

## **POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS**

### **1. BACKGROUND & OBJECTIVE**

The 'Policy on criteria for determination of materiality of events' ("Policy") is framed in accordance with the requirements of the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

The objective of the Policy is to determine materiality of events or information of the Company and to ensure that such information is adequately disseminated in pursuance with the Regulations and to provide an overall governance framework for such determination of materiality.

The policy shall assist the Key Managerial Personnel, Senior Management personnel, head of departments and any other employee of the Company in identifying any potential Material Event or Information and reporting the same to the authorized Key Managerial Personnel for determining the materiality of the said event or information and for making the necessary disclosures to the stock exchange(s) (as applicable).

### **2. APPLICABILITY**

This Policy is applicable to Usha Martin Limited ('the Company') and its Subsidiary and Associate Companies.

### **3. DEFINITION**

- a) 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.
- b) 'Fraud' shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- c) 'Key Managerial Personnel' shall mean key managerial personnel as defined in subsection (51) of section 2 of the Companies Act, 2013, as amended;
- d) 'Material Event or Information' shall mean such event or information as set out in Annexure A or Annexure B and determined to be material in terms of Clause 4 of this Policy.
- e) 'Mainstream media' shall include print or electronic mode of the following:
  - i) Newspapers registered with the Registrar of Newspapers for India;
  - ii) News channels permitted by Ministry of Information and Broadcasting under Government of India;
  - iii) Content published by the publisher of news and current affairs content as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021; and

- iv) Newspapers or news channels or news and current affairs content similarly registered or permitted or regulated, as the case may be, in jurisdictions outside India.
- f) ‘Promoter’ and ‘Promoter Group’ shall have the same meaning as assigned to them respectively under Regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- g) ‘Senior Management’ shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.
- h) ‘Social media intermediaries’ shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.
- i) “Undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under Section 180 of the Companies Act, 2013.

All other words and expressions used but not defined in this Policy, but defined in the Securities & Exchange Board of India Act, 1992, SEBI Listing Regulations, the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder 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.

In the event of any conflict between this Policy and statutory provisions including the SEBI Listing Regulations or any circular issued by SEBI, the statutory provisions shall prevail over this Policy. Any subsequent amendment / modification in the SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

#### **4. GUIDELINES FOR DETERMINING MATERIALITY**

Any information shall be considered to be Material Event or Information if it meets any of the following criteria:

- a) the omission of an event or information, which 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:

- i) two percent of turnover, as per the last audited consolidated financial statements of the Company;
- ii) 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;
- iii) 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. While computing the average of absolute value of profit or loss, then the number value of profit or loss shall be considered by disregarding the 'sign' (positive or negative).

The aforesaid limits shall stand modified and/or substituted by the limits as may be specified and notified by SEBI from time to time.

- 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 and/or Key Managerial Personnel as authorized in this Policy, such event or information is considered material.

## **5. DISCLOSURES OF EVENTS OR INFORMATION**

- a) Events specified in Annexure A are deemed to be material events and the Company shall make disclosures of such event.
- b) Events specified in Annexure B shall be disclosed based on application of guidelines for determining Materiality as per Clause 4 as mentioned above in this Policy.
- c) The events reportable under this policy shall immediately be informed Key Managerial Personnel along with supporting data/information to facilitate a prompt and appropriate disclosure. The events which are not covered under this policy but may potentially be of price sensitive nature, shall also be informed to the Chief Financial Officer or Company Secretary to evaluate/ascertain the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the SEBI Listing Regulations and this Policy.
- d) The Company shall first disclose to stock exchange(s) all events or information which are material in terms of the provisions of the SEBI Listing Regulations as soon as reasonably possible and in any case not later than the following:
  - i) 30 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) 12 hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
  - iii) 24 hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

The aforesaid timelines shall stand modified and/or substituted by the timelines as may be specified and notified by SEBI from time to time.

In case the disclosure is made after the timelines specified, the Company shall, along with such disclosure provide the explanation for the delay.

