

VELAN HOTELS LIMITED

POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS

1. OBJECTIVE

This Policy is framed in accordance with the requirements of Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to determine materiality of any event/information based on the criteria specified in these regulations and to ensure timely and accurate dissemination of the material event/information to the Stock Exchanges.

This Policy for determination of materiality of events/information aims at:

- ensuring that all investors have equal access to material information that may affect their investment decisions;
- ensuring that adequate and timely information is provided to stakeholders;
- avoiding establishment of false market in the securities of the Company; and
- communicating the principles of materiality based on which the Company shall make disclosures of events or information.

This Policy shall be read with the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information formulated and adopted by the Company to lay down the procedures and guidelines for consistent, transparent, regular and timely public disclosure and dissemination of Unpublished Price Sensitive information.

2. EFFECTIVE DATE

This Policy is effective December 1, 2015.

3. DEFINITION

“Act” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“Board of Directors” or **“Board”** means the Board of Directors of Velan Hotels Limited.

“Company” means Velan Hotels Limited.

“Compliance Officer” shall mean the Company Secretary of the Company.

“Key Managerial Personnel” mean key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

“Listing agreement” shall mean an agreement that is to be entered into between a recognized Stock Exchange and the Company pursuant to the Securities and Exchange Board (Listing Obligations and Disclosure Requirements) Regulations, 2015;

“Promoter” shall have the same meaning as assigned in clause (za) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

“Listing Regulations” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

“Schedule” means a Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“Stock Exchange” means BSE Limited.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Company.

4. GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION

- (i) Events / information listed in Annexure A of the Regulation shall be deemed to be material events and the Company shall make disclosure of such events / information without applying any criteria of materiality.
- (ii) The following criteria shall be applied for determining materiality of events / information listed in Annexure B:
 - (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly;
 - (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; and
 - (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material, if in the opinion of the Board of Directors of the Company, the event / information is considered material.

5. TIMELINES FOR DISCLOSURE OF MATERIAL EVENTS / INFORMATION

- a. Events / information specified in Annexure A are deemed to be material events and the Company shall make disclosure of such events or information as soon as reasonably possible and not later than twenty-four (24) hours from the occurrence of such event or information in the following manner:
 - i. inform the stock exchanges in which the securities of the Company are listed;
 - ii. upload on the website of the Company.

Provided that in case the disclosure to the Stock Exchange is made after twenty-four (24) hours of occurrence of such event or information, the Company shall, along with such disclosure(s) provide an explanation for delay.

- b. The Company shall make disclosures with respect to item no. 4 of Annexure A i.e., certain events regarding outcome of Board Meetings within 30 minutes of the conclusion of the Board Meeting
- c. The Company shall promptly make disclosure of events as specified in Annexure B based on application of guidelines for determining Materiality as per Clause 4 (ii) of the Policy.
- d. The Company shall make disclosures for updating Material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- e. The Company shall provide timely and adequate reply to all queries raised by stock exchange with respect to any events or information. Further, the Company may, in appropriate cases, confirm or deny to the stock exchange(s), any reported event or information.
- f. In case where an event occurs or information is available with the Company, which has not been indicated in Annexure A or Annexure B, but which may have material effect on it, the Company will make adequate disclosures in regard thereof.

All the above disclosures would be hosted on the website of the Company for a minimum period of five years and thereafter archived as per Company's Archival Policy.

6. AUTHORITY TO KEY MANAGERIAL PERSONNEL

The Managing Director, Executive Director, Chief Financial Officer and the Company Secretary of the Company shall be severally authorized to determine Materiality of any event or information, verifying or denying rumours for the purpose of making disclosures to the stock exchange, subject to the provisions of this Policy.

The aforesaid Key Managerial Personnel shall be further severally authorized to make necessary disclosures of material event / information to the Stock Exchanges and upload the same on the Company's website.

The contact details of Managing Director, Executive Director, Chief Financial Officer and the Company Secretary shall be disclosed and updated from time to time to the stock exchange and as well as maintained on the Company's website.

7. AMENDMENTS/REVIEW

The Board may, subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

8. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Agreement; Companies Act, 2013; Regulations or any other statutory enactments, rules, the provisions of such Listing Agreement / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

9. DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company and address of such web link thereto shall be provided in the Annual Report of the Company.

Annexure A

Events which shall be disclosed without any application of the guidelines for Materiality:

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 Company or any other restructuring;

Explanation. - '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 Company 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 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 credit rating(s);
4. Outcome of Meetings of the Board of Directors: The Company 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 Company 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 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;
 6. Fraud/defaults by Promoter or Key Managerial Personnel or by Company 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 Company;
 13. Proceedings of Annual and extraordinary general meetings of the Company;
 14. Amendments to memorandum and articles of association of Company, in brief;
 15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.

Annexure B

Illustrative list of events which shall be disclosed upon application of the guidelines for materiality:

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. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company;
10. Options to purchase securities including any ESOP/ESPS Scheme of the Company, if any;
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 Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.