



EVEREST KANTO CYLINDER LIMITED

Policy on Determination of Materiality of Events

(Revised at the Board meeting held on August 10, 2023)

Under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

1. Background and Applicability of the Policy

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”) as amended, Everest Kanto Cylinder Limited (the “**Company**”) is required to frame a policy to determine the material events/information under Regulation 30(4)(ii) of the LODR Regulations for the purpose of adequate, accurate, explicit and timely disclosure of the same to the Stock Exchange(s).

Securities and Exchange Board of India (SEBI) through its Circular dated June 14, 2023 amended the LODR Regulations relating to disclosure of Material Events as per Regulation 30 read with Schedule III to the LODR Regulations. In this context, the following policy earlier framed by the Board of Directors (“**Board**”) of the Company at its meeting held on May 30, 2016 with the objective of determining materiality of events, is being revised by the Board at its Meeting held on August 10, 2023 to make the policy in line with the amendments to LODR Regulations by SEBI.

A copy of this Policy is being be disclosed on the website of the Company.

Any event occurred in the Company should be dealt with this policy to determine its materiality and enable the Board/Management to take necessary actions/make disclosure of the same to the Stock Exchange(s) from time to time.

2. DEFINITIONS

2.1. “**Acquisition**” shall mean-

- a. acquiring control, whether directly or indirectly; or
- b. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –
 - i. 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
 - ii. there has been a change in holding from the last disclosure made under sub-clause (i) of clause (b) above and such change exceeds two per cent of the total shareholding or voting rights in the said company.

2.2. “**Board**” shall mean the Board of Directors of the Company;

2.3. “**Committee**” shall mean a committee constituted by the Board for the purpose of determination of materiality under this Policy, which shall consist of one or more Key Managerial Personnel of the Company as may be decided by the Board from time to time;

2.4. “**Senior management**” shall mean the officers and personnel of the Company who are members of its core management team, members of the management one level below the Managing Director and/or Whole Time Director, all the functional heads, the Chief Financial Officer, Secretary of the Company.

- 2.5. **“Compliance Officer”** shall mean the Secretary of the Company;
- 2.6. **“Key Managerial Personnel/KMP”** means Key Managerial Personnel as defined in sub-section (51) of Section 2 of the Companies Act, 2013 (the Act) i.e.-
- a. Managing Director (MD)
 - b. Chief Financial Officer (CFO);
 - c. Company Secretary (CS).
- 2.7. **“Market Sensitive Information”** shall mean information concerning the Company that a reasonable person would expect to have a material effect (upwards or downwards) on the price or value of the Company’s 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;
- 2.8. **“Promoter”** shall have the meaning assigned to the term in clause (za) of sub- regulation (1) of Regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended;
- 2.9. **“Stock exchange”** means a 'recognised stock exchange' as defined under clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956, as amended; and
- 2.10. **“Subsidiary”** means a subsidiary as defined under sub-section (87) of Section 2 of the Act.

3. CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS/ INFORMATION:

- (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 which 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:
 - **two percent of turnover**, as per the last audited consolidated financial statements of the Company;
 - **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;
 - **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 where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the Board of the Company, the event or information is considered material:

Provided that any continuing event or information which becomes material pursuant to notification of these amendment regulations shall be disclosed by the Company within thirty days from the date of coming into effect of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023.

4. GUIDELINES TO MAKE DISCLOSURE OF AN EVENT/INFORMATION:

I. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of Regulation (30) of LODR Regulations:

- (a) Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or 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 associate company of the Company or any other restructuring.

Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-

- acquiring control, whether directly or indirectly; or
- acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that –
- 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
- 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-paragraph and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
- the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of Regulation 30.

Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-

- an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the Company; or
- an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of Regulation 30.

Explanation (3)- For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under Section 180 of the Act.

