POLICY ON DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION

POLICY ON DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION ("Policy")

1. PREAMBLE:

The Board of Directors of Alkem Laboratories Limited has adopted the following policy and procedures with regard to determination of Materiality of events or information which are required to be disclosed to the Stock Exchanges in terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2. SCOPE & OBJECTIVE:

With a view to enable investors of the Company to make well-informed investment decisions, timely, accurate and adequate disclosure / dissemination of material events / information, on an ongoing basis is crucial. Accordingly, this Policy is formulated to disclose such event(s) / information, which in view of the management and the regulators, is material and thereby attaining highest standards of accountability, equity and transparency of not only business operations of the Company but also of a Company as a whole.

The core objective of this Policy is to ensure the disclosure of material event(s) / information to the stock exchange(s) and stakeholders as and when they occur, thereby protecting the interest of the stakeholders.

3. APPLICABILITY:

This Policy has been approved and adopted by the Board of Directors of the Company at its meeting held on 12th February, 2016 and the amended Policy is effective from 15th July, 2023.

This Policy has been further amended by the Board of Directors of the Company at its meeting held on 09th February, 2024 and 13th November, 2024 and effective from the said date.

4. DEFINITIONS:

4.1 **"Act"** means the Companies Act, 2013 and the rules framed thereunder, including any amendment or modification thereof.

4.2 **"Board of Directors"** or **"Board"** means the Board of Directors of Alkem Laboratories Limited, as constituted from time to time.

4.3 **"Company"** means Alkem Laboratories Limited.

4.4 **"Compliance Officer"** means the Company Secretary of the Company.

4.5 "**Impending specific event / information**" shall mean all the events or information, which satisfy the below attributes:

(a) the event which are specifically related to Alkem Laboratories Limited;

(b) the information circulated has specific aspects / details of the reported transaction;
(c) where the probability of going ahead with the information / concerned event within a reasonable period of its publication is higher, or the information is completely false; and
(d) disclosure of such reported transaction is not constrained by any regulatory or contractual conditions.

4.6 **"Key Managerial Personnel (KMP)"** shall have the meaning as defined in Section 2(51) of the Act.

4.7 **"LODR Regulations"** shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time.

4.8 "**Mainstream Media**" shall cover specific news sources as specified in the industry standards note on verification of market rumours recognized by SEBI Circular dated 21st May, 2024 and issued by Industry Standards Forum, under Regulation 30 (11) of LODR Regulations, as amended from time to time.

4.9 "**Material Price Movement**" shall be calculated as per the framework issued by the Stock Exchanges / SEBI from time to time.

4.10 **"Net worth"** shall have the meaning as defined in Section 2(57) of the Act.

4.11 "**Not general in nature**" shall include those events and information which are related to the Company, the industry or the group in general and does not have attributes of "Impending specific event / information."

4.12 **"Officer"** means as assigned to the term in clause (59) of Section 2 of the Companies Act, 2013 and shall include Promoters of the Company.

4.13 **"Stock Exchange"** means the stock exchange(s) where the securities of the Company are listed.

4.14 **"Turnover"** shall have the meaning as defined in Section 2(91) of the Act.

Terms that have not been defined herein above and anywhere in this Policy shall have the meaning ascribed to them in the LODR Regulations, the Act and / or any other SEBI Regulation(s) as amended from time to time to the extent applicable to the Company.

5. GUIDELINES FOR DETERMINING WHEN AN EVENT / INFORMATION HAS OCCURRED:

Pursuant to Securities and Exchange Board of India Circular No CIR/CFD/CMD/4/2015 on 'Continuous Disclosure Requirements for Listed Entities' dated September 9, 2015, below are the guidelines for determining when an event / information have occurred:

5.1 The Company may be confronted with the question as to when an event / information can be said to have occurred;

5.2 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.

5.2.1 In the former, the events/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/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 etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending shareholder's approval.

5.2.2 In the latter, the events/information can be said to have occurred when the Company become 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.

6. KEY PRINCIPLES FOR DETERMINING MATERIALITY OF EVENTS/ INFORMATION:

Pursuant to Regulation 30(4) read with Para B of Part A of Schedule III of the LODR Regulations, an event / information shall be considered as Material if it meets any of the below criteria:

Qualitative criteria for determination of Materiality

6.1 The omission of an event / information which is likely to result in discontinuity or alteration of event / information already available publicly;

6.2 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.

Quantitative criteria for determination of Materiality

6.3 The omission of an event / information whose value or the expected impact in terms of value, exceeds the lower of the following:

- 2% of turnover, as per the last audited consolidated financial statements of the Company; or
- 2% 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*); or
- *5% of average of absolute value of consolidated profit or loss after tax for, as per the last 3 (three) audited consolidated financial statements of the Company.

**The average of absolute value of profit or loss shall be considered by disregarding the 'sign' (positive or negative) that denotes such value as the said value / figure is required only for determining the threshold for 'materiality' of the event and not for any commercial consideration.*

6.4 In case where the criteria specified in 6.1, 6.2 and 6.3 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.

Provided that any confidential information which if disclosed is likely to put at risk the business interest of the Company shall not be disclosed. The Company to that extent shall make qualified disclosure to the stock exchanges.

7. VERIFICATION OF MARKET RUMOURS

The Company shall verify or confirm or deny or clarify to the Stock Exchange(s) upon Material Price Movement, any reported event or information in the Mainstream Media, which is not general in nature and which indicates that a rumour of an impending specific material event or information. Such disclosure will be as per the timelines prescribed under LODR Regulations, as soon as reasonably possible and not later than 24 hours from Material Price Movement, with effect from 01st December, 2024.

