

KRISHNA INSTITUTE OF MEDICAL SCIENCES LIMITED

**POLICY FOR DETERMINATION OF MATERIALITY THRESHOLD FOR DISCLOSURE OF
EVENTS OR INFORMATION**

POLICY FOR DETERMINING MATERIALITY FOR DISCLOSURES

1. PREAMBLE AND OBJECTIVE:

The board of directors of the Krishna Institute of Medical Sciences Limited (“**Company**”) in pursuance of Regulation 30(4)(ii) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”) and other applicable provisions (including any statutory enactments/ amendments thereof), adopted the policy for determination of materiality threshold for disclosure of events or information to disclose events or information (collectively called “**Events**” and such policy “**Policy**”) which, in the opinion of the board of directors of the Company (“**Board**”), are material vide its Board meeting held on 22.02.2017 amended vide its Board meeting held on 25.05.2021.

Regulation 30 of the SEBI Listing Regulations prescribes norms for such disclosure of material information pertaining to listed entities as under:

- a) Events specified in Para A of Part A of Schedule III of the SEBI Listing Regulations are required to be disclosed irrespective of application of any quantitative or qualitative materiality thresholds as these are “deemed” to be material. The applicable Events (also referred to as “deemed disclosures”), so specified presently, are given in **Annexure 1**.
- b) Events specified in Para B of Part A of Schedule III of the SEBI Listing Regulations are required to be disclosed to the stock exchanges if they are considered as material by the Company. The applicable Events, so specified presently, are given in **Annexure 2**.
- c) Events to which neither Para A nor B of Schedule III applies, should be disclosed if such Events are considered as material by the Company.

This Policy has been framed by the Board with the objective of determining materiality of Events under 1(b) and (c) above, in terms of Regulation 30(4)(ii) of the SEBI Listing Regulations and other incidental matters. The Policy applies in respect of disclosure of material event occurring within the Company as well as its subsidiaries.

2. EFFECTIVE DATE

The Policy shall be effective from the date of listing i.e. 28.06.2021

3. AUTHORISED PERSONS

The chief financial officer of the Company (“**CFO**”) will be the custodian of the disclosure process. In the event of absence of the CFO on account of vacancy, leave, temporary inaccessibility for any reason, his powers and functions, for the compliance of this Policy, shall be undertaken by the Compliance Officer of the Company (both CFO and compliance officer of the Company are hereinafter individually referred to “**Authorised Officer**”).

The Authorised Officer shall have the powers and responsibilities as specified in this clause:

- (i) To take a view on the materiality of an event which may qualify for disclosure and resolve any computation and interpretation issues whilst making the materiality assessment.
- (ii) To determine the appropriate time at which the disclosures are to be made to the stock exchanges, based on an assessment of actual time of occurrence of an Event to be reported.

- (iii) To review and finalise the details to be disclosed, in consultation with Managing Director and Chief Executive Officer of the Company (“**MD & CEO**”).
- (iv) To make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- (v) To consider such other events that may require disclosure to be made to the stock exchanges which are not explicitly defined in the SEBI Listing Regulations and determine the materiality, appropriate time and contents of disclosure for such matters
- (vi) To formulate operational guidelines for deployment of this Policy.

4. DISCLOSURE PROCESS

- (i) Any Event purported to be reported under Regulation 30 of SEBI Listing Regulations (reproduced in Annexure 1 and 2 for ease of reference) shall be informed to the Authorised Person on an immediate basis upon occurrence, with adequate supporting data/information to facilitate a prompt and appropriate disclosure. Any other Event, even if not covered under the SEBI Listing Regulations but is potentially of price sensitive nature or non-disclosure of which would result in discontinuity or alteration of publicly available information or is likely to result in a significant market reaction if disclosed at a later date, must also be informed, for further evaluation to the Authorised Person.
- (ii) The Authorised Person will be responsible for ascertaining whether an Event is to be reported on the basis of nature of information, applicability of deeming provisions, relevant impact in terms of discontinuity of market information and materiality. The secretarial, finance and compliance teams shall assist the Authorised Person in such assessment.
- (iii) After evaluation, the Authorised Person shall issue a suitable disclosure notification to the stock exchanges, in consultation with the MD & CEO. The secretarial team shall assist Authorised Person in such issuance.
- (iv) The Company shall use the electronic facilities provided by the stock exchanges for dissemination in the first instance. Information may subsequently also be disclosed via other media, including the press, website and direct email.
- (v) Statutory timeframes for disclosure shall be adhered with. Delay, if any, should be sufficiently explained along with the disclosure.
- (vi) Regular updates, where relevant, shall be made with relevant explanations.
- (vii) The Company shall first disclose to stock exchange(s) all Events specified in Annexure 1 as soon as reasonably possible and not later than 24 (twenty-four) hours from the occurrence of event or information.
- (viii) The disclosure with respect to Events specified in point 4 of Annexure 1 shall be made within 30 (thirty minutes) of the conclusion of the Board meeting.

