

VMS INDUSTRIES LIMITED

POLICY ON DISCLOSURE OF MATERIAL EVENTS OR INFORMATION

[Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

VMS INDUSTRIES LIMITED

CIN: L74140GJ1991PLC016714

Registered Office:

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CORPORATE ROAD, PRAHLADNAGAR,
Ahmedabad, Gujarat-380015, India

VMS INDUSTRIES LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION

1. PREAMBLE

The Company has adopted the policy for determination of materiality (this “**Policy**”) and procedures with regard to determination of materiality of events or information which are required to be disclosed to the Stock Exchanges in alignment with Regulation 30 of the Securities and Exchange Board of India (“**SEBI**”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (the “**SEBI LODR Regulations**”), every listed entity shall frame a policy based on the criteria specified in the SEBI LODR Regulations. This Policy has been formulated in accordance with clause (ii) of sub-regulation (4) of Regulation 30 of the SEBI LODR Regulations. This Policy will be hosted on the website of the Company (*defined below*).

The Board of Directors (*defined below*) of the Company, at its meeting held on 28th November, 2015, approved this Policy and shall be applicable with effect from the date of listing of securities, with regard to disclosure of material events or information which are price sensitive and/ or may have bearing on the performance or operation of the Company, thereby necessitating disclosure to the Stock Exchanges where the equity shares of the Company are listed.

2. OBJECTIVE OF THIS POLICY

The objective of this Policy is to determine the event(s) and information(s) which, in the opinion of the Board of Directors of the Company, are considered material and need to be disclosed to the Stock Exchanges within the time limit as prescribed in this Policy, thereby ensuring a timely and balanced disclosure of all material events concerning the Company.

This Policy provides guidelines to the Board of Directors of the Company and the competent authority as authorized by the Board of Directors to determine, identify and categorize events and information (which may materially affect the performance of the Company and, thereby, the share prices of the Company) as material and make necessary disclosure to the Stock Exchange(s) and on the website of the Company.

In terms of this Policy, the Company endeavors to ensure that it is able to meet its disclosure obligations under Regulation 30 of the SEBI LODR Regulations; and establish internal procedures to apprise officers of the Company of their obligations relating to systematic identification, categorization, review and disclosure of events or information which may have a material impact on the performance or operations of the Company and which may materially affect the share prices of the Company.

3. DEFINITIONS

- i. **“Acquisition”** means:
 - (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. above and such change exceeds two per cent of the total shareholding or voting rights in the said company.
- ii. **“Act”** means the Companies Act, 2013 including any statutory modification or re-enactment thereof.
- iii. **“Agreement”** includes shareholder agreement, joint venture agreement, family settlement agreement to the extent the same impacts the management and control of the Company and agreement, treaty or contract with media companies which are binding and not in normal course of business and any revision(s), amendment(s) and termination(s) thereof.
- iv. **“Applicable Law”** means any law, rules, regulations, circulars, guidelines or standards on the basis of which the materiality of events or information may be determined.
- v. **“Board or Board of Directors”**, in relation to the Company, means the collective body of the directors of the Company.
- vi. **“Company”** means VMS INDUSTRIES LIMITED.
- vii. **“Information”** means information concerning the Company which, in the opinion of a reasonable person, would have a material effect on the price or value of its securities or information which causes the market to maintain the price of security at or about its current level when it would otherwise be expected to move materially in a particular direction, given price movements in the market generally or in the Company’s sector.
- viii. **“Key Managerial Personnel”** of the Company means the Managing Director or Chief Executive Officer or Manager, Whole-time Director, Chief Financial Officer, the Company Secretary and any other personnel appointed by the Company under Section 2(51) of the Act.
- ix. **“SEBI LODR Regulations”** means the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 including any statutory modification or re-enactment thereof.
- x. **“Material”** or **“Materiality”** includes those events and information which may materially affect the performance of the Company or the share price of the Company.
- xi. **“Material Events”** are those events specified in Para A of Part A of Schedule III of the SEBI LODR Regulations.
- xii. **“Securities”** means the securities as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956.

