



## **POLICY FOR DETERMINATION OF MATERIALITY OF INFORMATION OR EVENT**

### **1. Introduction**

Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015") mandates that every listed entity shall make disclosures of any event or information which, in the opinion of its Board of Directors, is material.

The aim of this Policy is to specify broad criteria the Board ought to keep in mind in determining materiality of an information or event.

This Policy is effective from 1<sup>st</sup> December, 2015.

### **2. Determination of materiality of an event/ information**

**2.1** In determining the materiality of a company information or an event, the Board will be guided by the provisions enunciated in various statutes from time to time for disclosure in the public domain. However, information/events listed in Regulation 30 read with Schedule III of the Listing Regulations, 2015, as amended from time to time, will, *ipso facto*, be termed material. The current list is attached in Annexures I and II.

**2.2** Annexure-II of this document specifies events / information that requires disclosure, if material. Materiality will be determined in these cases should any of the following conditions be satisfied:

- a) where the event/information impacts sales and it is likely to have an impact of 10% or more of the consolidated gross turnover as per the Company's last audited annual consolidated accounts;
- b) where the event/information impacts the Company's Profit Before Tax (PBT) to the extent of 10% or more of the consolidated PBT of the Company as per its last audited annual consolidated accounts;
- c) where the event/information impacts the Company's consolidated assets/liabilities to the extent of 10% or more as per the last audited annual consolidated accounts.

The following further factors will also be considered for determining materiality of an event / information for the purposes of Annexure-II:

- the omission of an event / information that might result in discontinuity or alteration of information already in the public domain; or
- the omission of an event / information which might result in significant market reaction, shared this omission come to light at a later date; or
- the omission of an event / information, whose value or the expected impact in terms of value, exceeds the lower of the following:
  - i. two (2) percent of turnover, as per the last audited consolidated financial statements of the Company;

- ii. two (2) percent 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. five (5) percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company; or
- any event/ information, which if not disclosed promptly may lead to creation of a false market in the securities of the Company; or
- the event / information represents a significant shift in strategy and is an exit from, or entry into, a significant line of business; or
- any other event / information which the Board of Directors of the Company considers to be material.

**2.3** Important as paragraphs 2.1 and 2.2 are or would be for determining materiality, the two overarching considerations for qualification as material event or information will always constitute the following:

- i) events / information must be of an exceptional nature to qualify as material.
- ii) events / information in the ordinary course of the Company's business will not be considered material.

In other words, the requirements of paragraphs 2.1 and 2.2 will always be subject to the provisions of paragraph 2.3.

### **3. Authority**

The Key Managerial Personnel of the Company are severally authorised for determining materiality of event/ information as specified in Annexure II of this Policy.

The Whole-time Director, Chief Financial Officer and the Company Secretary of the Company are severally authorised for disclosing such material events/information to the stock exchange(s).

### **4. Disclosure of events/ information**

#### Disclosure to the Stock Exchanges

Subject to the provisions of paragraph 2.3 above, events/ information specified in **Annexure I** of this Policy are deemed to be material events and the Company shall make disclosure of any such event or information in the normal course, as soon as reasonably possible but not later than twenty four (24) hours from the occurrence of such event or information.

Should such disclosure be made twenty four (24) hours after occurrence of such event / information, the Company shall, along with such disclosure(s) explain the delay.

The Company shall make disclosure of events/ information as specified in **Annexure II** of this Policy, if considered material after application of guidelines for determining materiality as given under Clause 3 of this Policy.

The Company shall provide specific and adequate reply to all queries raised by the Stock Exchange(s) with respect to any event or information.

The Company may on its own initiative, confirm or deny any reported event or information to the Stock Exchange(s).

**Disclosure on Company's website**

All events/information disclosed to the Stock Exchange(s) will be uploaded on the Company's website, [www.kesocorp.com](http://www.kesocorp.com), for a period of 5 years. Preservation thereafter will be as per the Company's archival policy.

**5. Dissemination of Information**

- a) This Policy shall be disclosed on the website of the Company.
- b) The contact details of authorised Key Managerial Personnel shall also be disclosed to the stock exchange(s) and as well as on the Company's website.

**6. Authority to make alterations**

The Company Secretary is authorised to make such alterations to this Policy as considered appropriate based upon guidance from the Board. Any such alteration must not be inconsistent with the provisions of extant law.