The Company shall, with respect to Events/information mentioned in Annexure 1 and 2, make disclosures updating material developments on a regular basis, till such time the Event is resolved/closed, with relevant explanations.

The Company shall make disclosures of Events/information as specified in Annexure 2 based on application of guidelines for determining materiality as per Clause 5 of this Policy.

- (ix) The Company shall disclose all Events or information with respect to subsidiaries which are material for the Company.

5. MATERIALITY ASSESSMENT

Materiality of an Event must be determined on a case to case basis depending on specific facts and circumstances relating to it. Such determination shall be done on both qualitative and quantitative grounds. The primary approach however shall be qualitative. The criteria given hereunder shall be used as a guide or reference for determining materiality and arriving at the overall decision on whether to report the Event by the CFO. These criteria shall apply to Events specified in Para B of Part A of Schedule III of the SEBI Listing Regulations only (reproduced in Annexure 2 for ease of reference).

Qualitative criteria - The Company shall apply the qualitative criteria for materiality assessment as defined under SEBI Listing Regulations as below:

1. The omission of an Event, which is likely to result in discontinuity or alteration of already available publicly; or
2. The omission of an Event, which is likely to result in significant market reaction if the said omission came to light at a later date;
3. In case where the criteria specified in sub-clauses (1) and (2) of qualitative approach and all clauses of quantitative approach are not applicable, an Event may be treated as being material if in the opinion of the Authorised Person, it is considered material.
4. It is deemed to be material under applicable laws and regulations

Quantitative criteria- The Company shall apply the following quantitative criteria for materiality assessment. The following will be the materiality criteria:

1. An Event specified in Annexure 2 would be considered material if the impact of the Event, if measured in
 - Total income terms, exceeds 5% of the consolidated income of the Company
 - profit after tax terms, exceeds 1% of the consolidated profit of the Company
 - net worth terms, excess 20% of the net worth of the Company

the lower of the three thresholds will be taken as a trigger.

2. Only such impact which is direct (not derivative), reasonably perceivable (not remote), quantifiable and having a short term horizon of less than two years shall be considered.
3. The above threshold shall be determined on the basis of audited consolidated financial statements of the Company's last audited financial year.

6. AVAILABILITY OF DISCLOSURES

All disclosures made under Regulation 30 of SEBI Listing Regulations shall be available on the Company website for a period of 5 years and will thereafter be archived.

7. POLICY REVIEW

The Board may subject to applicable laws is entitled to amend, suspend or rescind this Policy at any time. Any difficulties or ambiguities in the Policy will be resolved by the Board in line with the broad intent of the Policy. The Board may also establish further rules and procedures, from time to time, to give effect to the intent of this Policy.

In the event of any conflict between the provisions of this Policy and of the applicable law dealing with the related party transactions, such applicable law in force from time to time shall prevail over this Policy.

The list of Events in Annexure 1, as it stands today may be updated, from time to time, by authorised persons, to reflect any changes to the SEBI Listing Regulations and the updated version be issued and published as necessary, without any requirement for approval from the Audit Committee or the Board.

Annexure - 1

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.

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 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-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: The listed entity 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 listed entity 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 listed entity), 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 listed entity or arrest of key managerial personnel or promoter.

7. Change in directors, key managerial personnel (MD & CEO, CFO, 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 listed entity.
13. Proceedings of annual and extraordinary general meetings of the listed entity.
14. Amendments to memorandum and articles of association of listed entity, in brief.
15. Schedule of analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors.

Annexure – 2

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. 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) (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 listed entity 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 listed entity.
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
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. 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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.
