

## **PRABHAT DAIRY LIMITED**

### **POLICY ON DETERMINATION OF MATERIALITY OF EVENT(S) / INFORMATION**

#### **1. Preamble:**

The Securities and Exchange Board of India (“SEBI”) has promulgated the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the Regulations”). The Regulations consolidates and streamlines the provisions of the existing Listing Agreements for different segments of the capital market.

Regulation 30 requires listed companies to have a policy to determine materiality and / or price sensitive information so that stakeholders are kept abreast of important events in the Company. This Policy is in addition to Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders already in place for the internal code of conduct for regulating, monitoring and reporting of trades by insiders under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

#### **2. Objectives:**

The objective of this Policy is timely dissemination of information to stakeholders by making relevant information available in the public domain.

#### **3. Effective Date:**

This Policy shall be effective from December 1, 2015.

#### **4. Definitions:**

- (i) “Act” means the Securities and Exchange Board of India Act, 1992.
- (ii) “Board” means the Board of Directors of the Company.
- (iii) “Company” means Prabhat Dairy Limited.
- (iv) “Compliance Officer” means the Company Secretary of the Company.
- (v) “Director” means a member of the Board.
- (vi) “Generally Available Information” means the information that is accessible to the public on a non-discriminatory basis.
- (vii) “Key Managerial Persons” means person as defined in Section 2(51) of the Companies Act, 2013.
- (viii) “Policy” means the Policy on determination of Materiality and / or Price Sensitive information to the stakeholders under the Regulations.

(ix) “Regulations” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any modification(s) thereof from time to time.

## 5. Interpretation:

- (i) Words and expressions used and not defined in this Policy but defined in the Act, the Regulations, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 or the Companies Act, 2013 and Rules and Regulations made thereunder shall have the meanings respectively assigned to them therein.
- (ii) Words importing the plural include where the context admits or requires, the singular, and vice versa.
- (iii) Words importing the person shall, where the context requires, include corporate bodies and companies as well as individuals.

## 6. Classification of Material Events / Information:

### I. Deemed to be Material information:

The events / information stated below and also specified in para A of Part A of Schedule III of the Regulations shall be disclosed to the Stock Exchange(s) necessarily and immediately without applying the test of materiality:

#### A. Information to be disclosed as soon as possible but no later than 24 hours of the occurrence of the event / information:

- (a) 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.- 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 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 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.

- (b)** 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.
- (c)** Revision in Rating(s).
- (d)** 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.
- (e)** Fraud/defaults by promoter or key managerial personnel or by the Company or arrest of key managerial personnel or promoter.
- (f)** Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Auditor and Compliance Officer.
- (g)** Appointment or discontinuation of share transfer agent.
- (h)** Corporate debt restructuring.
- (i)** One time settlement with a bank.
- (j)** Reference to BIFR and winding-up petition filed by any party / creditors.
- (k)** 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.
- (l)** Proceedings of Annual and extraordinary general meetings of the Company.
- (m)** Amendments to memorandum and articles of association of the Company, in brief.
- (n)** Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.

The company will ensure that no material information is disclosed selectively to any one or group of research analysts or investors to the disadvantage of other stakeholders. In the unlikely event of any material information being disclosed selectively, inadvertently or otherwise at a meeting with analysts or at any investor relations conference, such information would be promptly disclosed to the stock exchange(s).

**B. Information to be disclosed as soon as possible but no later than 30 minutes of the conclusion of the meeting of the Board of Directors of the Company held to consider those information:**

- (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 72 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 Company from stock exchange(s).

**II. Events / Information which shall be disclosed upon application of the guidelines for materiality as soon as possible but no later than 24 hours of the occurrence of the event / information:**

- (a) Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.

- (b) 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).
- (c) Capacity addition or product launch.
- (d) Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
- (e) 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.
- (f) Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
- (g) Effect(s) arising out of change in the regulatory framework applicable to the Company.
- (h) Litigation(s) / dispute(s) / regulatory action(s) with impact.
- (i) Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.
- (j) Options to purchase securities including any ESOP/ESPS Scheme.
- (k) Giving of guarantees or indemnity or becoming a surety for any third party.
- (l) Granting, withdrawal , surrender , cancellation or suspension of key licenses or regulatory approvals.
- (m) Any other information/event viz. 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.

Where the company makes disclosure to the stock exchange(s) under Clauses I and II above, the Company will also disclose material developments on the said event / information.

The Company will also disclose to the stock exchange(s), with respect to its subsidiary(ies), events and information which are material for the Company.

## **7. Determination of Materiality:**

### **I. Qualitative:**

Qualitative criteria to determine materiality shall become applicable to an event / information if:

- (a) the omission of such event or information, is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) the omission of such event or information is likely to result in significant market reaction if the said omission came to light at a later date.

### **II. Quantitative:**

Quantitative criteria to determine materiality shall become applicable to an event / information:

- (a) where the value involved or the impact exceeds 5% of the gross turnover or revenue or total income or exceeds 10% of the networth (lower threshold shall be taken as a trigger);
- (b) the above threshold shall be determined on the basis of audited consolidated financial statements of the last financial year;
- (c) cases where the criteria specified in sub-clauses (a) and (b) above are not applicable, an event / information may be treated as being material if in the opinion of the Key Managerial Personnel(s) of the Company i.e. Chairman & Managing Director, Joint Managing Director, Chief Financial Officer and Company Secretary of the Company and / or the Board of Directors, the event / information is considered material.

For the purpose of sub-clauses (a) and (b) above, Key Managerial Personnel(s) of the Company i.e. Chairman & Managing Director, Joint Managing Director, Chief Financial Officer and Company Secretary of the Company shall be authorised to determine materiality of events / information.

The contact number of the person(s) authorised to determine materiality of events / information shall also be made available on the website of the Company.

**8. Disclosure of Material Events / Information:**

The Senior Vice President, Vice President, General Manager, Assistant General Manager, Head of the Department(s) (“Responsible Officers”) who are responsible for relevant areas of the Company’s operations must report to the Chairman & Managing Director and / or Joint Managing Director and / or Chief Financial Officer and / or Company Secretary of the Company about any material event or information.

In case such event is required to be disclosed which is material in nature and is not in the knowledge of the responsible officer or comes to his / her knowledge subsequently, the responsible officer shall report immediately upon becoming aware of it to the Chairman & Managing Director and / or Joint Managing Director and / or Chief Financial Officer and / or Company Secretary of the Company.

On receipt of communication of such event or information the matter will be reviewed and accessed in regard to its accuracy and necessity of disclosure of such event or information in terms of this Policy. Where the Company is not certain about materiality of events / information, it may refer the matter to the external legal advice.

If such event / information is considered as material the same shall be disclosed to the Stock Exchange(s) within 24 hours of the occurrence of the event specified in point no. (d) of sub clause I of clause 6 of this Policy.

The material event / information shall also be published on the website of the Company and shall remain on website of the Company for a minimum period of 5 years and thereafter as per the Preservation of Documents and Archival Policy.

**9. Authorisation for Disclosure:**

The Chairman & Managing Director, Joint Managing Director, Chief Financial Officer and Company Secretary of the Company are severally / jointly authorised for the purpose of making disclosures to stock exchange(s) under this Policy.

**10. Amendment and Review of the Policy:**

The Board shall have the power to clarify any doubts or rectify any anomalies that may arise in connection with effective execution of this Policy. The Board reserves the right to review and / or amend this Policy from time to time based in changing Regulatory requirements.

\*\*\*\*\*