- xiii. “**Stock Exchange**” means National Stock Exchange of India Limited and BSE Limited where the equity shares of the Company are listed.
- xiv. “**Subsidiaries**” means company(ies) in which the Company controls the composition of the Board or exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.
- xv. “**Other Events**” means events or information that may be determined to be Material based on the guidelines specified in Para B of Part A of Schedule III of the SEBI LODR Regulations.

Words and expressions used and not defined in this Policy but defined in the Act and Rules and Regulations made thereunder, the Securities Contracts (Regulation) Act, 1956 and the SEBI LODR Regulations or any other Applicable Law in force shall have the meaning(s) respectively assigned to them in those legislations.

4. GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS/ INFORMATION

The Board shall, as per the guidelines prescribed in Regulation 30 read with Schedule III of the SEBI LODR Regulations, make disclosures of any events or information which, in the opinion of the Board, are material or events or information which may affect the performance or the share price of the Company, to the Stock Exchanges within the time limit as prescribed herein below:

The following Material Events/Information which shall be disclosed to the Stock Exchanges, within 30 minutes from the closure of the meeting of the Board:

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 or 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 Company from Stock Exchanges.

Provided that in case board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

A. The following Material Events/Information to be disclosed to the Stock Exchanges within 24 hours from the occurrence of event or information without any application of the guidelines for materiality:

Provided that in case the disclosure is made after 24 hours of occurrence of the event/information, the Company shall, along with such disclosures, provide explanation for delay.

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.

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 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.
5. Fraud/defaults by promoter or Key Managerial Personnel or by the Company or arrest of Key Managerial Personnel or promoter(s).
6. Change in directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
7. In case of resignation of the auditor of the listed entity, 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.
8. Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, 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.
 - ii. Name 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 Company to the stock exchanges along with the detailed reasons as specified in sub-clause (i) and (ii) above.
9. Appointment or discontinuation of share transfer agent.
10. Resolution plan/Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
 - Decision to initiate resolution of loans/borrowings;
 - Signing of Inter-Creditor Agreement (ICA) by lenders;
 - Finalization of Resolution Plan;
 - Implementation of Resolution Plan;
 - Salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders.

11. One-time settlement with a bank.
12. Reference to BIFR¹ and winding-up petition filed by any party/ creditors.
13. 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.
14. Proceedings of Annual and extraordinary general meetings of the Company.
15. Amendments to memorandum and articles of association of Company, in brief.
16. Schedule of analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors. Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means.
17. Events in relation to the corporate insolvency resolution process (“**CIRP**”) of a listed corporate debtor under the Insolvency and Bankruptcy Code, 2016 (“**Insolvency Code**”):
 - i. Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
 - ii. Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
 - iii. Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
 - iv. Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
 - v. 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;
 - vi. Appointment/ Replacement of the Resolution Professional;
 - vii. Prior or post-facto intimation of the meetings of Committee of Creditors;
 - viii. 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;
 - ix. Number of resolution plans received by Resolution Professional;
 - x. Filing of resolution plan with the Tribunal;
 - xi. Approval of resolution plan by the Tribunal or rejection, if applicable;
 - xii. 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:
 - a) Pre and Post net-worth of the company;
 - b) Details of assets of the company post CIRP;
 - c) Details of securities continuing to be imposed on the companies’ assets;
 - d) Other material liabilities imposed on the company;
 - e) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
 - f) Details of funds infused in the company, creditors paid-off;
 - g) Additional liability on the incoming investors due to the transaction, source of such

¹ Please note that the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) has been repealed by Insolvency and Bankruptcy Code, 2016 and therefore any reference to insolvency proceedings shall also be read in this regard.

Purchase 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.

C. Disclosure of other information/event viz. major development that is likely to affect the business of the Company. The event or information shall be disclosed to the Stock Exchanges as soon as reasonably possible and not later than 24 hours:

1. Emergence of new technologies;
2. Expiry of patents;
3. Any change of accounting policy that may have a significant impact on the accounts;
4. 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.
5. Events or information with respect to Subsidiaries which are Material for the Company.