**7. Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.

**Annexure I: Material events/ information to be mandatorily disclosed to the stock exchange(s) (Para A of Part A, Schedule III of Listing Regulations, 2015)**

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the Company, sale of stake in associate company of the Company or any other restructuring.

The term 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 –

(a) the Company holds shares or voting rights aggregating to 20% 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 and such change exceeds 5% of the total shareholding or voting rights in the said company; or

(c) 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 as may be specified.

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. New Rating(s) or Revision in Rating(s).

4. Outcome of Meetings of the board of directors: The Company shall disclose to the Exchange(s), the outcome of the meetings of the board of directors , held to consider the following:

a) dividends 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 including by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by the Reserve Bank of India), through further public offer, rights issue, American Depository Receipts/ Global Depository Receipts/ Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method;

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 Company 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 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, shall be disclosed to the Stock Exchanges, including disclosure of 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 a Company in the normal course of business shall not be required to be disclosed 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 these regulations.

6. Fraud/defaults by the Company, its promoter, director, key managerial personnel, senior management, or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the Company, whether occurred within India or abroad.

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Senior Management, Auditor and Compliance Officer.

8. In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Company to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.

9. Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges:

i. the letter of resignation along with detailed reasons for the resignation as given by the said director.

ii. names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.

iii. the independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.

iv. the confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.

10. In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges within seven days from the date that such resignation comes into effect.

11. In case the Whole-time Director or Chief Executive Officer of the Company was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).

12. Appointment or discontinuation of share transfer agent.

13. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions

14. One time settlement with a bank.

15. Winding-up petition filed by any party / creditors.

16. 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.

17. Proceedings of Annual and extraordinary general meetings of the Company.

18. Amendments to memorandum and articles of association of Company, in brief.

19. (a) (i) Schedule of Analyst or institutional investor meet at least two working days in advance (excluding the date of the intimation and the date of the meet);

“(ii) Presentations prepared by the listed entity for analysts or institutional investors meet, post earnings or quarterly calls shall be disclosed to the recognized stock exchanges prior to beginning of such events.”

For the purpose of this clause ‘meet’ shall mean group meetings or group conference calls conducted physically or through digital means.

(b) Audio recordings, video recordings, if any, and transcripts of post earnings or quarterly calls, by whatever name called, conducted physically or through digital means, in the following manner:

(i) The audio recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;

(ii) the video recordings, if any, shall be made available on the website within forty-eight hours from the conclusion of such calls;

(iii) the transcripts of such calls shall be made available on the website along with simultaneous submission to recognized stock exchanges within five working days of the conclusion of such calls.”

20. Events in relation to the corporate insolvency resolution process (CIRP) against the Company under the Insolvency Code.

21. Initiation of Forensic audit.

22. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a Company, in

relation to any event or information which is material for the Company and is not already made available in the public domain by the Company.

The “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

23. 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, in relation to the Company, in respect of the following:

- i. search or seizure; or
- ii. re-opening of accounts under section 130 of the Companies Act, 2013; or
- iii. investigation under the provisions of Chapter XIV of the Companies Act, 2013;

24. 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 following:

- i. suspension;
- ii. imposition of fine or penalty;
- iii. settlement of proceedings;
- iv. debarment;
- v. disqualification;
- vi. closure of operations;
- vii. sanctions imposed;
- viii. warning or caution; or
- ix. any other similar action(s) by whatever name called.

25. Voluntary revision of financial statements or the report of the board of directors of the Company under section 131 of the Companies Act, 2013.

**Annexure II: List of events/ information to be disclosed to the stock exchange(s) if considered material. (Para B, C and D of Part A, Schedule III of Listing Regulations, 2015)**

B. Events which shall be disclosed upon application of the guidelines for materiality referred in sub-regulation (4) of regulation (30):

1. Commencement or any postponement in the date of 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 of any unit, division or subsidiary (in entirety or in piecemeal).
3. Capacity addition or product launch.
4. 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) and revision(s) or amendment(s) or termination(s) thereof.
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.
7. Effect(s) arising out of change in the regulatory framework applicable to the Company.
8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
9. Frauds or defaults by employees of the Company which has or may have an impact on the Company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety, by whatever named 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.

C. 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.

D. Without prejudice to the generality of para (A), (B) and (C) of Part -A of Schedule III of the Listing Regulations, the Company may make disclosures of event/information as specified by the Board from time to time.