



pharmaceuticals ltd.

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POLICY FOR DETERMINATION OF MATERIALITY FOR DISCLOSURES**Originally adopted by the Board of Directors on 11th February, 2016****1. INTRODUCTION**

SMS Pharmaceuticals Limited being a publically listed entity is obligated to comply with the disclosure requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter call “Listing Regulations, 2015”) and is committed to full and fair disclosure of material information to the public. The Board of Directors of SMS Pharmaceuticals Limited (the “Company”) has adopted following policy for determination of materiality of events and information to be disclosed to stock exchanges as per regulation 30(4)(ii) read with Schedule III of the Listing Regulations 2015. This policy is primarily intended to specify the criteria based on which the event or information would be considered as material for disclosure to the stock exchanges.

2. BASIC PRINCIPLES GOVERNING DISCLOSURES

The policy aims to execute the following principles

- Disclosure of material information / event promptly without any delay.
- Ensure disclosures are adequate, accurate and explicit and presented in simple language.
- Ensure disclosure provided to stock exchanges and investors are not misleading and there is no misrepresentation.

3. MANNER OF DISCLOSURE OF MATERIAL EVENTS/INFORMATION

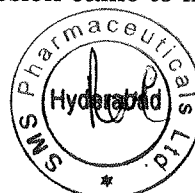
The disclosure shall be made as soon as reasonably possible in the following manner:

Within 30 (thirty) Minutes of the conclusion of the board meeting.	Annexure – 1 “Events specified in sub-para 4 of ‘Para A’ of Part A of Schedule III”.
Within 24 (twenty four) Hours of occurrence of event or information.	Annexure – 2 “All events, except sub-para 4 of ‘Para A’ of Part A of Schedule III”.
Within 24 (twenty four) Hours of the confirmation of applicability of the Guidelines for Materiality.	Annexure – 3 “All events, as specified in ‘Para B’ of Part A of Schedule III”.

4. GUIDELINES FOR MATERIALITY

4.1. QUALITATIVE CRITERIA – The Company shall consider the following criteria for determination of materiality of events/ information:

- the Non-disclosure / omission of any such event or information, is likely to result in discontinuity or alteration of event or information already available publicly; or
- the Non-disclosure / omission of any such event or information is likely to result in significant market reaction if the said omission came to light at a later date;



- (iii) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the Board of Directors of listed entity, the event / information is price sensitive / considered material.

4.2. QUANTITATIVE THRESHOLD – For the purpose of assessing whether a particular transaction or the amounts involved in that transaction are “material” the following information will also be considered.

- (i) The consideration involved in the transaction as a percentage of the Company’s annual revenue, net worth or profit. (e.g. Patent, license Agreement);
(ii) Whether the transaction is in the ordinary course of business;
(iii) Whether the transaction represents a significant shift in the Company’s strategy;
(iv) Whether the transaction is an exit from, or entry into, a significant line of business.

4.3. FURTHER, THE COMPANY SHALL DISCLOSE –

- (i) Any unreasonable delay in regulatory approvals, any adverse findings by regulatory having an impact on the performance of the Company or on the price of shares.
(ii) All material events or information with respect to subsidiaries (if any) which are material for the Company.
(iii) Receipt of any regulatory approval from developed market regulators (US, Europe, Japan, Australia etc.) shall be disclosed.
(iv) Any regulatory development/ action (positive or negative) that can have material impact on future operations and financials of the Company including its ability to continue to perform its normal business operations.
(v) 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.**
(vi) 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.

5. COMPETENT AUTHORITY TO MAKE DISCLOSURE:

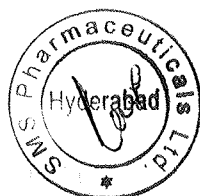
As specified in the Code of Business Conduct and Ethics For Director(s) & KMP(s) Chairman and Managing Director, Vice-Chairman and Joint Managing Director and Chief Financial Officer are authorized to determine the materiality of an event or information. Additionally, the Company Secretary also authorized to report and clarifies any event or information to the Stock Exchanges.

6. REVIEW PERIODICITY AND AMENDMENT:

This Policy may be revised/modified/amended by the Board at such intervals as it may deem fit. The Board shall review the Policy every two years unless such revision is necessitated earlier and shall also have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. However, the amended regulatory requirements will supersede the Policy, till the time, the policy is suitably amended.

This policy (as amended from time to time) shall be deemed to have come into force with effect from 11th Day of February, 2016.

Place : Hyderabad
Dated : 11.02.2016



Ramesh Babu Potluri
(CHAIRMAN)

Annexure – 1

EVENTS WHICH SHALL BE DISCLOSED WITHOUT ANY APPLICATION OF THE GUIDELINES FOR MATERIALITY

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:

1. 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;
2. any cancellation of dividend with reasons thereof;
3. the decision on buyback of securities;
4. the decision with respect to fund raising proposed to be undertaken
5. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
6. 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;
7. short particulars of any other alterations of capital, including calls;
8. financial results;
9. decision on voluntary delisting by the listed entity from stock exchange(s).



Annexure – 2**EVENTS WHICH SHALL BE DISCLOSED WITHOUT ANY APPLICATION OF THE GUIDELINES FOR MATERIALITY**

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. 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.
5. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
6. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Auditor and Compliance Officer.
7. Appointment or discontinuation of share transfer agent.
8. Corporate debt restructuring.
9. One time settlement with a bank.
10. Reference to BIFR and winding-up petition filed by any party / creditors.
11. 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.
12. Proceedings of Annual and extraordinary general meetings of the listed entity.
13. Amendments to memorandum and articles of association of listed entity, in brief.
14. Schedule of Analyst or institutional investor's meet and presentations on financial results made by the listed entity to analysts or institutional investors;



Annexure – 3

EVENTS WHICH SHALL BE DISCLOSED UPON APPLICATION OF THE GUIDELINES FOR MATERIALITY

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
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).
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) (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.
6. 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.
7. Effect(s) arising out of change in the regulatory framework applicable to the listed entity
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender , cancellation or suspension of key licenses or regulatory approvals.

