

## **POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION**

### **1. Background**

MSTC Limited (hereinafter referred to as the “Company”) is committed to being open and transparent with all stakeholders and in disseminating information in a fair and timely manner. The Company will comply with the continuous disclosure obligations as mandated by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”), as amended from time to time.

This Policy on determination of materiality of events or information that warrant disclosure to investors has been framed in compliance with the requirements of the Listing Regulations (the “Policy”).

The words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, and/ or the rules and regulations made there under shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

### **2. Preamble**

The Company 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 Listing Regulations. This Policy has been formulated in accordance with Clause (ii) of sub-regulation (4) of Regulation 30 of the Listing Regulations.

### **3. Objectives of the Policy**

The objectives of this Policy are as follows:

- a. To ensure that the Company complies with the disclosure obligations to which it is subject as a publicly-traded company as laid down by the Listing Regulations, various securities laws and any other legislations.
- b. To ensure that the information disclosed by the Company is timely and transparent.
- c. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.
- d. To protect the confidentiality of material/ price sensitive information within the context of the Company’s disclosure obligations.
- e. To provide a framework that supports and fosters confidence in the quality and integrity of information released by the Company.
- f. To ensure uniformity in the Company’s approach to disclosures, raise awareness, चेत



and reduce the risk of selective disclosures.

**4. Purpose of the Policy**

The purpose of this Policy is to determine materiality of events and information based on criteria specified under Clause (i) of sub-regulation (4) of Regulation 30 of the Listing Regulations and to ensure that the Company shall make disclosure of events/ information specified in Para A and B of Part A of Schedule III of the Listing Regulations to the Stock Exchanges and to provide guidance to Company and its Officers to make disclosures that are appropriate and would be consistent with the facts of each event.

**5. Criteria for determination of materiality of events/information**

The Company shall consider the criteria as specified in Clause (i) of Sub-regulation (4) of Regulation 30 of the Listing Regulations for determination of materiality of events/ information as under:

- (a) the omission of an event or information 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; or
- (c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
  - (1) two percent of turnover, as per the last audited consolidated financial statements of the company;
  - (2) two percent 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;
  - (3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the company;

In respect to the above, the average of absolute value of profit or loss is required to 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.

- (d) In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the Board of Directors or Chairman & Managing Director or Director (Commercial) or Director (Finance) of the Company, the event or information is considered material.

**6. Disclosure of events or information**

- A. The events / information specified in Para A of Part A of Schedule III of the Listing Regulations are deemed to be material events. Upon occurrence of such events/information the Company shall make disclosure to the Stock Exchanges without any application of the guidelines for materiality.
- B. The events/ information specified in Para B of Part A of Schedule III to the Listing





Regulations shall be disclosed upon occurrence, based on application of the guidelines for materiality as specified in clause 5 of this Policy.

- C. 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.
  - D. Without prejudice to the generality of para (A), (B) and (C) above, the Company may make disclosures of event/information as specified by the SEBI from time to time.
  - E. The Company shall make disclosures updating material developments on a regular basis, till such time the event is resolved/ closed, with relevant explanations.
  - F. The Company shall disclose all events or information with respect to its Subsidiaries which are material for the listed entity.
  - G. The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.
  - H. The listed entity may on its own initiative also confirm or deny any reported event or information to stock exchange(s).
  - I. In case where an event occurs or an information is available with the listed entity, 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 listed entity is required to make adequate disclosures in regard thereof.
  - J. In case an event or information is required to be disclosed by the listed entity, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the listed entity shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.
- 7. Procedural Guidelines for determination of materiality of events/information**

In order to ensure that the Company complies with the disclosure obligations under Regulations 30 of the Listing Regulations, the following internal system has to be followed for reporting any event/ information which may require disclosure so that the event/ information can be properly assessed and decision can be made regarding its disclosure to the Stock Exchanges.

Under the system, all Functional/ Whole Time Directors including Chairman & Managing Director are Key Managerial Personnel (KMP) and responsible for determining the materiality of the event or information pertaining to the relevant areas of the Company's operations. All Regional Managers (RM), Branch Managers (BM), Head of Departments (HoDs) must inform Chairman & Managing Director or Director (Commercial) or Director (Finance) of the Company of any event/ information which are material or may possibly be material or of which the RMs, BMs and HoDs are unsure



as to its materiality. The event/ information should be reported immediately upon occurrence of event/information or upon becoming aware of it for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under this regulation.