5. ADMINISTRATIVE MEASURES FOR DETERMINING MATERIALITY OF EVENTS/ INFORMATION

In addition to the event/ information prescribed in sub - clauses A, B, C, and D of Clause 4, the Company will make disclosure of event or information to the Stock Exchanges as specified by the SEBI from time to time.

Materiality has to be determined on a case-by-case basis depending on specific facts and circumstances relating to the information or event. In order to determine whether a particular event or information is Material in nature, the “quantitative” or “qualitative” criteria mentioned below shall be applied.

A. Quantitative criteria

Materiality shall become applicable to an event/ information where the value involved or the impact exceeds 10% of the total revenue or exceeds 5% of the Net worth, whichever is less, on the basis of the latest audited financial statements of the RBZ.

B. Qualitative criteria

Materiality shall become applicable to an event/ information if:

- i. The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly.
- ii. 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.
- iii. In addition to the above, an event or information may be treated as being Material if in the opinion of the Board, the event or information is considered Material.
- iv. any other event/information which is treated as unpublished price sensitive information.

In circumstances where 'quantitative' test may not be applicable, 'qualitative' test may be applied to determine materiality.

6. COMPETENT AUTHORITY FOR DETERMINATION OF MATERIALITY OF EVENTS/ INFORMATION

As required under the Regulation 30 (5) of the SEBI LODR Regulations, Chairman and Managing Director, the Chief Financial Officer and Company Secretary shall jointly be the Competent Authority to decide materiality of an event /information or development for the purpose of making disclosure to the Stock Exchange as well as on the Company's website.

7. PROCEDURE FOR DISCLOSURE

The concerned Functional Head or any other person as authorized by the concerned Functional Director, in consultation with the concerned Functional Director shall prepare a draft, which shall be forwarded to Company Secretary / Compliance Officer for taking approval of Chief Financial Officer or Chairman and Managing Director. The draft should contain information as may be required under SEBI LODR Regulations and circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015 (Annexure-I) issued by SEBI and modified from time to time or any other statute as may be necessary to enable investors to make well-informed investment decisions. All Head of Department or any other person as authorized by the concerned Director of the Company shall be under an obligation to make disclosure as per the policy within stipulated time. After approval of the competent authority, disclosure shall be made by the Company Secretary/ Compliance Officer to the Stock Exchanges and will be published on the website. The Guidance on when an event/information has occurred as indicated in Annexure-II of SEBI's Circular dated September 9, 2015, is reproduced as Annexure-1 of this Policy.

8. RETENTION OF DOCUMENTS

The Company will disclose on its website all such events or information which have been disclosed to Stock Exchanges and such disclosures will be available on the website for a minimum period of five years, and thereafter as per the archival policy of the Company.

9. MISCELLANEOUS

The Company may *suo-moto*, confirm or deny any reported event or information to Stock Exchange(s).

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

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

10. AMENDMENT

The Board reserves its right to amend or modify this Policy in whole or in part, at any time, without assigning any reason whatsoever. However, no such amendment or modification shall be inconsistent with the applicable provisions of the Act or Applicable Law.

However, any amendment in the Policy required in compliance with the SEBI LODR Regulations or any statutory enactment, the Chairman and Managing Director of the Company is empowered to approve such amendment and the same should be placed before the Board for their information.

11. INTERPRETATION

In any circumstance where the terms of this Policy differ from any Applicable Law governing the Company, such Applicable Law will take precedence over this Policy and the procedures there under until such time as this Policy is modified in conformity with the Applicable Law.

ANNEXURE-I

Guidance on when an event/information has occurred as indicated in Annexure–II of SEBI’s Circular dated September 9, 2015

1. The Company may be confronted with the question as to when an event/information can be said to have occurred.
2. In certain instances, the answer to above question 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, the answer to the above question would depend upon the timing when the Company became aware of the event/information.
 - 2.1 In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders. However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder’s approval.
 - 2.2 In the latter, the events/information can be said to have occurred when a Company becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties. Here, the term ‘officer’ shall have the same meaning as defined under the Companies Act, 2013 and shall also include promoter of the Company.