



SMS PHARMACEUTICALS LIMITED

POLICY FOR DETERMINATION OF MATERIALITY FOR DISCLOSURE

Originally adopted by the Board of Directors on 11th February, 2016

Amended by the Board of Directors on 08th February, 2024

INTRODUCTION:

Regulation 30 (4) of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) requires every listed entity to frame a policy for determining and disclosing the event(s) or information(s) which, in the opinion of the Board of Directors of a Company are material. SMS Pharmaceuticals Limited (the “Company”) being a Listed Entity is obliged to comply with the Regulation 30 of the Listing Regulations.

In this context, the Company herein sets out a Policy for Determination of Materiality of Events, Information and Disclosure (hereinafter referred to the “Policy”).

SCOPE:

This Policy is applicable to the Company for determining Materiality of Events and/or Information for making disclosures under Regulation 30 of the SEBI Listing Regulations.

This policy is also applicable to its Subsidiaries, Directors, Promoters, Key Managerial Personnel, Senior Management Personnel to the extent applicable under SEBI Listing Regulations for making disclosures under Regulation 30 of the SEBI Listing Regulations.

PURPOSE:

This Policy is intended to circulate and disseminate such event (s) or information(s) which in the view of the Board of Directors and the SEBI as defined hereinafter, is material for the purpose of protecting and safeguarding the interest of the Company and its stakeholders, by putting all of them on the same footing and to prevent insider trading, thereby enabling and promoting greater transparency. It is essential that timely, adequate and accurate disclosure of information is made on an ongoing basis to enable the stakeholders or investors to make well-informed investment decisions. It is also important that there is uniformity in disclosures to ensure compliance in letter and spirit.

DEFINITIONS:

“**Authorised Person**” means any person duly authorised by the Board of Directors.

“**Board of Directors**” means the Board of Directors of SMS Pharmaceuticals Limited, as constituted from time to time.

“**Company**” means SMS Pharmaceuticals Limited.

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

“**Policy**” means this Policy for Determination of Materiality for Disclosure.

“**Regulator**” means the Securities and Exchange Board of India.

All other words and expressions used but not defined in this Policy shall have the same meaning as defined in the Companies Act, 2013 read with Rules made thereunder, SEBI Listing Regulations, SEBI (Depositories and Participants) Regulations, 2018, the Depositories Act, 1996 and any other laws applicable to the Company including any statutory modification(s) or re-enactment thereof as the case may be.

POLICY:

As per Regulation 30 of the Listing Regulations, the Company shall disclose the following events or information, which in the opinion of the Board of Directors or the Authorised Person in this regard as material including such events or information as stated herein below and laid down under Para A of Part A of Schedule III of the Listing Regulations.

A. Material Events/Information:

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 Company or any other restructuring.

Explanation (1) - For the purpose of this sub-paragraph, the word '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 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-paragraph and such change exceeds two per cent 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.

Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-

- (i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or
- (ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation (3)- For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.]

- 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), 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 Company from the 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 thereof.
- 5A Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity 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 listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements.

Provided that such agreements entered into by the 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.

Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that Company shall or shall not act in a particular manner.]

6. Fraud or 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

For the purpose of this sub-paragraph:

(i) ‘Fraud’ shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade

Practices relating to Securities Market) Regulations, 2003.

(ii) 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the Company.]

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer.
- 7A 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.
- 7B 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 by the Company:
- (i) The letter of resignation along with detailed reasons for the resignation as given by the said director shall be disclosed by the Company to the stock exchanges.
 - (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 reason other than those provided.
 - (iv) The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.
- 7C 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 by the listed entities within seven days from

the date that such resignation comes into effect

- 7D In case the Managing Director or Chief Executive Officer of the listed entity 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).
8. Appointment or discontinuation of share transfer agent.
 9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
 - (i) Decision to initiate resolution of loans/borrowings;
 - (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
 - (iii) Finalization of Resolution Plan;
 - (iv) Implementation of Resolution Plan;
 - (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
 10. One time settlement with a bank
 11. 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 Company.
 13. Proceedings of Annual and Extraordinary General Meetings of the Company.
 14. Amendments to Memorandum and Articles of Association of the Company, in brief.
 15. 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) and presentations on financial results made by the Company to analysts or institutional investors

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

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

- (i) the presentation and the audio/video 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 transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.;

16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency and Bankruptcy Code, 2016 (the “Insolvency Code”):
- a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
 - b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
 - c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
 - d) Public announcement made pursuant to order passed by the Tribunal under Section 13 of Insolvency Code;
 - e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - f) Appointment/ Replacement of the Resolution Professional;
 - g) Prior or post-facto intimation of the meetings of Committee of Creditors;
 - h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - i) Number of resolution plans received by Resolution Professional;
 - j) Filing of resolution plan with the Tribunal;
 - k) Approval of resolution plan by the Tribunal or rejection, if applicable;
 - l) Salient features, not involving commercial secrets, of the resolution plan approved by the Tribunal, in such form as may be specified;
 - m) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:
 - I) Pre and Post net-worth of the company;
 - II) Details of assets of the company post CIRP;
 - III) Details of securities continuing to be imposed on the companies’ assets;
 - IV) Other material liabilities imposed on the company;
 - V) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
 - VI) Details of funds infused in the company, creditors paid-off
 - VII) Additional liability on the incoming investors due to the transaction, source of such funding etc.;
 - VIII) Impact on the investor – revised P/E, RONW ratios etc.;