For the purpose of verification of market rumours, the Company shall follow the industry standards note issued by Industry Standards Forum ("ISF") on verification of market rumours whether in India or any foreign jurisdiction having material business operations, recognized by SEBI Circular dated 21st May, 2024 under Regulations 30(11) of LODR Regulations as amended from time to time. Pursuant to the aforesaid industry standard note from ISF, the Board of Directors has approved below mentioned criteria to identify foreign jurisdiction having material business operations:

"The foreign jurisdictions having material business operations shall mean where the locally booked business revenue of the Company accounts for 10% or more of the consolidated revenue of the Company as per the last audited financials for the year."

Basis the above criteria, currently, the foreign jurisdiction having material business operations is "United States of America (USA)".

The Company shall track below mentioned English business/ financial news sources in USA to comply with Regulation 30(11) of LODR Regulations:

1. Wall Street Journal
2. Financial Times

8. DISCLOSURE OF EVENTS / INFORMATION:

8.1 The Company shall disclose to the Stock Exchange(s), all such events or information specified in (i) Para A of Part A of Schedule III of the LODR Regulations read with circulars related thereto (*without applying the materiality guidelines specified in Clause 6 of this Policy*); and (ii) Para B of Part A of Schedule III of the LODR Regulations read with circulars related thereto (*based on application of key principles for determining materiality as per Clause 6 of this Policy*), as soon as reasonably possible and in any case, not later than the following, unless otherwise specified therein:

- 30 (thirty) minutes from the closure of the meeting of the Board of Directors in which the decision pertaining to the event or information has been taken;

- 12 (twelve) hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
- 24 (twenty-four) hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

In the event the Company fails to make a disclosure within the aforementioned prescribed period, the Company along with such disclosure(s) shall also provide an explanation for such delay.

It is mandatory for the Company to make disclosure(s) updating material developments on a regular basis, till such time the event is resolved / closed with relevant explanations.

8.2 The Company shall disclose all events or information in accordance with this paragraph 7 with respect to its subsidiaries which are material for the Company.

8.3 In case an event or information is required to be disclosed by the Company in terms of the provisions of Regulation 30 of the 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.

8.4 In case where an event occurs or an information is available with the Company, which has not been indicated in Para A and Para B of Part A of Schedule III of the LODR Regulations, but which may have material effect on it, the Company will make adequate disclosure(s) in regard thereof.

9. WEBSITE UPDATION:

The Company shall disclose on its website:

9.1 all such events / information which has been disclosed to Stock Exchange(s) under the LODR Regulations; and

9.2 such disclosure(s) shall be hosted on the website of the Company for a minimum period of five (5) years; and

9.3 Thereafter as per the Archival Policy of the Company, as disclosed on the website of the Company.

10. AUTHORITY TO KEY MANAGERIAL PERSONNEL:

Any two of the Executive Chairman, Managing Director, Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company jointly are authorized for the purpose of determining materiality of any event / information.

The Company Secretary of the Company is authorized for the purpose of making disclosure(s) to the Stock Exchange(s) under the LODR Regulations.

The contact details of Key Managerial Personnel of the Company authorised under Regulation 30(5) of LODR Regulations are as below:

For determining materiality of events/information:

Sr. No.	Name of the KMP	Designation	Contact Details
1.	Mr. Basudeo N. Singh	Executive Chairman	Phone: +91 22 3982 9999 Email: investors@alkem.com
2.	Mr. Sandeep Singh	Managing Director	
3.	Dr. Amrut Naik	Chief Executive Officer	
4.	Mr. Manish Narang	President - Legal, Company Secretary and Compliance Officer	

For making disclosures to Stock Exchanges:

Sr. No.	Name of the KMP	Designation	Contact Details
1.	Mr. Manish Narang	President - Legal, Company Secretary and Compliance Officer	Phone: +91 22 3982 9999 Email: investors@alkem.com

11. OBLIGATIONS OF INTERNAL STAKEHOLDERS AND KMP(s) FOR DISCLOSURE:

11.1 Any event or information, including the information specified in Para A and Para B of Part A of Schedule III of the LODR Regulations shall be forthwith informed to the KMP(s) upon occurrence, with adequate supporting data/information, to facilitate a prompt and appropriate disclosure to the Stock Exchange(s).

11.2 The KMP(s) will then ascertain the materiality of such event(s) or information based on the above guidelines.

11.3 On completion of the assessment, the KMP(s) shall, if required, make appropriate disclosure(s) to the Stock Exchange(s).

12. OBLIGATIONS OF EXTERNAL STAKEHOLERS FOR DISCLOSURE:

12.1 All the shareholders, promoters, promoter group entities, related parties, directors, KMPs and employees of the Company 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 of the LODR Regulations, shall inform the Company about any agreement to which the Company is not a party, within 2 working days of entering into such agreements or signing an agreement to enter into such agreements.

12.2 For the agreements that subsist as on the date of notification of clause 5A to Para A of Part A of Schedule III of the LODR Regulations that is 15th July 2023, 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 Exchange(s) and on its website.

13. AMENDMENTS TO THE POLICY:

The Board of Directors can amend this Policy, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

14. COMMUNICATION OF THE POLICY:

This Policy shall be placed on the website of the Company.

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