

**Policy for Determination and
Disclosure of Materiality of an Event or Information**

ZYDUS WELLNESS LIMITED

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of materiality of an event or information**

Approver	Board of Directors Revised Policy approved by the Board of Directors at their Meeting held on July 30, 2021
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Policy for Determination and Disclosure of Materiality of an Event or Information

This Policy for determination and disclosure of 'Materiality of an Event or Information' has been framed in compliance with the provisions of regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the **Listing Regulations**"), which are effective from December 1, 2015.

This Policy will guide the Key Managerial Personnel ("**KMP**") to determine the materiality of an event or information as and when applicable, which will govern the framework of such disclosure.

BACKGROUND:

Zydus Wellness Limited ("the **Company**") is listed on the BSE Limited and the National Stock Exchange of India Limited ("**Stock Exchanges**"). The Company is committed to comply with all the requirements on corporate governance as may be prescribed. One of the requirements is to keep the stakeholders informed about material developments, events and information about the Company to take an informed decision. The Board of Directors ("**Board**") of the Company has approved this policy for determination and disclosure of materiality of an event or information.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of any definition or explanation therein, as per the Companies Act, 2013 ("the **Act**") and the Rules, Notifications and Circulars made / issued thereunder, from time to time.

PURPOSE OF THIS POLICY:

The purpose of this Policy is to ensure that communications to the Stock Exchanges and to stakeholders:

- a. are made in a timely manner;
- b. are factual and statements of opinion and are not false, misleading or deceptive;
- c. do not omit disclosure of any material information; and
- d. are expressed in a clear manner bringing facts that allow stakeholders to assess the impact of the information, while making investment decisions.

BASIC PRINCIPLES OF DISCLOSURE:

The Company shall comply with the following four basic principles while engaging in the timely disclosure of material information:

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- a. **Transparency:** Disclose information in accordance with the facts regardless of its content.
- b. **Timeliness:** Disclose information in a timely manner and without delay.
- c. **Fairness:** Endeavor to ensure that information is transmitted fairly to its various stakeholders.
- d. **Continuity:** Ensure continuity of the contents of the information disclosed.

EVENTS OR INFORMATION TO BE DISCLOSED TO THE STOCK EXCHANGE:

The Company shall disclose all events or information listed in Para A of Part A of Schedule III to the Listing Regulations without applying any criteria or tests of materiality as they are deemed to be material event or information.

Whereas, the events of information listed in Para B of Part A of Schedule III of the Listing Regulations will be disclosed to the Stock Exchanges, provided the authorised KMP or the Board are of the opinion that looking to the size of business and other relevant factors, a particular event or information is material or not. If KMP or the Board is of the opinion that the event or information is material, it should be disclosed to the Stock Exchanges immediately.

Further, the Company will provide specific and adequate reply to any query raised by the Stock Exchanges with respect to any event or information by way of a clarification.

CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION:

The KMP and the Board shall consider the following criteria for determination of materiality of an event or information while taking a decision to disclose the information to the Stock Exchanges.

- a. disclosure of an event or information by the Company is likely to result in discontinuity or alteration of event or information already available publicly; or
- b. non disclosing an event or information is likely to result in significant market reaction when such information came to light at a later date.

In case where the above two criteria are not applicable, an event or information may be treated as being material if in the opinion of the Board the event or information is considered material.

While determining the materiality of an event or information, the following materiality thresholds should be taken into consideration:

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Materiality must be determined on a case to case basis depending on specific facts and circumstances relating to an event or information.

The qualitative (as stated in points a and b above) and quantitative criteria shall apply to events specified in Para B of Part A of Schedule III of the Listing Regulations only. (Reproduced as an Annexure to this Policy).

The following will be the materiality criteria (threshold): An event specified in the Annexure to the Policy would be considered material for points 1 to 9 of the Annexure, if the impact of the event exceeds 15% of the consolidated income, consolidated profit before tax or consolidated net worth, as may be applicable.

