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## **POLICY FOR DETERMINATION OF MATERIALITY OF ANY EVENT / INFORMATION**

### **PREAMBLE**

The Board of Directors (the Board) of Simplex Mills Company Limited (the Company) at its meeting held on 6<sup>th</sup> November, 2015 has adopted the Company's Policy and procedure with regard to determination of materiality of events or information (Material Information) which are required to be disclosed to the stock exchange, in terms of in terms of Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) read with SEBI's Circular number CIR/CFD/CMD/4/2015 dated 9<sup>th</sup> September 2015.

### **OBJECT AND PURPOSE**

The purpose of this Policy is to determine materiality of events and information based on criteria specified under clause (i) of sub-regulation (4) of Regulation 30 of the Listing Regulations and to ensure that the Company shall make disclosure of events / information specified in para A and B of Part A of Schedule III of the Listing Regulations to the Stock Exchange

### **DEFINITIONS**

In this policy unless the context otherwise requires:

**"Act"** shall mean the Companies Act, 2013 and the Rules and Regulations notified thereunder.

**"Authorised Persons"** shall have the same meaning as defined in the Policy.

**"Board of Directors"** or **"Board"** in relation to the Company means the collective body of the Directors of the Company.

**"Company"** means Simplex Mills Company Limited (SMCL).

**"Directors"** means Directors of the Company.

**"Financial Year"** shall have the same meaning as defined in the Act.

**“Material Information/event”** shall mean information/event as prescribed in the Policy.

**“Policy”** means SMCL – Materiality Policy as amended/modified from time to time.

**“Senior Management Personnel”** mean employees of the company who are members of its core management team excluding Board of Directors including the functional / vertical heads.

**“SEBI Regulations”** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.

The words or expressions used but not defined herein, but defined under Companies Act, 2013 or the SEBI Regulations shall have the same meaning assigned therein.

#### **CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION**

The Company shall consider the criteria as specified in clause (i) of sub-regulation 4 of Regulation 30 of the Listing Regulations for determination of materiality of events / information.

The materiality or otherwise, of an information or event in terms of the Listing Regulations will be determined jointly by any of the two i.e. the Chairman and Managing Director, Whole-time Directors and Chief Financial Officer and Company Secretary of the Company (Authorized Persons) or any two Directors in consultation with the concerned Department head, or the responsible Senior Management Personnel, as the case may be.

The authorized persons will also decide the appropriate period/stage at which disclosure is to be filed with the stock exchange and details that may be filed.

#### **DISCLOSURE OF EVENTS OR INFORMATION**

The Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. In order to determine whether a particular event/information is material in nature, ‘quantitative’ and ‘qualitative’ factors also as the case may be criteria will be applied.

The events / information as specified in **Annexure –A** will be deemed to be material events / information which will be disclosed by the Company, irrespective of application of any quantitative or qualitative materiality thresholds.

The events or information which will be disclosed based on application of materiality criteria are given in **Annexure-B**.

In circumstances where 'quantitative' test may not be applicable or cannot be applied, a 'qualitative' or a 'subjective', criteria as under will be applied to determine materiality.

Authorized Personnel are authorized, in their absolute discretion, to revise the quantitative or qualitative materiality threshold specified under Annexure-B.

All material events / information will be disclosed as promptly as practicable as per the provisions of Regulation 30 read with SEBI's Circular number CIR/CFD/CMD/4/2015 dated 9<sup>th</sup> September 2015.

#### **GENERAL**

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

**THE FOLLOWING EVENTS WHICH SHALL BE DISCLOSED WITHOUT ANY APPLICATION OF THE GUIDELINES FOR MATERIALITY AS SPECIFIED IN SUB-REGULATION (4) OF REGULATION (30) READ WITH IN PARA A OF PART A OF SCHEDULE III TO THE LISTING REGULATION**

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.

**Annexure –B**

**THE FOLLOWING EVENTS WHICH SHALL BE DISCLOSED WITHOUT ANY APPLICATION OF THE GUIDELINES FOR MATERIALITY AS SPECIFIED IN SUB-REGULATION (4) OF REGULATION (30) READ WITH IN PARA B OF PART A OF SCHEDULE III TO THE LISTING REGULATION**

SR. No.	EVENT/INFORMATION	THRESHOLD
1	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.	Not Applicable
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).	Impact exceeding 10% of Turnover of the Company as per the last audited balance sheet or INR 5000 million; <i>whichever is less</i>
3	Capacity addition	Not Applicable
4.	Product launch	Not Applicable
5	Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.	Not Applicable
6	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.	Not Applicable
7	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.	Estimated impact of 10% or more of the turnover of the Company as per the last audited balance sheet in case of disruption of operations due to natural calamity.
8	Effect(s) arising out of change in the regulatory	Impact of 10% or more to

	framework applicable to the listed entity	the turnover as per the last audited Balance Sheet.
9	Litigation(s) / dispute(s) / regulatory action(s) with impact.	Outcome of litigation, dispute, and regulatory action is likely to have an impact of not less than 10% of the turnover as per the last audited balance sheet or INR 1,500 million; <i>whichever is less.</i>
10	Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.	As per limits prescribed under the Companies Act, 2013 from time to time.
11	Options to purchase securities including any ESOP/ESPS Scheme.	Exceeding 1% of the post issuance / allotment paid up share capital
12	Giving of guarantees or indemnity or becoming a surety for any third party.	Guarantees or indemnity or becoming surety for sum not less than INR 10,000 million.
13.	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Impact exceeding 10% of the turnover as per the last audited Balance Sheet of the Company.

Notwithstanding anything stated above, the Authorized Persons may apply qualitative criteria for deeming an event/information to be material or not in cases where aforementioned quantitative criteria cannot be ascertained/applied reasonably.

The Authorized Persons are authorized to revise the aforementioned pre-defined monetary value provided that the change shall not exceed 20% of such pre-defined monetary value.

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