



POLICY FOR DETERMINING MATERIALITY OF EVENTS / INFORMATION FOR DISCLOSURE

[Pursuant to Regulation 30 of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1.0 INTRODUCTION:

The Securities & Exchange Board of India (SEBI) has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) on 2nd September, 2015, which aims to consolidate and streamline the provisions of erstwhile Listing Agreement for different segments of Capital Market. The Listing Regulations are applicable to all listed entities with effect from 1st December, 2015 and replace the erstwhile Listing Agreement.

Regulation 30 of the Listing Regulations deals with disclosure of certain events / information by the listed entities, which will enable its investors to make well-informed investment decision. This Regulation divide the event that need to be disclosed broadly into two categories viz. (i) the events that have to be mandatorily disclosed without applying any test of materiality; and (ii) the events that should be disclosed by the listed entity only if considered material. Further, in order to ensure the sense of standardization and maintain uniformity in making disclosure, SEBI has vide circular no. CIR/CFD/CMD/4/2015 dated 9th September, 2015 issued a circular indicating the details that needs to be provided while disclosing events and guidance on when an event / information can be said to have occurred.

Sub-regulation (4) (ii) of Regulation 30 of Listing Regulations mandates the listed entities to formulate a Policy for determining Materiality of events / information that warrant for disclosure to its stakeholders. In compliance with the requirement of Listing Regulations, this Policy is framed by the company and will be effective from 1st December, 2015.

2.0 PURPOSE OF POLICY:

The purpose of this Policy is to determine materiality of events / information based on criteria specified under sub-regulation 4(i) of Regulation 30 of the Listing Regulations and to ensure that the company makes disclosure of event / information specified in Part-A of Schedule – III to the Listing Regulations.

3.0 EVENTS / INFORMATION FOR DISCLOSURE COVERED UNDER THIS POLICY:

This Policy covers the following disclosure of events / information which are broadly divided into two categories:



- (a) Events / information to be necessarily disclosed without applying any taste of materiality specified in Para-A of Part-A of Schedule-III to the Listing Regulations as per enclosed Annexure - I; and
- (b) Events / information to be disclosed, if considered material by the company specified in Para-B of Part-A of Schedule-III to the Listing Regulations as per enclosed Annexure – II.

4.0 CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION AND PROCESS OF ITS DISCLOSURE:

(A) Criteria for determination of materiality of events / information:

The Board or the Key Managerial Personnel viz. Managing Director, Chief Financial Officer and Company Secretary so authorised by the Board for the purpose shall consider and apply the below mentioned criteria for determining the materiality of an event / information as stipulated in sub-regulation 4(i) of Regulation 30 of Listing Regulations.

- (i) The omission of an event / information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (ii) The omission of an event / information, which is likely to result in significant market reaction, if the said omission came to light at a later date; and
- (iii) Any other event / information, which in the opinion of Board of Directors is considered material.

The materiality will be determined on a case to case basis depending upon the specific facts and circumstances relating to events / information.

(B) Process of disclosure of material information:

In case, any functional head of the company becomes aware of any material events / information about the company, he will inform about the same to Company Secretary / CFO. If the said event / information is covered under Annexure – A of this Policy, which are deemed to be material events and necessarily to be disclosed to the Stock Exchanges (SEs) without applying the taste of materiality, the Company Secretary will take requisite measures to disseminate the information to SEs, where the equity shares of the company are listed within the time period stipulated in the Listing Regulations.

If the event / information is covered under Annexure – B of this Policy, then the Company Secretary / CFO would determine, whether the said event / information is material and required to be disclosed to SEs or not in terms of the criteria laid down in this Policy read with the Listing Regulations.

Upon determining the materiality of events, if the events / information is material, Company Secretary / CFO, after obtaining the approval of Managing Director, will make the adequate disclosure of said event / information to SEs as per the time frame stipulated in Listing Regulations.



5.0 DETERMINATION OF THE TIME WHEN THE EVENT / INFORMATION CAN BE SAID TO HAVE OCCURRED:

For the purpose determining the time when can the event / information be said to have occurred, the following guidelines shall be followed by the company.

- (1) Where the occurrence of event / information depends upon the stage of discussion, negotiations or approval:

The events or information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events or information after receipt of approval of both, i.e. Board of Directors and Shareholders.

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

- (2) The occurrence of event / information where no such discussion, negotiations or approvals are required:

The events or information can be said to have occurred when the Company becomes aware of the events or information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

6.0 GENERAL OBLIGATIONS:

- (1) The Board of Directors or the Key Managerial Personnel authorized in this regard shall apply the above guidelines for determining the materiality of the event / information specified in Para-B of Part-A of Schedule-III of the Listing Regulations.
- (2) The Company shall first disclose to the Stock Exchange(s) of all events / information, as specified in Para-A of Part-A of Schedule-III (Annexure-I of this Policy) as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information. Provided that disclosure with respect to events / information specified in sub-para 4 of Para-A of Part-A of Schedule-III of Listing Regulations shall be made within thirty minutes of the conclusion of the Board Meeting.
- (3) In respect of information or details that need to be provided by the Company under specific events, the Company shall follow the Annexure-I of the SEBI Circular CIR/CFD/CMD/4/2015 issued on 9th September, 2015 and as amended from time to time.



- (4) With respect to the disclosures of material events / information so made to the SEs, the Company shall make disclosures updating material developments on a regular basis till such time the event is resolved / closed, with relevant explanations.
- (5) The Company shall disclose all events or information with respect to subsidiaries which are material for the listed entity.
- (6) The Company shall provide specific and adequate reply to all queries raised by SEs with respect to any events or information.
- (7) The Company may on its own initiative also, confirm or deny any reported event / information to SEs.
- (8) In case where an event occurs or information is available with the Company, which has not been indicated in Para-A or B of Part-A of Schedule-III, but which may have material effect on it, the Company is required to make adequate disclosures in regard thereof.

7.0 WEBSITE DISCLOSURE AND ARCHIVAL:

The Company shall upload all the communications sent to the Stock Exchanges under Regulation 30 of Listing Regulations and this policy on its official website viz. www.gnfc.in and shall continue to host such communication on its website for a minimum period of 5 years and thereafter during the course of updation of such disclosure on the website old records shall be archived under sub-section "Archived Information" which shall contain the disclosures for a period of 3 years after the initial period of 5 years of being on live page.

Communication sent to SEs with regard to further developments on the events / information as disclosed must also be updated on the company's website simultaneously, but in no case later than two working days of such intimation / disclosure to the SEs.

8.0 DISCLOSURE:

The Company shall disclose this Policy on its website.

The contact details of the Managing Director, Chief Financial Officer and Company Secretary, being the Key Managerial Personnel shall also be disclosed to the SEs as well as on the Company's website.

9.0. AMENDMENT IN POLICY:

Any amendment / modification in the Listing Regulations, shall automatically apply to this Policy. Any amendment / modification in this Policy, as may be deemed expedient will be carried out with the approval of Managing Director, as per the authorization granted by the Board.

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Annexure - I

Events / Information to be necessarily disclosed without applying any test of Materiality as per Para-A of Part-A of Schedule-III of Listing Regulations (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;

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Annexure - II

Events / Information which shall be disclosed upon application of Guidelines of Materiality as per the Policy and referred to in sub-regulation (4) of Regulation 30 of Listing Regulations:

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.
14. Any other events / information as specified by the Board from time to time.

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