The above thresholds shall be determined on the basis of the last annual audited consolidated financial statements of the Company.

DISCLOSURE PROCESS:

1. Any event purported to be reportable under Regulation 30 of the Listing Regulations shall be informed to the Chairman / the CEO & Whole Time Director / the Chief Financial Officer of the Company on an immediate basis with adequate supporting data / information to facilitate a prompt and appropriate disclosure. Any other event, even if not covered under the Regulations but is potentially of price sensitive nature, must also be informed, for further evaluation to the Chief Financial Officer.
2. The Chairman, the CEO & Whole Time Director and the Chief Financial Officer of the Company shall severally be responsible and authorized for ascertaining the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the Regulations and this policy.
3. After evaluation, the Chairman or the CEO & Whole Time Director or the Chief Financial Officer shall instruct the Company Secretary to make disclosure to the Stock Exchanges.
4. The Company shall use the electronic facilities provided by the Stock Exchanges for dissemination of the information and may subsequently disclose the same via other media, including the press release, website, etc.
5. Statutory timeframes for disclosure shall be adhered to. Delay, if any, should be sufficiently explained along with the disclosure.
6. Regular updates, wherever relevant, shall be made with relevant explanations.
7. All disclosures shall be available on the website of the Company for a period of 5 years.

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Any disclosure of an event or information made by the Company to the Stock Exchanges, the Company Secretary will also inform to the Directors (other than KMP) and also post it on the website of the Company immediately after receipt of an acknowledgement from the Stock Exchanges that the announcement has been released to the market.

The contact details of the executives authorized to determine the materiality of an event or information and the executives authorized to make disclosures to the stock exchanges are provided on the website of the Company.

AUTHORISED SPOKESPERSONS

The Company has authorized only the following KMPs as its official spokespersons to speak publicly on behalf of the Company:

- Chairman
- CEO & Whole Time Director or
- Chief Financial Officer

COMMUNICATIONS WITH THE STOCK EXCHANGES AND MEDIA:

The Company Secretary and the Compliance Office of the Company is responsible for communications with the Stock Exchanges ensuring that Company's announcements are released to the Stock Exchanges promptly in accordance with the Listing Regulations.

CONSEQUENCES FOR BREACH OF THE CONTINUOUS DISCLOSURE AND COMMUNICATIONS POLICY:

The Board believes that timely disclosure of an event or information shall be made to the Stock Exchanges. Non-compliance with the timely disclosure obligations set out in this Policy may constitute a breach of the Listing Regulations, which can result in the consequences like fine, penalty, suspension of trading in the Company's securities and freezing of shares of the promoters by the Exchange(s) as stipulated in the Listing Regulations.

REVIEW OF THIS POLICY:

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

This Policy should be read in conjunction with the Listing Regulations.

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GUIDANCE ON WHEN AN EVENT/INFORMATION HAS OCCURRED

1. The Company may be confronted with the question as to when an event/information can be said to have occurred.
2. In certain instances, the answer to above question would depend 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., the answer to the above question would depend upon the timing when the listed entity became aware of the event/information.

- 2.1. In the former, the events/information can be said to have occurred upon receipt of approval of the Board e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board and shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board pending shareholder's approval.

- 2.2. In the latter, 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 has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

Here, the term '**officer**' shall have the same meaning as defined under the Act and shall also include promoters of the Company.

For, **ZYDUS WELLNESS LIMITED**

SHARVIL P. PATEL
CHAIRMAN

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Annexure

(same as Para B of Part A of Schedule III of the Listing Regulations)

Events which shall be disclosed upon application of materiality thresholds after the application of Qualitative test:

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 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. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
10. Fraud/defaults etc., by directors (other than key managerial personnel) or employees of the Company.
11. Options to purchase securities including any ESOP/ESPS Scheme.
12. Giving of guarantees or indemnity or becoming a surety for any third party.