- (b) 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.;

- (c) New Ratings or Revision in rating(s)
- (d) Outcome of Meetings of the Board of Directors: The Company shall disclose to the Stock Exchange(s), **within 30 minutes** of the closure of the Meeting, held to consider the following:
- 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;
 - any cancellation of dividend with reasons thereof;
 - the decision on buyback of securities;
 - the decision with respect to fund raising proposed to be undertaken
 - increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - 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;
 - short particulars of any other alterations of capital, including calls;
 - financial results;
 - decision on voluntary delisting by the listed entity from stock exchange(s):

Provided that in case of 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.

- (e) 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;
- (f) Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its 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 the 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.

Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that the Company shall or shall not act in a particular manner;

- (g) Fraud or defaults by the Company, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the Company, whether occurred within India or abroad:

For the purpose of this sub-paragraph:

- 'Fraud' shall include fraud as defined under Regulation 2(1)(c) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity;

- (h) Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer:

- In case of resignation of the auditor of the Company, 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.
- Resignation of Independent Director including reasons for resignation: In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:
 1. The letter of resignation along with detailed reasons for the resignation as given by the said director.
 2. Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 3. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
 4. The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the disclosures as specified in sub-clause 1 and 2 above.
- In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the Company within seven days from the date that such resignation comes into effect.
- In case the Managing Director or Executive Chairman of the Company was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than

forty-five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s);

- (i) Appointment or discontinuation of share transfer agent;
- (j) 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-Creditors 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;
- (k) One time settlement with a bank;
- (l) winding-up petition filed by any party / creditors;
- (m) 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;
- (n) Proceedings of annual and extraordinary general meetings of the Company;
- (o) Amendments to memorandum and articles of association of listed entity, in brief;
- (p) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the Company to analysts or institutional investors.
Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.
- (q) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:
 - the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
 - the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls;
- (r) The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:
 - Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
 - Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;

- admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
 - Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
 - 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;
 - Appointment/ Replacement of the Resolution Professional;
 - Prior or post-facto intimation of the meetings of Committee of Creditors;
 - 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;
 - Number of resolution plans received by Resolution Professional;
 - Filing of resolution plan with the Tribunal;
 - Approval of resolution plan by the Tribunal or rejection, if applicable;
 - 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:
 - Pre and Post net-worth of the company;
 - Details of assets of the company post CIRP;
 - Details of securities continuing to be imposed on the companies' assets;
 - Other material liabilities imposed on the company;
 - Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
 - Details of funds infused in the company, creditors paid-off;
 - Additional liability on the incoming investors due to the transaction, source of such funding etc.;
 - Impact on the investor – revised P/E, RONW ratios etc.;
 - Names of the new promoters, 430[key managerial personnel], if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
 - Brief description of business strategy;
 - Any other material information not involving commercial secrets;
 - Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
 - Quarterly disclosure of the status of achieving the MPS;
 - The details as to the delisting plans, if any approved in the resolution plan;
- (s) Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by the Company:
- The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
 - Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Company along with comments of the management, if any.

- (t) Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of the Company, in relation to any event or information which is material for the Company in terms of Regulation 30 of the LODR Regulations and is not already made available in the public domain by the Company.

Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

- (u) Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following:

- search or seizure; or
- re-opening of accounts under Section 130 of the Companies Act, 2013; or
- investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed: name of the authority; nature and details of the action(s) taken, initiated or order(s) passed; date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority; details of the violation(s)/contravention(s) committed or alleged to be committed; impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible;

- (v) Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following:

- suspension;
- imposition of fine or penalty;
- settlement of proceedings;
- debarment;
- disqualification;
- closure of operations;
- sanctions imposed;
- warning or caution; or
- any other similar action(s) by whatever name called;
- along with the following details pertaining to the actions(s) initiated, taken or orders passed: name of the authority; nature and details of the action(s) taken, initiated or order(s) passed; date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority; details of the violation(s)/contravention(s) committed or alleged to be committed; impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible;

- (w) Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.

II. Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of Regulation (30) of LODR Regulations:

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 listed entity:
 - (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) (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. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company;
9. Frauds or defaults 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 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.