- e) While making disclosures or assessing when an event/information is said to occurred for disclosure, the Company shall be guided by the principles set out in various SEBI circulars issued from time to time.
- f) The Company with respect to disclosures referred to in this Policy shall make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- g) The Company shall disclose all events or information with respect to its subsidiaries which are material to the Company.
- h) The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information. The Company may on its own initiative confirm or deny any event or information to stock exchange(s) reported in the media.

The Company shall confirm, deny or clarify any reported event or information in the mainstream media which is not general in nature and which indicates that rumours of an impending specific material event or information in terms of the provisions of this regulation are circulating amongst the investing public, as soon as reasonably possible and not later than twenty four hours from the reporting of the event or information. Upon confirming the reported event or information, the Company shall also provide the current stage of such event or information. [This is applicable for top 250 listed entities of India effective 1<sup>st</sup> April, 2024].

- i) In case an event occurs or information is available with the Company, which has not been indicated in Annexure A or Annexure B of this Policy, but which may have material effect on it, the Company will make adequate disclosures in regard thereof.
- j) In case an event or information is required to be disclosed by the Company in terms of this Policy, 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.
- k) The Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation, and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the Company's Policy on Preservation & Archival of Documents / Records.
- l) All shareholders, Promoters, Promoter Group entities, related parties, directors, key managerial personnel and employees of the Company or of its holding, subsidiary and associate company, who are parties to the

agreements specified in Point 6 of Annexure A of this policy, shall inform the Company about such agreement to which the Company is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements.

- m) The Company will have a detailed Standard Operating Procedure (SOP) on the subject matter of this policy. This policy shall be read in conjunction with the said SOP.

## **6. AUTHORITY TO KEY MANAGERIAL PERSONNEL**

Based upon the determination of Materiality by any two of Managing Director, Chief Financial Officer and Company Secretary, the Materiality of any event or information shall be disclosed to Stock Exchanges by any of the aforementioned Key Managerial Personnel, subject to the provisions of this policy. The contact details of such persons shall be disclosed to stock exchanges and also shall be uploaded on the website of the Company from time to time.

The authorized Key Managerial Personnel are also empowered to seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders as they may deem fit.

The Company shall take necessary steps, from time to time, to ensure that the promoter, directors, Key Managerial Personnel and senior management personnel are familiarized with the compliances under the SEBI Listing Regulations with respect to disclosure requirements discussed in this Policy.

## **7. AMENDMENTS**

This Policy may be reviewed by the board of directors of the Company and necessary amendments shall be made, to comply with any requirements under any statute or regulation, from time to time.

The Company shall also make disclosure of events / information as may be specified by the Securities and Exchange Board of India from time to time.

Any amendment to the SEBI Listing Regulations which has an effect and bearing on this Policy shall mutatis mutandis be deemed to have been incorporated in this Policy.

This Policy has been last revised by the Board of Directors of the Company at their meeting held on 5<sup>th</sup> August 2023 and has come into effect from the said date.

## **8. DISSEMINATION OF POLICY:**

As per the provisions of the SEBI Listing Regulations, this policy shall be disclosed on the website of the Company.

## Annexure A

**Events which shall immediately disclosed without any application of the guidelines for Materiality** (threshold limits mentioned in Point No. 4 does not apply to Annexure A):

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the Company, sale of stake in associate company of the Company or any other restructuring.

Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-

- i) acquiring control, whether directly or indirectly; or
- ii) acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, 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 made under and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
  - c) the cost of acquisition or the price at which the shares are acquired exceeds the lower of the following:
    - two percent of turnover, as per the last audited consolidated financial statements of the Company;
    - 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;
    - 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.

“sale or disposal of subsidiary” and “sale of stake in associate company” shall include (i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the Company; or (ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) above.

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. New Rating(s) or Revision in 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:
- i) 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;
  - ii) any cancellation of dividend with reasons thereof;
  - iii) the decision on buyback of securities;
  - iv) the decision with respect to fund raising proposed to be undertaken;
  - v) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
  - vi) 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;
  - vii) short particulars of any other alterations of capital, including calls;
  - viii) financial results;
  - ix) decision on voluntary delisting by the Company from stock exchange(s).