- IX) Names of the new promoters, key managerial personnel, if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
 - X) Brief description of business strategy
 - n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
 - o) Quarterly disclosure of the status of achieving the MPS;
 - p) The details as to the delisting plans, if any approved in the resolution plan.
17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:
- a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
 - b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any
18. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.
19. 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:
- (a) search or seizure; or
 - (b) re-opening of accounts under section 130 of the Companies Act, 2013; or
 - (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - i. name of the authority;
 - ii. nature and details of the action(s) taken, initiated or order(s) passed;
 - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
 - iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
 - v. impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.
20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial

personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- (a) suspension;
 - (b) imposition of fine or penalty;
 - (c) settlement of proceedings;
 - (d) debarment;
 - (e) disqualification;
 - (f) closure of operations;
 - (g) sanctions imposed;
 - (h) warning or caution; or
 - (i) any other similar action(s) by whatever name called;
- along with the following details pertaining to the actions(s) initiated, taken or orders passed:
- i. name of the authority;
 - ii. nature and details of the action(s) taken, initiated or order(s) passed;
 - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
 - iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
 - v. impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.

21. Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.

The Board of Directors shall disclose all the above event(s) or information to the Stock Exchange(s) as soon as reasonably possible but not later than 24 hours from the occurrence of such event in case the event or information is not emanating from within the listed entity and 12 hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity; In the event the Company fails to make a disclosure within the prescribed period, the Company shall also provide an explanation for such delay.

The information/ event listed shall be disclosed within 30 minutes of the closure of the meeting of the Board of Directors in which the decision pertaining to the event or information has been taken.

The Company shall disclose the following event(s) or information, as stated herein below and laid down under Para B of Part A of Schedule III of the Listing Regulations, which in the opinion of the Board of Directors are material. The Board of Directors shall consider following criteria, as laid down under Regulation 30 (4) of the Listing Regulations, while determining materiality of events or information.

Qualitative criteria:

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

Quantitative criteria:

- c. the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 1. 2 % of turnover, as per the last audited consolidated financial statements of the listed entity;
 2. 2 % of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
 3. 5 % of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity
- d. In case where the criteria specified in sub-clauses a, b and c are not applicable, an event/information may be treated as being material, if in the opinion of the Board of Directors of the Company, the event / information is considered material.

The receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

B. Material Events/Information

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Any of the following events pertaining to the listed entity:
 - a. arrangements for strategic, technical, manufacturing, or marketing tie-up; or
 - b. adoption of new line(s) of business; or
 - c. 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 listed entity.
9. Frauds or defaults by employees of the listed entity which has or may have an impact on the listed
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety by whatever name 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.

OCCURRENCE/TIMING OF AN EVENT/ INFORMATION:

For making timely disclosure, following rules shall be followed:

In certain instances, occurrence of event/ information would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion; negotiation or approval required viz. in case of natural calamities, disruptions etc., occurrence of event in such event would depend upon the timing when the Company became aware of the event/information.

In the former, the events/information (based on the facts and circumstances), can probably be said to have occurred upon receipt of approval of the Board of Directors.

In the latter, the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, the Authorised Person of the Company has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

The Company shall provide requisite details while disclosing event(s) /information given in (A) & (B) above, as prescribed under the Listing Regulations and any circulars, guidelines etc. issued by the SEBI from time to time.



The Company shall, with respect to disclosures referred to under the Listing Regulations, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

The Company shall also disclose all events or information with respect to subsidiaries, which are material for the Company as defined under the Listing Regulations.

In case where an event occurs or an information has not been indicated in Para A or B of Part A of the Schedule III of the Listing Regulation, but which may have material effect on it, the Company shall make adequate disclosures in regard thereof as soon as it becomes practicable.

The Company shall provide specific and adequate reply to all queries raised by the Stock Exchanges with respect to any events or information.

AUTHORITY AND RESPONSIBILITY:

In order to ensure that the Company complies with the disclosure obligations under Regulation 30 of the Listing Regulations, the Board of Directors of the Company have authorized the Managing Director, Chief Financial Officer and the Company Secretary (Authorized Persons) to determine the materiality of an event or information and to make appropriate disclosure on a timely basis.

The Authorized Persons are empowered to seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders as he may deem fit.

The list of events may be updated from time to time by the Authorised Persons as amended by the Listing Regulations.

POLICY REVIEW:

This Policy is framed based on the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. In case of any subsequent changes in the provisions of the Regulations which make any of the provisions in the Policy inconsistent with Regulations or any other law, the provisions of Regulations or such law would prevail over the Policy. The provisions in the Policy would be modified in due course to make it consistent with the law.

DISCLOSURE:

In case there are any regulatory changes requiring amendment to this Policy, the Policy shall be reviewed and amended with the necessary approval of the Chairman & Managing Director of the Company and the updated version of the Policy be issued and published without any requirement for approval from the Audit Committee or the Board of Directors. However, the amended regulatory requirements will supersede the Policy, till the time the Policy is suitably amended. Any subsequent amendment/modification in the Listing Regulations or the Companies Act, 2013 or any other applicable laws, direction or clarification by SEBI, provision of this Policy shall be read and implemented in context of such amended/modified or clarified positions.

DISSEMINATION OF POLICY:

This Policy shall be hosted on the website of the Company.