III. 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 listed entity to appraise its position and to avoid the establishment of a false market in such securities.

IV. Without prejudice to the generality of para I, II and III above, the Company may make disclosures of event/information as specified by the Board from time to time.

5. MANNER AND TIMELINES OF DISCLOSURE OF INFORMATION

The Company shall disclose the information to the Stock Exchanges in such manner and within such timelines as mentioned in the Regulation 30 of LODR Regulations, from time to time.

6. ADMINISTRATIVE MEASURES

- a. Unless otherwise decided by the Board, the Chief Financial Officer (CFO) and Company Secretary (CS) of the Company shall be authorized for the purpose of determining materiality of an event or information and making disclosures to the Stock Exchange(s).
- b. The CFO/CS so designated will be guided by the criteria mentioned in point no. 4 above, while expressing a view on whether an event/information has occurred requiring a disclosure to be made under this Policy and the contents of such disclosure.
- c. The CFO/CS shall take into consideration totality of factors surrounding the particular information to take a view on whether the information is Market Sensitive Information.
- d. The CFO/CS may seek expert advice where so felt necessary as to whether the information is required to be disclosed in accordance with the terms of this Policy.
- e. The heads of various departments of the Company will support the CFO/CS with regard to compliance of the terms of this Policy, and forthwith notify the CFO/CS and provide all relevant details with regard to any event/ information which is likely to be construed as material in terms of this Policy.
- f. The contact details of the CFO/CS shall be disclosed to the Stock Exchange(s) and also be placed on the Company's website.
- g. The Compliance Officer shall ensure overall compliance of this Policy.

7. DISCLOSURE

The CFO/CS shall observe the following for proper and timely disclosure of any material events/ Information as defined hereon:

- a. with respect to disclosures referred herein above and the LODR Regulations, disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations should be made.
- b. All the disclosures made to the Stock Exchange(s) under this Policy shall be disclosed on the website of the Company and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company, as disclosed on its website.
- c. The Company shall disclose all events or information with respect to subsidiaries which are material.
- d. The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information:
Provided that the stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable.
- e. The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).

- f. In case where an event occurs or an information is available with the Company, which has not been indicated in Para A or B of Part A of Schedule III to the LODR Regulations, but which may have material effect on it, the Company is required to make adequate disclosures in regard thereof.
- g. All the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of a listed entity or of its holding, subsidiary and associate company, who are parties to the agreements specified in clause 5A of para A of part A of schedule III to LODR Regulations, shall inform the Company about the agreement to which the Company is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements:

Provided that for the agreements that subsist as on the date of notification of clause 5A to para A of part A of schedule III to LODR Regulations, the parties to the agreements shall inform the Company, about the agreement to which the Company is not a party and the Company shall in turn disclose all such subsisting agreements to the Stock Exchanges and on its website within the timelines as specified by SEBI.

The Company shall disclose the number of agreements that subsist as on the date of notification of clause 5A to para A of part A of schedule III, their salient features, including the link to the webpage where the complete details of such agreements are available, in the Annual Report for the financial year 2022-23 or for the financial year 2023-24.

- h. In case an event or information is required to be disclosed by the Company in terms of the provisions of Regulation 30 of LODR Regulations, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

8. INTERPRETATION

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule or regulation governing the Company, the law, rule, or regulation will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule or regulation.

9. MODIFICATION OF THE POLICY

The Board is authorized to make such alterations to this Policy as considered appropriate, subject however, to the condition that such alterations shall not be inconsistent with the provisions of the LODR Regulations. The Company Secretary, being the Compliance Officer, is also authorized to make amendment in this Policy, where there is/are any statutory change(s) necessitating the amendment in the Policy.

This Policy is framed based on the provisions of the LODR Regulations. In case of any subsequent amendments to the LODR Regulations which makes any of the provisions in the Policy inconsistent, the provisions of the LODR Regulations shall prevail.