the Company shall provide adequate, accurate and timely response to queries raised or explanation sought by the Company in order to ensure compliance with the requirements under clause 9 as above and the Company shall disseminate the response received from such individual(s) promptly to the stock exchanges.
11. In case an event or information is required to be disclosed by the Company in terms of the provisions of Listing Regulation pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority

## **VIII. REVIEW**

The Policy will be reviewed on an annual basis. However, any subsequent modification in the Act or the rules framed thereunder or the Regulations and/ or any other laws in this regard shall automatically apply to this Policy. In any circumstance where the terms of this Policy are inconsistent with existing or newly enacted law, rule, regulation, or standard governing the Company, the said law, rule, regulation, or standard will take precedence over this Policy.

Sd/-

**Dated: 13 January 2025**

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Anurag Choudhary  
Chairman cum Managing  
Director & CEO