

### **Policy on Determination of Materiality of Events**

Approving Authority	Board of Directors of the Company
Effective date	11 <sup>th</sup> November 2022
Review cycle	As approved by the Board of Directors of the Company

## **I. BACKGROUND AND APPLICABILITY OF THE POLICY**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Regulations”) requires every Listed Company to disclose events or information which, in the opinion of the Board of Directors of a Company, are material. In this context, the following policy has been framed by the Board of Directors (“Board”) of Electronics Mart India Limited (“Company”) at its meeting held on November 11, 2012, with the objective of determining the materiality of events.

- i. Regulation 30 of the Regulations mandates disclosure of all deemed material events to the Stock Exchanges. These events have been specified in Para A of Part A of Schedule III of the Regulations and shall be disclosed as applicable from time to time.
- ii. For disclosure of certain events (as specified in Para B of Part A of Schedule III) to the Stock Exchanges, the following criteria shall be considered by the Board for determining whether the events are material or not: -

Where the omission of an event or information is likely to result in:

- a) Discontinuity or alteration of event or information already available publicly or
- b) A significant market reaction if the said omission came to light at a later date.

Where it would be difficult to report the events based on qualitative criteria as stated in points a) and b) above, the same may be considered material for disclosure upon meeting materiality thresholds as mentioned herein below.

This Policy shall also apply to the events to which neither Para A nor Para B of Part A of Schedule III applies but have a material effect on the Company.

## **II. MATERIALITY THRESHOLDS**

Materiality must be determined on a case-to-case basis depending on specific facts and circumstances relating to the information/event. The qualitative (as stated in points a and b) and quantitative criteria shall apply to events specified in Para B of Part A of Schedule III of the SEBI Regulations only. (Reproduced as an Annexure to this Policy).

An event specified in the Annexure to the policy will be considered material if the impact of the event, if measured, exceeds the threshold limit specified in the Annexure against each item.

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

### **III. DISCLOSURE PROCESS**

Any event purported to be reportable under Regulation 30 of the Regulations shall be informed to the Chairman/Managing Director/Chief Financial Officer & Company Secretary 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 by the Chief Financial Officer & Company Secretary.

The Chairman, the Managing Director and the Chief Financial Officer & Company Secretary of the Company shall severally be responsible and authorized for ascertaining the materiality of events considering their nature and their disclosure after taking into consideration the various provisions of the Regulations and this policy.

After evaluation, any one of the above-mentioned persons shall disclose the Stock Exchanges.

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.

Statutory timeframes for disclosure shall be adhered to. Delay, if any, should be sufficiently explained along with the disclosure.

Regular updates, where relevant, shall be made with relevant explanations.

All disclosures shall be available on the website of the Company for a period of 05 (five) years.

#### **IV. MODIFICATION OF THE POLICY**

This Policy is framed based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as notified on September 2, 2015. In case of any subsequent amendments to the Regulations which make any of the provisions in the Policy inconsistent, the provisions of the Regulations shall prevail.

The Policy shall be reviewed by the Audit Committee, and recommendations shall be modified by the Board to align the same with the amendments or to incorporate the changes as may be felt appropriate by the Audit Committee. 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 Audit Committee or the Board.

#### **Annexure (Same as Para B of Part A of Schedule III)**

Events which shall be disclosed upon application of materiality thresholds as set out below after the application of the Qualitative test set out in Point I:

<b>S. No.</b>	<b>Particulars</b>	<b>Materiality Threshold</b>
1.	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.	• Opening and closing of a new showroom.
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).	If it exceeds 5% of profit after tax or Rs. 5 Crore, whichever is lower.
3.	Capacity addition or product launch.	If it exceeds 5% of profit after tax or Rs. 5 Crore, whichever is lower.
4.	Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.	If it exceeds 2% of profit after tax or Rs. 1 Crore, whichever is higher.

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.	If it exceeds 5% of profit after tax or Rs. 5 Crore, whichever is lower.
6.	Disruption of operations of any one or more units or divisions of the Company due to natural calamity (earthquake, flood, fire, etc.), force majeure or events such as strikes, lockouts, etc.	If it exceeds 1% of profit after tax or Rs. 50 Lacs, whichever is higher.
7.	Effect(s) arising out of change in the regulatory framework applicable to the Company	If it exceeds 2% of profit after tax or Rs. 1 Crore, whichever is higher.
8.	Litigation(s) / dispute(s) / regulatory action(s) with impact.	If it exceeds 2% of profit after tax or Rs. 1 Crore, whichever is lower.
9.	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	If it exceeds 2% of profit after tax or Rs. 1 Crore, whichever is higher.
10.	Fraud/defaults etc., by directors (other than key managerial personnel) or employees of the Company.	If it exceeds 1% of profit after tax or Rs. 50 Lacs, whichever is lower.
11.	Options to purchase securities, including any ESOP/ESPS Scheme.	No threshold limit
12.	Giving of guarantees or indemnity or becoming a surety for any third party.	If it exceeds 2% of profit after tax or Rs. 1 Crore, whichever is lower.

For the purpose of this policy, Profit After Tax means the profits attributable to the equity shareholders, as per the audited financial statements of the preceding financial year.