

# Policy for Determination of Materiality of Events or Information



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## Policy for Determination of Materiality of Events or Information

### 1. Objective

- 1.1. To comply with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time;
- 1.2. To lay the principles for determining materiality of events/information which require disclosure to the Stock Exchanges where the specified securities of the Company are listed;
- 1.3. To lay the principles for making timely and adequate disclosure of material events/information so as to enable the investors to take well informed decisions; and
- 1.4. To ensure uniformity in the Company's approach towards making disclosures of materiality of events/ information.

### 2. Regulatory Framework

- 2.1. Clause 36 of the Equity Listing Agreement entered into by the Company with Stock Exchanges ("Clause 36") required all listed entities to disclose to the Stock Exchanges inter-alia all events which have a bearing on performance/operations of the Company and which are price sensitive in nature. Clause 36 provided an indicative list of material events of which the Company was required to make disclosures.
- 2.2. The National Stock Exchange of India Ltd. ("NSE") and BSE Limited ("BSE") on September 30, 2014 released a guidance note on Clause 36 ("Guidance Note") to assist companies in making more comprehensive disclosure relating to the indicative list of material events as provided in Clause 36. Accordingly, the Policy on disclosures under Clause 36 of the Listing Agreement was framed pursuant to the requirements of the Guidance Note.
- 2.3. The Securities and Exchange Board of India on September 2, 2015 notified the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations") which came into effect on December 1, 2015. Consequently, the Listing Agreement entered into with the Stock Exchanges was repealed.
- 2.4. The provisions corresponding to clause 36 of the Listing Agreement are contained in Regulation 30 of the SEBI Regulations which are more descriptive in comparison to clause 36.
- 2.5. In view of the above, the Policy is being revised to align with the provisions of Regulation 30 of the SEBI Regulations and further re-titled as the "Policy for Determination of Materiality of Events/Information."

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### 3. Definitions

Unless repugnant to the context:

- 3.1. "Act" shall mean the Companies Act, 2013 including the Rules made thereunder.
- 3.2. "Authorised Officer" shall mean the officer of the Company authorised under clause 6.1. of the Policy.
- 3.3. "Company" shall mean Marico Limited.
- 3.4. "Consolidated Turnover" shall mean the Consolidated turnover as reported in the audited consolidated financial statements of the Company for the year ended immediately preceding the determination of materiality of an event or information under this Policy.
- 3.5. "Consolidated Net Worth" shall mean the Consolidated networth as reported in the audited consolidated financial statements of the Company for the year ended immediately preceding the determination of materiality of an event or information under this Policy.
- 3.6. "CFO" shall mean the Chief Financial Officer of the Company.
- 3.7. "Chairman" shall mean the Chairman of the Board of Directors of the Company.
- 3.8. "Company Secretary & Compliance Officer" shall mean the Company Secretary & Compliance Officer of the Company.
- 3.9. "Executive Committee" or "Ex-Com" shall mean the Committee comprising the Top Management of the Company headed by the Managing Director & Chief Executive Officer.
- 3.10. "Fraud" in relation to affairs of the Company, includes any act, omission, concealment of any fact or abuse of position committed by any person or any other person with the connivance in any manner, with intent to deceive, to gain undue advantage from, or to injure the interests of the Company or its shareholders or its creditors or any other person, whether or not there is any wrongful gain or wrongful loss.
- 3.11. "KMP" shall mean the Key Managerial Personnel of the Company as defined under the Act.
- 3.12. "Material events/information" shall mean events/information stated as such under Regulation 30 of the SEBI Regulations read with Part A of Schedule III thereto.

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- 3.13. "MD & CEO" shall mean Managing Director and Chief Executive Officer of the Company.
- 3.14. "Networth" means networth as defined under the Act.
- 3.15. "Policy" shall mean the Policy for Determination of Materiality of Event/ Information.
- 3.16. "SEBI Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 3.17. "Specified Securities" means 'equity shares' and 'convertible securities' as defined under the SEBI Regulations.
- 3.18. "Stock Exchanges" mean the Stock Exchanges on which the specified securities of the Company are listed.

### **4. Interpretation**

- 4.1 In the Policy, unless the contrary intention appears:
  - 4.1.1 the clause headings are for ease of reference only and shall not be relevant to interpretation;
  - 4.1.2 a reference to a clause number includes a reference to its sub-clauses;
  - 4.1.3 words in singular number include the plural and vice versa;
  - 4.1.4 words and expressions used and not defined in the Policy but defined in the SEBI Regulations, Securities and Exchange Board of India Act, 1992, the Act or Securities Contracts (Regulation), 1956, Depositories Act, 1996 and or rules/regulations made thereunder or any statutory modification(s) or re-enactment(s) thereto, shall have the meanings respectively assigned to them therein.

### **5. Principles for determining materiality of events/information**

- 5.1 The Policy applies only to Material events/information specified under Part A of Schedule III to the SEBI Regulations.
- 5.2 All events/information stated in Para A of Part A of Schedule III to the SEBI Regulations (as listed in Annexure I to the Policy) are deemed to be material.
- 5.3 In respect of events/information stated in Para B of Part A of Schedule III to the SEBI Regulations (as listed in Annexure II to the Policy), the Authorised Officer shall consider the following criteria for determination of materiality of events/information:
  - 5.3.1 Where criteria specified in the SEBI Regulations are not applicable, an event/information would be considered material if the impact or likely impact of

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the event/information on the Company meets or exceeds the quantitative threshold as mentioned below. While determining materiality, the quantitative thresholds set out below shall be applied to each event/information severally.

