



**CHEMPLAST SANMAR LIMITED**

Registered Office: 9. Cathedral Road,

Chennai 600 086

CIN: U24230TN1985PLC011637

**Policy on Materiality of Events**

**A. Introduction**

Securities and Exchange Board of India (SEBI) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) deals with disclosure of material events by the listed entity and divide the events that need to be disclosed broadly in four categories.

- ❖ The events that have to be necessarily disclosed without applying any test of materiality are indicated in Para A of Part A of Schedule III of the Listing Regulations and
- ❖ Para B of Part A of Schedule III indicates the events that should be disclosed by the entity, if considered material
- ❖ Other events as specified in Para C of Part A of Schedule III of the Listing Regulations
- ❖ Other events as specified in Para D of Part A of Schedule III of the Listing Regulations

Chemplast Sanmar Limited ("the Company") recognizes the need for timely, adequate and accurate disclosure of information so as to enable the investors and other stakeholders to take an informed decision about their investment. With this objective, the Board of Directors of the Company has adopted the policy for determination of materiality as per the requirements of the Listing Regulations.

**B. Authorization for determining Materiality of an Event or Information and making requisite Disclosures:**

The Board has delegated the power to (i) determine materiality of an event or information and (ii) report to Stock Exchanges on material events to the team of Key Managerial Personnel appointed as per the applicable provisions of the Companies Act, 2013.

The Company's current Key Managerial Personnel are:

1. Mr. Ramkumar Shankar, Managing Director
2. Mr. N Muralidharan, Chief Financial Officer
3. Mr. M Raman, Company Secretary

Correspondence/ any queries/ clarifications can be addressed at [mr1@sanmargroup.com](mailto:mr1@sanmargroup.com).

**C. Material Events**

The Company shall disclose to National Stock Exchange of India Limited and BSE Limited [the Stock Exchange(s)], on which the Equity Shares of the Company are listed, the under-noted information /event, upon its occurrence, stating the details as are prescribed in the Listing Regulations and Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities dated July 11, 2023 ("**LODR Master Circular**"):

1. Brief particulars of Acquisition (including agreement to acquire), Scheme of Arrangement (Amalgamation/ Demerger / Merger restructuring), Sale or disposal of unit(s) or division(s), the whole or substantially whole of the undertaking(s) or subsidiary of the Company, sale of stake in associate company of the Company or any other restructuring and the objects and effects of such arrangements.
2. Brief particulars of 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. New Rating(s) or Revision in Rating(s)
4. Outcome of the Board Meeting on following events:
  - a. Dividend proposed 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. Cancellation of Dividend with reasons
  - c. Buyback of securities;
  - d. Fund raising proposed to be undertaken (other than in normal case of business and from banks, financial institutions, etc.)
  - e. Increase in capital by issue of bonus shares;
  - f. Reissue of forfeited shares, 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. Alteration of share capital,
  - h. Financial results,
  - i. Voluntary delisting

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. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, including any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements;

Provided that such agreements entered into by the Company in the normal course of business shall be excluded unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or they are required to be disclosed in terms of any other provisions of the Listing Regulations.

7. Fraud/ Defaults by promoter, director, key managerial personnel, senior management, subsidiary or by the Company or arrest of key managerial personnel, senior management, promoter or director of the Company, whether occurred in India or abroad.
8. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer.
9. Resignation of auditor with detailed reason as given by the auditor.
10. Resignation of independent director together with reasons and other details as set out in the Listing Regulations.
11. Resignation of key managerial personnel, senior management, Compliance Officer or director other than independent director; together with reasons and other details as set out in the Listing Regulations;
12. Indisposition or non-availability of the Managing Director to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days together with reasons for such indisposition and unavailability.
13. Appointment or discontinuation of share transfer agent:
14. Debt restructuring/ resolution plan together with other details as set out in the Listing Regulations.

15. 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
16. One time settlement (OTS) with a Bank
17. Winding-up petition filed by any party /creditors
18. Proceedings of annual and extraordinary general meetings.
19. Amendments to memorandum and articles of association, in brief.
20. Schedule of analyst or institutional investor meet and presentations on financial results made to analysts or institutional investors along with relevant details as required under the Listing Regulations.
21. Events in relation to the corporate insolvency resolution process as set out in the Listing Regulations.
22. Initiation of forensic audit together with other details as set out in the Listing Regulations
23. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management, in relation to any event or information which is material for the Company, in terms of Listing Regulations and is not already made available in the public domain by the Company.
24. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary under various categories listed in Listing Regulations.
25. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the categories listed in Listing Regulations.
26. Voluntary revision of financial statements or the report of the board of directors of the Company under section 131 of the Companies Act, 2013.