On receipt of communication of material/ potential material event/ information, Chairman & Managing Director or Director (Commercial) or Director (Finance) along with the Company Secretary will:

- i. Review event/ information and to take necessary steps to verify its accuracy;
- ii. Apply criteria specified in clause 5 of this policy for determination of materiality of events/ information and assess whether the event/ information is required to be disclosed to the Stock Exchanges under the Listing Regulations.
- iii. Review updating material developments on a regular basis, till such time the event is resolved/ closed.
- iv. Review all events or information with respect to subsidiaries which are material for the listed entity.
- v. Review specific and adequate reply to queries raised by stock exchange(s) with respect to any events or information.
- vi. Apply the Guidance on when an event/ information has occurred.
- vii. Refer matter for external legal advice where they are not certain about materiality of event/ information.

**The procedure to be followed in relation to the disclosure/ announcement of material event/ information is as follows:**

- a. **Prepare draft announcement to the Stock Exchanges:** If the event/ information is material, the concerned Regional Manager (RM)/ Branch Manager (BM)/ Head of Department(HoD) shall prepare draft announcement to the Stock Exchanges which is factual and expressed in clear manner and obtain approval of Chairman & Managing Director or Director (Commercial) or Director (Finance) of the Company and submit the announcement to the Company Secretary and Compliance Officer.
- b. **Make Announcements:** The Compliance Officer on behalf of the Company shall make or arrange for making the announcement with the Stock Exchanges as soon as reasonably possible and in any case not later than the following:
  - i. 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;
  - ii. twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity;
  - iii. twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity.

Provided that disclosure with respect to events for which timelines have been specified in Part A of Schedule III of Listing Regulations shall be made within such timelines.





Provided further that in case the disclosure is made after the timelines specified under this regulation, the company shall, along with such disclosure provide the explanation for the delay.

- c. **Post announcement on website:** After making the announcement with the Stock Exchanges, the Company Secretary shall arrange to place it on the website of the Company. Such disclosures shall be hosted on the website of the company for a minimum period of five (5) years and thereafter as per the archival policy of the company.

**7A. Guidance on When an Event / Information can be said to have Occurred for Disclosures under Regulation 30 of the Listing Regulations:**

- i. The company may be confronted with the question as to when an event/information can be said to have occurred for making disclosures under regulation 30 read with Schedule III of the Listing Regulations.
- ii. In certain instances, it would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required, it would depend upon the timing when the listed entity became aware of the event/information.

In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors 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, disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval.

In case in-principle approval or approval to explore (which is not final approval) is given by the Board of Directors, the same shall not require disclosure under regulation 30 of the Listing Regulations.

In the latter, the events/information can be said to have occurred when a listed entity becomes aware of the events/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. Here, the term 'officer' shall have the same meaning as defined under the Companies Act, 2013 and shall also include promoter of the listed entity.

- iii. Notwithstanding the above, listed entities shall confirm, deny or clarify any reported event or information in the mainstream media in terms of regulation 30(11) of the Listing Regulations.

**8. Communication of this Policy**

A copy of this Policy shall be circulated to the Board, Senior Management Personnel, all Regional Managers(RM), Branch Managers (BM), Head of Departments (HoD) of the



Company and Heads of Subsidiaries who are responsible to report material events or information or possible material events or information in the area of their operation to the concerned functional directors. This Policy shall also be posted on the website of the Company.

**9. Effective Date**

This policy is amended by the Board of Directors in their meeting held on 11<sup>th</sup> August, 2023 and will be effective from the date of such approval.

**10. Website**

The Policy shall be disclosed on the website of the Company. Further, the Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under the Listing Regulations and such disclosures shall be made available on the website of the Company for a period of five (5) years and, thereafter, as per the archival policy of the Company.

**11. Contact Details**

Questions or clarifications about the Policy or disclosures made by the Company should be referred to the Company Secretary and Compliance Officer, who is in charge of administering, enforcing and updating this Policy.

Company Secretary and Compliance Officer  
MSTC Limited  
Plot No. CF-18/2, Street No. 175,  
Action Area 1C, New Town,  
Kolkata-700156.  
Telephone: 033 23400000  
Email: cssectt@mstcindia.in

**12. Amendment**

The Chairman & Managing Director and Director (Commercial) and Director (Finance) are severally authorized to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. The Board (including its duly constituted committees wherever permissible), shall have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. This Policy shall be subject to review/changes as may be deemed necessary and in accordance with regulatory amendments from time to time.

*Note: The policy was initially made effective from 11<sup>th</sup> January, 2019 and was last amended by the Board of Directors in their meeting held on 11<sup>th</sup> August, 2023.*

