



RELIANCE CHEMOTEX INDUSTRIES LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF INFORMATION OR EVENT

INTRODUCTION

This Policy is called “RELIANCE CHEMOTEX INDUSTRIES LIMITED – Policy for determination of materiality of events/information” (hereinafter referred to as “Policy”) and shall be effective from 1st December, 2015 (“Effective Date”).

In terms of the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “Regulations”), Reliance Chemotex Industries Limited (hereinafter referred to as “the Company”) is required to frame a Policy for determination of materiality of events/information.

The Policy for determination of materiality of events/information aims at:

- ensuring that all investors have equal access to important information that may affect their investment decisions;
- ensuring that adequate and timely information is provided to investors;
- avoiding establishment of false market in the securities of the Company; and
- Communicating the principles of materiality based on which the Company shall make disclosures of events or information.

MEANINGS OF TERMS USED

- a. “**Act**” means the Companies Act, 2013 including the rules, schedules, clarifications and guidelines issued by the Ministry of Corporate Affairs from time to time;
- b. “**Board**” refers to the Board of Directors of Reliance Chemotex Industries Limited;
- c. “**Company**” or “**RCIL**” refers to Reliance Chemotex Industries Limited
- d. “**Key Managerial Personnel**” means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 and as amended from time to time;
- e. “**Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof;
- f. “**Schedule**” means a schedule annexed to Regulations;



- g. “**Stock Exchange**” means a recognized stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956; and
- h. “**Subsidiary(s)**” shall mean subsidiaries of the Company as defined under the Act.

Words, terms and expressions used and not defined in this Policy will have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Company.

POLICY AND PROCEDURES

MATERIALITY THRESHOLDS:

As stated above, in terms of the Regulation 30 of the Regulations, the Company is required to make disclosures of any events or information which, in the opinion of the Board of the Company, is material. Further, **the events specified in Para A of Part A of Schedule III** are deemed to be material events and the Company is mandatorily required to make disclosure of such events. The List of such events and information are given in **Annexure-A**.

The Company is required to make disclosure of events specified in **Para B of Part A of Schedule III**, based on application of the guidelines for materiality as set out in the Policy. The list of such event and information are given in **Annexure-B**.

In this context, the following has been approved and adopted by the Board the Company at its meeting held on 5TH February, 2016, with the objective of determining materiality of events.

1. The events specified in Para a of Part a of Schedule III of the Regulations and as set out in Annexure I to the Policy shall be disclosed by the Company as applicable from time-to-time and in a manner as set out in the Regulations and the Policy.
2. For disclosing the events specified in Para B of Part A of Schedule III, the Company shall consider the following criteria for determination of materiality of an event/information:
 - 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 light at a later date.

- c. Where it would be difficult to report any event including events specified in Para B of Part of Schedule III and set out in Annexure II to the Policy, based on qualitative criteria as stated in points a) and b) above, the same may be considered material for disclosure, upon meeting materiality thresholds as mentioned herein below:

Sr. No	Particulars	Criteria for determining materiality and intimation to Stock Exchanges
1	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/ division	Delay by 3 months from the targeted date as informed to the stock exchanges. The target date informed to the Stock Exchanges should be set in a realistic manner

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).	
	2.1 Arrangements for strategic, technical, manufacturing, or marketing tie-up	If the arrangement changes the turnover of the Company by more than 15%.
	2.2 Adoption of new line(s) of business	If the new line of business changes the turnover of the Company by more than 15%.
	2.3 Closure of operations of any unit/division - (entirety or piecemeal)	If the closure of operations of a unit/division decreases the turnover of the Company by more than 15%.
3	Capacity addition or product launch.	
	3.1 Capacity addition	15% or more addition to the existing capacity of a unit or addition of a Greenfield unit/location.
	3.2 Product launch	If the new product adds to existing turnover of the Company by more than 15%.



4	Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.		
	4.1	Awarding of order(s)/contract(s)	Value above Rs. 50 Cr per purchase order/contract, which are not in normal course of business.
	4.2	Bagging/Receiving of orders/contracts	Value above Rs. 50 Cr per sale order/contract, which are not in normal course of business.
	4.3	Amendment or termination of orders/contracts	a) Amendment worth Rs. 15 Cr per order /contract, which are not in normal course of business. b) Termination of orders / contracts which are not in normal course of business for values defined in 4.1 and 4.2 above.
5	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.		Binding agreements not in normal course of business.
6	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		
	6.1	At the time of occurrence	Where the disruption continues for 15 days or more.
	6.2	Regularly, till complete normalcy is restored.	At a frequency of 120 days or till normalcy is restored whichever is earlier
7	Effect(s) arising out of change in the regulatory framework applicable to the Company.		Annual Profit impact equivalent of 10% of that of the immediately preceding year or Rs. 10 Cr whichever is higher.
8	Litigation(s) / dispute(s) / regulatory action(s) with impact.		

	8.1 At the time of becoming the party	5% of Turnover or 10% of Net worth, whichever is higher.
	8.2 Regularly till the litigation is concluded or dispute is resolved.	At an interval of six months.
9	Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.	
	9.1 At the time of unearthing of fraud or occurrence of the default/arrest	Fraud/default: Rs 1 Cr or more
	9.2 Subsequently intimate the stock exchange(s) further details regarding the fraud/default.	At a frequency of 90 days.
10	Options to purchase securities including any ESOP /ESPS Scheme.	launch of any scheme after taking necessary approvals
11	Giving of guarantees or indemnity or becoming a surety for any third party.	For a value in excess of 10% of net worth.
12	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Impact exceeding 15% of turnover.
13	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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such Securities	Impact exceeding 15% of turnover.

Notes:

- i) In circumstances where 'qualitative' test may not be applicable 'quantitative' test may be applied to determine materiality.
 - ii) Turnover indicated above means revenue from operations, as reflected in the latest available audited annual balance sheet of the Company.
- d. Following shall be the additional considerations in determining the materiality thresholds as stated above:
- materiality to be assessed at the level of each individual disclosure requirement and, where relevant, on an aggregate basis; and
 - Additional considerations to be taken into account by the Company when they are considered as plausible and objectively reasonable.



3. As specified in Para C of Part A of Schedule III of the Regulations, the Company shall promptly 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 of accounting policy that may have a significant impact on the financial statements of the Company 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.
4. Without prejudice to the generality of para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.

DISCLOSURE OF EVENTS / INFORMATION:

- The Company shall timely disclose the occurrence of all events and information as specified herein to the Stock Exchange not later than twenty four hours from the occurrence of event or information in the following manner
 - i. inform the stock exchanges on which the securities of the Company are listed;
 - ii. Upload on the corporate website of the Company.

Provided that in case the disclosure is made after twenty-four (24) hours of occurrence of such event or information, the Company shall along with such disclosure(s) provide an explanation for the delay.

- Any event required to be reported under Regulation 30 of the Regulations shall be informed to Chief Financial Officer of the Company on an immediate basis with adequate supporting data or information to facilitate a prompt and appropriate disclosure. Any other event, even if not covered under the Regulations but is potentially of price sensitive nature, must also be informed, for further evaluation to the Chief Financial Officer. The process of disclosure shall be in line with the process set out under the “CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION”.
- The Company Secretary and the Chief Financial Officer of the Company shall severally be responsible and authorised for ascertaining the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the Regulations and the Policy.
- The contact details of the persons authorised to determine materiality of events under this Policy are as follows:

Appendix “A”

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;