

SMS LIFESCIENCES INDIA LIMITED

[Policy on determination of material events information]

INTRODUCTION

Policy for Determination of Materiality of Events or Information (“Policy”) of SMS Lifesciences India Limited (“Company”) is formulated and updated based on the amendments made to Regulation 30 and Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, by way of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 and the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123, dated 13th July, 2023.

This Policy shall be available at the website of the Company at www.smslife.in/policies.php

OBJECTIVE AND PURPOSE

The purpose of this Policy is to assist the employees of the Company in identifying potential material events or information in an objective manner that may originate at the ground level which can be promptly escalated and reported to the authorised Key Managerial Personnel or other officers of the Company, as specified in this Policy, for determining the materiality of the said event or information and for making necessary disclosure to the Stock Exchanges.

Key objectives:

- ✚ To systematically identify, categorize, review and determine materiality of event / information for the purpose of disclosure to Stock Exchanges as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ✚ To ensure that the information disclosed by the Company is adequate, accurate, timely and transparent.
- ✚ To provide guidance to the Board of Directors, Key Managerial Personnel and other executives of the Company in making decisions and to assist them in identifying any potential material event or information and reporting the same to the authorized persons, in terms of Regulation 30 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

DEFINITIONS

In this Policy unless the context otherwise requires:

- ✚ **'Audit Committee'** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 177 of the Companies Act, 2013.
- ✚ **'Board of Directors'** or **'Board'** means the collective body of the Directors of the Company.
- ✚ **"Executive Director"** means Director in the whole time employment of the Company.
- ✚ **'Independent Director'** means a Director referred to in Section 149(6) of the Companies Act, 2013.
- ✚ **"Net Worth"** shall have the meaning assigned to it in Section 2(57) of the Act;
- ✚ **"Turnover"** shall have the meaning assigned to it in Section 2(91) of the Act;

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or any other SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

EVENTS WHICH ARE DEEMED TO BE MATERIAL EVENTS

Company shall disclose all events which are specified in "Para A" of "Part A" of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as applicable from time to time) without any application of the guidelines for materiality, as specified in Regulation 30 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with requirements of the SEBI Circular dated 13th July, 2023 (as applicable from time to time).

EVENTS WHICH ARE DEPENDENT ON APPLICATION OF GUIDELINES FOR MATERIALITY

Company shall disclose all material events or information pertaining to itself or to its subsidiary, specified in "Para B" of "Part A" of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 subject to application of guidelines for materiality, as set out under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Materiality will be determined on a case to case basis depending on the facts and the circumstances pertaining to the event or information.

The following criteria will be applicable for determining materiality of event or information:

✚ Qualitative criteria:

The omission of an event or information which is likely to:

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

✚ Quantitative criteria:

The omission of an event or information, whose value or the expected impact in terms of value exceeds the lower of the following:

- a) **2% of turnover** as per the last audited consolidated financial statements of the Company;
- b) **2% 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;
(Note – if net worth is -ve in any year; all information has to be reported)
- c) **5% of the average of absolute value of profit or loss after tax**, as per the last three audited consolidated financial statements of the Company.

Accordingly, any transactions exceeding the lower of the above threshold limits shall be considered as “material”.

This limits have to be reviewed every year based on audited consolidated financials.

Further, in case where the criteria of an event or information does not fall in any of the above two categories, but still in the opinion of the Board of Directors of the Company are considered material.

TIME LIMIT FOR THE DISCLOSURES

As prescribed under Regulation 30 (6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all events or information which are material as determined under this Policy shall be disclosed to the stock exchange (s), as soon as reasonably possible and in any case not later than:

Timeline for reporting.

- ✚ **30 minutes** from the closure of the meeting of the Board of Directors in which the decision pertaining to the event or information has been taken;
- ✚ **12 hours** from the occurrence of the event or information if the event or information is emanating from within the Company;
- ✚ **24 hours** from the occurrence of the event or information if the event or information not emanating from within the Company.

In this regard, the Company shall evaluate the event / information to when it can be said to have occurred, depending 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., it would depend upon the timing when the Company becomes aware of the event / information.

The events / information can be said to have occurred when the Company becomes aware of the events / information, or as soon as, an officer of the Company (as defined in Companies Act, 2013) becomes aware of the event or comes into possession of the information in the course of the performance of his duties.

Disclosure with respect to events for which timelines have been specified in Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be made within such timelines and in case the disclosure is made after the timelines specified under this Regulation, the Company shall along with such disclosure provide the explanation for the delay.

PERSON(S) RESPONSIBLE FOR DISCLOSURE

The Board of Directors of the Company shall authorize one or more Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the contact details of such personnel shall be also disclosed to the stock exchange(s) and as well as on the Company's website.

Website link: www.smslife.in/investors/kmp.pdf

MARKET RUMOUR VERIFICATION

The rumors verification is only applicable for the Top 250 companies.

However, the Company shall when required, shall confirm, deny or clarify any reported event or information in the mainstream media, which is not general in nature and indicates that rumors of an impending specific material event or information that are circulating amongst the investing public and also provide the current stage of such event or information.

ADDITIONAL CLARIFICATION

In order to remove ambiguity in determinations of material events / information, the following points were clarified by the Board of Directors.

✚ **Show Cause Notice (SCNs):**

Issue of show cause notice is not an instance of action taken, it is a first step of initiation of inquiry as explained under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995. Hence no disclosure is required to be made to Stock Exchanges on receipt of SCNs.

✚ **Assessment order from Income Tax authority:**

Disclosure is to be made only if the order passed is in respect of suspension, imposition of fine or penalty, settlement of proceedings, debarment, disqualification, closure of operations, sanctions imposed, warning or caution, etc. The assessment order from the Income Tax authority is not covered therein. Hence no disclosure is required to be made to Stock Exchanges.

✚ **Police custody of Directors / KMP/ Promotes:**

Police custody for the purpose of interrogation for an allegation by some third person should not be taken as a case of arrest, as arrest means an act of depriving people of their liberty, usually in relation to an investigation or prevention of a crime. Hence, mere policy custody shall not be required to be disclosed to the Stock Exchanges.

However, upon finding guilty the same shall be required to be reported to the Stock Exchanges.

AMENDMENT

The Board of Directors of the Company, subject to applicable laws, rules & regulations, may amend / substitute any provision(s) with a new provision(s) or replace this entire policy with a new policy, as per the recommendations of the Audit Committee.

This policy was originally adopted on 25th May, 2017 and
Subsequently, reviewed and modified in the Board meeting held on 11th November, 2023.

