



L.G. BALAKRISHNAN & BROS LIMITED

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POLICY FOR DETERMINING MATERIALITY OF EVENTS/INFORMATION FOR DISCLOSURE TO STOCK EXCHANGES

Policy

This Policy represents the Company's policy for determining materiality of events/information for the purposes of disclosure to the stock exchanges.

Purpose

The purpose of this Policy is to ensure that timely and adequate disclosures are made to the stock exchanges concerning material events/information affecting the Company. This policy aims at meeting the requirements of Sub Regulation (4) of Regulation (30) of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations").

Guidelines for Determining Materiality

Attached as **Part A** is a Schedule containing the list of events which shall be disclosed without any application of the guidelines for materiality. This is as per the Regulations.

Attached as **Part B** is a Schedule containing the list of events which shall be disclosed to the stock exchanges upon application of materiality for each of those events. The list is not exhaustive and the **Chairman Cum Managing Director** of the Company may include from time to time any other event/information, Viz; major development that is likely to affect the business and define its materiality for the purposes of ensuring disclosure. The Company shall consider the following 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 is likely to result in significant market reaction if the said omission came to light at a later date;
- c. Any event/information that the Board of Directors of the Company consider as material.

The Chairman cum Managing Director and the Deputy Managing Director are the officer in charge of the administration of this Policy (the "Administrator") and the implementation of processes and procedures to ensure that the Events and Materiality Schedule is followed with responsibility of disclosure of Part A being with Chairman cum Managing Director and Part B being with Deputy Managing Director.

The Administrator is also authorized to:

- Make modifications to the Events and Materiality Schedule from time to time :
 - a. which are exclusively known to the Company and which may be necessary to enable holders of the Company's securities to apprise its position and to avoid the establishment of a false market in such securities; and
 - b. to ensure that it is in compliance with the Regulations;
 - c. based on directions of the Board of Directors of the Company.

Monitor compliance with this Policy.

Applicability

This Policy applies to all events/information listed in the Schedule hereto. Responsibility for implementation of this policy shall lie with the legal & secretarial department of the Company.

This Policy was approved by the Board of Directors of the Company in their meeting held on **29th day of October, 2015** and effective from 01st December 2015.

Disclosures

Events/information that meet the materiality thresholds as described in **Part B** shall be notified to the stock exchanges within 48 hours. The Company shall also post on its website, all disclosures made to the stock exchanges and keep the same hosted for a period of **five years thereafter**. The Company shall also disclose to the stock exchanges, all events /information with respect to its subsidiaries that meet the materiality thresholds applied as per **Part A** to such subsidiaries. A disclosure to continue until such time the event is resolved/closed, with relevant explanations. All disclosures to stock exchanges shall be made by the Company Secretary. Contact details of the Administrator and the Company Secretary shall be mentioned in the Company's web site and also notified to the stock exchanges. **All queries from the stock exchanges shall be promptly answered by the Administrator or by the Company Secretary under the direction of the administrator.** The Company may on its own accord, confirm or deny any reported event or information to the stock exchanges. Notwithstanding the materiality thresholds in **Part A**, any event or information having a material effect on the Company will be adequately disclosed to the stock exchanges.

PART - A

Events which shall be disclosed without any application of the guidelines for materiality as specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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 of directors: 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 (Managing Director, Chief Executive Officer, Chief Financial Officer, 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;

PART - B

Events and materiality Schedule

The Events and their relative Materiality in the below Schedule is organized as follows:

Type of Event/s	Materiality
Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.	If the commencement is delayed or postponed by more than 18 months.
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).	Starting a new line of business or closing an existing one, amounting to 25% of existing standalone revenue.
Capacity addition or product launch.	Capacity addition of more than 50% of the current installed capacity.
Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.	Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business and affecting 10% of the turnover of the Company on a standalone basis based on the audited financial results of the immediately preceding financial year.
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.	If borrowings exceed the net worth of the Company; agreements and their revisions/amendments
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.	Disruptions affecting more than 25% of the then current production or turnover of the Company
Effect(s) arising out of change in the regulatory framework applicable to the listed entity	Effects involving incurring costs of ₹ 20 Crores and above or 2% of the overall consolidated turnover of the Company.
Litigation(s) / dispute(s) / regulatory action(s) with impact.	Single Litigation/Dispute/regulatory actions that involve claims of more than ₹ 100 Crores
Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.	Single incident of Fraud/Defaults involving more than ₹ 10 Crores.
Options to purchase securities including any ESOP/ ESPS Scheme.	Options to issue capital beyond 10% of the paid up capital on a preferential basis.
Giving of guarantees or indemnity or becoming a surety for any third party.	Giving guarantees or indemnity or becoming a surety for any third party other than government agencies, for more than ₹ 100 Crores.
Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Granting, withdrawal, surrender or suspension of key licenses or regulatory approvals affecting more than 20% of the production or sales of the Company.
Emergence of new technologies	Emergence of new technologies if they bring about a change in the general character or nature of business.
Expiry of patents	Expiry of patents that have been bringing more than 10% of revenue to the Company.
Change of accounting policy that may have a significant impact on the accounts.	Significant changes in accounting policy other than those mandated by law.