**D. Guidelines for assessing materiality**

The Company shall disclose to the Stock Exchanges, the information / event(s) as mentioned hereinafter along with relevant details as required in the Listing Regulations and LODR Master Circular, upon their occurrence, as may be deemed fit by the Key Managerial Personnel if in their view it is considered to be material or significant based upon the application of the guidelines/ criteria as mentioned below:

- (a) omission of 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 alteration or discontinuity of even / information publicly available or
- (c) The omission of an event or information whose value or the expected impact in terms of value, exceeds the lower of the following:
  - (i) **2% of Turnover**, as per the last audited consolidated financial statements of the Company.
  - (ii) **2% of Net Worth**, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative.
  - (iii) **5% of the average absolute value of profit or loss after tax**, as per the last three audited consolidated financial statements of the Company.

Or

such other limits as may be notified under the Listing Regulations, from time to time.

[Note: '*Absolute value of profit or loss after tax*' means absolute figures of profit / loss. The profit / loss is required to be computed by taking the absolute values of profit or loss after tax for the immediately preceding three audited consolidated financial statements of the Company. 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 case where the criteria specified in paragraphs (a), (b) and (c) above 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, the event or information is considered material:

**E. Event(s) / Information based on materiality**

- (a) If in the opinion of the Board or its authorised Key Managerial Personnel, any of the following event / information is considered material, after application of the guidelines for materiality specified at Section D above, the Company shall disclose such event/ information to the Stock Exchanges, on which the Equity Shares of the Company are listed:
  1. Commencement or any postponement of any commencement of commercial production or commercial operations of any unit/division.

2. Any arrangements for strategic, technical, manufacturing or marketing tie up; or adoption of new line(s) of business; or closure of operation or any unit, division or subsidiary (in entirety or in piecemeal).
3. Any Capacity additions or product launch.
4. Any awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business.
5. Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in normal course of business, or revision(s) or amendment(s) and termination(s) thereof.
6. Disruption of operations of any one or more units or division 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. Pendency of any Litigation(s)/ dispute(s) or outcomes thereof which may have an impact on the Company.
9. Frauds/ defaults by employees of the Company, which has or may have an impact on the Company.
10. Options to purchase securities including ESOP, ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety (by whatever name called) for any third party:
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority
14. Any other significant events which if not reported to Stock Exchange can materially impact the share price of the Company.

**F.** The Company shall disclose any other information / event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change in accounting policy that may have a significant impact on the accounts etc. and brief details thereof and any other information which may be necessary to enable the investors or stakeholders to appraise its position and to avoid the establishment of a false market in such securities.

**G. Any other material Event (s) / Information**

Notwithstanding the above clauses, the Board of Directors of the Company may also determine the events that is considered material (based on application of the guidelines for materiality) to be reported to the Stock Exchange from time to time and the Company shall make disclosures of such event/ information as specified by the Board of Directors.

**H. Timelines of disclosure**

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

- (i) 30 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;
- (ii) 12 hours from the occurrence of the event or information, in case the event or information is emanating from within the Company.
- (iii) 24 hours from the occurrence of the event or information in case the event or information is not emanating from within the Company.

Note however, that disclosure with respect to events for which timelines have been specified in Part A of Schedule III of the Listing Regulations shall be made within such timelines as specified in the Listing Regulations read with the specific timelines mentioned at Table I of Annexure II of the circular number SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 issued by the SEBI.

In case the Company discloses any event or information after the timelines specified under the Listing Regulations, it shall, along with such disclosure, provide the explanation for the delay.

**I. Clarification with reference to an event / information reported in mainstream media**

Company to confirm, deny, clarify any reported event or information in the mainstream media which is not general in nature and which indicates that rumours of an impending specific material event or information in terms of the provisions of Listing Regulations are circulating amongst the investing public, as soon as reasonably possible and not later than 24 hours from the reporting of the event or information;

While confirming the reported event or information, Company shall also provide the current stage of such event or information.

Company shall ensure compliance with the above provisions, as and when the Company falls within the criteria mentioned under the Listing Regulations.

**J. Guideline on Communication from Regulatory Authority**

In case an event or information is required to be disclosed by the Company in terms of the provisions of the Listing Regulations, 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.

**K. Guidance on when an event / information can be said to have occurred**

Determination on whether an event/information can be said to have occurred for making disclosures would depend on case to case basis - in certain instances, (i) the answer would depend upon the stage of discussion, negotiation or approval and (ii) in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc.

In the former instance, the events/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/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 etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholders' approval. In the latter, the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, an officer (i.e., 'officer' as defined in the Companies Act, 2013 and promoter of the Company) of the Company has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

**L. Amendments to the Policy**

Any or all provisions of this policy would be subject to the revision/amendment in accordance with the Rules, Regulations, Notifications, etc. on the subject as may be issued by relevant statutory authorities, from time to time. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

***Adopted on November 02, 2023. Version 3.***