- 5.3.1.1 Events/information listed in point nos. 1 to 9 and 11 to 12 of Annexure II to the Policy, shall be considered material if the impact of the said event/information is likely to exceed 5% of the Consolidated Turnover of the Company.
- 5.3.1.2 Events/information listed in point nos. 10 & 13 of Annexure II to the Policy, shall be considered material if the following thresholds are breached:
  - a. In case of options to purchase securities including any ESOP/ESPS Scheme - If the number of options is 1% or more of the total issued and paid up equity shares of the Company as on the date of the issuance of options.
  - b. Capacity Addition (in relation to the capacity expansion plan of a given manufacturing unit) - If its impact would exceed 10% of the Consolidated Net Worth of the Company.
- 5.4 In respect of events/information stated in Para C of Part A of Schedule III to the SEBI Regulations 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 specified securities of the Company to appraise its position and to avoid the establishment of a false market in such securities, the Authorised Officer shall determine the materiality of such events / information and shall disclose the same to the Stock Exchanges.
- 5.5 For events/information with respect to any Subsidiary of the Company, an event/information would be considered material if the impact of the event/ information would exceed 5% of the Consolidated Turnover of the Company.
- 5.6 The Authorised Officer shall disclose the event/information determined as material pursuant to clauses 5.2 to 5.5 above in such manner and within such time as specified under Clause 6 and Clause 7 of the Policy respectively.

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### 6. Persons Responsible for Disclosure & Process of Disclosure of Events/ Information:

- 6.1 The MD & CEO or CFO or the Company Secretary & Compliance Officer in consultation with the MD & CEO or CFO (hereinafter severally referred to as "Authorised Officer"), shall be responsible to determine the materiality of an event/information for the purpose of the Policy and disclose the same to the Stock Exchanges.
- 6.2 The details to be provided while disclosing a Material event/information shall be based on the guidance/principle laid down under the SEBI Regulations.
- 6.3 The Authorised Officer shall, with respect to the disclosures made under the Policy, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- 6.4 The Authorised Officer shall also disclose on the website of the Company all such events/information which have been disclosed to Stock Exchanges under the Policy, and such disclosures shall be hosted on the website for a period of five years and thereafter as per the Policy of the Company on preservation of documents.
- 6.5 The Authorised Officer shall provide specific and adequate reply to all queries raised by Stock Exchanges with respect to any event/information.
- 6.6 The Authorized Officer shall ensure that the updated Policy is placed on the Website of the Company at all times.

### 7. Time frame for making the Disclosure of Events/Information-

- 7.1 The Authorized Officer shall report the events/information under Para A of Part A of Schedule III of the SEBI Regulations to the Stock Exchanges within the timeframe mentioned in Annexure I to the Policy.
- 7.2 For the material events/information under Para B (listed in Annexure II to the Policy) and Para C of Part A of Schedule III of the SEBI Regulations and those pertaining to the subsidiary of the Company, the Authorized Officer may as soon as reasonably practicable considering the nature of the events/information, disclose the particular event/information to the Stock Exchanges.
- 7.3 The Members of Ex-Com shall be severally responsible in promptly bringing to the notice of the Authorised Officer, any event/information which will satisfy the materiality criteria under the Policy.

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### 8. Provisions contained in the Marico Insider Trading Rules, 2015 on disclosure of material events/information:

- 8.1 The Marico Insider Trading Rules, 2015 (“Insider Rules”) inter alia contain a Code of practices and procedures for fair disclosure of unpublished price sensitive information (UPSI). The term USPI is defined under the Insider Rules to include material events in accordance with the SEBI Regulations.

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Thus, the provisions of the Policy and those of the Insider Rules may overlap so far as disclosure of Material events/information is concerned. To the extent of conflict, if any, between the provisions of the Insider Rules and those of the Policy, the provisions of the Policy shall prevail over the provisions of the Insider Rules.

### 9. General

- 9.1 The Policy would be subject to revision/ amendment in accordance with the applicable laws.
- 9.2 The Company reserves its rights to alter, modify, add, delete or amend any of the provisions of the policy.
- 9.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under the Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and the Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

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### Annexure I

#### **A. List of events/information as stated under Para A of Part A of Schedule III of the SEBI Regulations:**

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- 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.

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 of the Company held to consider any of 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;



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- 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. Fraud/defaults by promoter or key managerial personnel or by the Company 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 Company.
  13. Proceedings of Annual and extraordinary general meetings of the Company.
  14. Amendments to memorandum and articles of association of Company.
  15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;

### **B. Time frame for making disclosure of above events/information to the Stock Exchanges:**

For all events/information listed above except for events/information under point no. 4	Not later than twenty four hours from the occurrence of the event/information
For events/information listed above under point no. 4	Within 30 minutes of the closure of the meeting of the Board of Directors.

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### Annexure II

Events which shall be disclosed upon application of the criteria for materiality prescribed in clause 5.3.1 of the Policy:

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. 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 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. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.
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.
13. Capacity addition

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