



Southern Magnesium and Chemicals Limited

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POLICY FOR DETERMINATION AND DISCLOSURE OF MATERIALITY OF EVENTS AND INFORMATION

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

1. Legal Framework

This Policy for Determination of Materiality of Events or Information is aimed at providing guidelines to the management of Southern Magnesium and Chemicals Limited, to determine the materiality of events or information, which could affect investment decisions and ensure timely and adequate dissemination of information to the Stock Exchange(s).

This Policy has been formulated in accordance with the current guidelines laid down by Securities Exchange Board of India under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to disclosure of events and information.

2. Objective

The objective of this Policy is to serve as a guiding charter to the management to ensure that timely and adequate disclosure of events or information are made to the investor community by the Company under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to enable them to take well informed investment decisions with regard to the securities of the Company.

3. Disclosure of Events and Information on the basis of applying materiality to Stock Exchanges

Information relating to material events and which is price sensitive in nature, shall be promptly disseminated to the Stock Exchanges. For this purpose, material event means any information which relates to the Company and which, if published is likely to materially affect the price of shares of the Company.

- i. The Company shall make disclosure of events specified in Annexure 1 (Events specified in Para A of Part A of Schedule III of the Listing Regulations and as may be amended from time to time), without applying any test of materiality to the stock exchanges within specified timelines.
- ii. The Company shall make disclosure of events specified in Annexure 2 (Events specified in Para B of Part A of Schedule III of the Listing Regulations and as may be amended from time to time), based on application of the guidelines for materiality, to the stock exchanges within specified timelines, as specified in clause 4.

4. Criteria for Determination of Materiality of Events / Information

The criteria laid down in Regulation 30(4)(i) shall be applied for determination of materiality of the event or information. The criteria are reproduced as under:-

- (a) The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) 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; or
- (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) two percent of turnover, as per the last audited consolidated financial statements of the Company;
 - (2) two 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;
 - (3) five 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;
- (d) In case the criteria specified in sub-clauses (a), (b) and (c) is 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.

5. Persons responsible for making disclosure of Material Events and Information to Stock Exchanges

Any transaction, event or information relating to the Company that might be material is required to be reported immediately by the employees of the Company to Key Managerial Personnel (CEO / CFO / Company Secretary) of the Company.

The Key Managerial Personnel by determining the materiality of event or information, will ensure that adequate disclosures with respect to such material events/information are made to the stock exchanges within the timeline prescribed under the Listing Regulations.

6. Amendments

In case of any subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations or any other applicable law which makes any of the provisions in this Policy inconsistent with the Companies Act, 2013 or the Listing Regulations or such applicable law, then the provisions of the Companies Act, 2013 or the Listing Regulations or such applicable law would prevail over the Policy and the provisions in this Policy would be modified in due course to make it consistent with such change.

7. Disclosure on the Website of the Company

The policy and the contact details of the persons authorized shall be available on the Company's website www.southernmagnesium.com

A. Events which shall be disclosed without any application of the Guidelines for Materiality
[as specified in Para A of Part A of Schedule III of the Listing Regulations 2015]

- 1) Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), 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 the associate company of the Company 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) New Rating(s) or Revision in Rating(s)
- 4) Outcome of Meetings of the Board of Directors, within 30 minutes of the closure of the meeting, held to consider or decide 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 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.
- 5A) 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 a Company, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director 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) Appointment or discontinuation of Share Transfer Agent
- 9) Resolution Plan/Restructuring in relation to loans/borrowings from Banks/Financial Institutions
- 10) One Time Settlement (OTS) 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 investors meet and presentations on financial results made by the company to analysts or institutional investors
- 16) Events in relation to the Corporate Insolvency Resolution Process (CIRP) under the Insolvency Code
- 17) Initiation of Forensic audit

B. Events which shall be disclosed upon application of the guidelines for materiality

[as specified in Para B of Part A of Schedule III of the Listing Regulations 2015]

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 Company:
 - (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, revision(s) or amendment(s) and 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)/ dispute(s) or the outcome thereof which may have an impact on the Company.
9. Fraud/defaults etc. 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 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.
- D.** Without prejudice to the above, the Company may make disclosure of events and information as may be decided by the Board from time to time.