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

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. Agreements entered into by the shareholders, Promoters, Promoter Group entities, related parties, directors, Key Managerial Personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements:

Provided that such agreements entered into by the Company in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to impact the

management or control of the Company or they are required to be disclosed in terms of any other provisions of these regulations.

*Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that the Company shall or shall not act in a particular manner.*

7. Fraud or defaults by the Company, its Promoter, director, Key Managerial Personnel, Senior Management or subsidiary or arrest of Key Managerial Personnel, Senior Management, Promoter or director of the Company, whether occurred within India or abroad.

In case of revolving facilities like cash credit, the Company would be considered to be in ‘default’ if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Default by a Promoter, director, Key Managerial Personnel, Senior Management, subsidiary shall mean default which has or may have an impact on the Company.

8. Change in directors, Key Managerial Personnel, Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc., Senior Management, Auditor and Compliance Officer.
9. In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed to the stock exchanges as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor.
10. Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the Company:
  - i) The letter of resignation along with detailed reasons for the resignation as given by the said director.
  - ii) Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
  - iii) The independent director shall, along with the detailed reasons, also provide confirmation that there is no other material reasons other than those provided.
  - iv) The confirmation as provided by the independent director above shall also be disclosed to the stock exchanges along with the disclosures as specified in sub-clause (i) & (ii) above.
11. In case of resignation of Key Managerial Personnel, Senior Management, Compliance Officer or director other than an independent director; the letter of



resignation along with detailed reasons for the resignation as given by the Key Managerial Personnel, Senior Management, Compliance Officer or director shall be disclosed to the stock exchanges within seven days from the date that such resignation comes into effect.

12. In case the Managing Director or Chief Executive Officer of the Company was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty-five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).
13. Appointment or discontinuation of share transfer agent.
14. Resolution plan / Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
  - i) Decision to initiate resolution of loans/borrowings;
  - ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
  - iii) Finalization of Resolution Plan;
  - iv) Implementation of Resolution Plan;
  - v) Salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders.
15. One time settlement with a bank.
16. Winding-up petition filed by any party / creditors.
17. 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.
18. Proceedings of annual and extraordinary general meetings of the Company.
19. Amendments to memorandum and articles of association of the Company, in brief.
20. (a) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the Company to analysts or institutional investors.

For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

- (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
- (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls.

21. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:

- a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
- b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
- c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable ;
- d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
- e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
- f) Appointment/ Replacement of the Resolution Professional;
- g) Prior or post-facto intimation of the meetings of Committee of Creditors;
- h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
- i) Number of resolution plans received by Resolution Professional;
- j) Filing of resolution plan with the Tribunal;
- k) Approval of resolution plan by the Tribunal or rejection, if applicable;
- l) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:
  - i) Pre and Post net-worth of the company;
  - ii) Details of assets of the company post CIRP;
  - iii) Details of securities continuing to be imposed on the companies' assets;
  - iv) Other material liabilities imposed on the company;
  - v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
  - vi) Details of funds infused in the company, creditors paid-off;
  - vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;

- viii) Impact on the investor – revised P/E, RONW ratios etc.;
  - ix) Names of the new Promoters, Key Managerial Personnel, if any and their past experience in the business or employment. In case where Promoters are companies, history of such company and names of natural persons in control;
  - x) Brief description of business strategy.
- m) Any other material information not involving commercial secrets.
- n) Proposed steps to be taken by the incoming investor/acquirer for achieving the minimum public shareholding;
- o) Quarterly disclosure of the status of achieving the minimum public shareholding;
- p) The details as to the delisting plans, if any approved in the resolution plan.
22. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:
- a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
  - b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.
23. Announcement or communication through social media intermediaries or mainstream media by directors, Promoters, Key Managerial Personnel Or Senior Management of the Company, in relation to any event or information which is material for the Company in terms of this policy and is not already made available in the public domain by the Company.
24. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, Key Managerial Personnel, Senior Management, Promoter or subsidiary, in relation to the Company, in respect of the following:
- a) search or seizure; or
  - b) re-opening of accounts under section 130 of the Companies Act, 2013; or
  - c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
    - i) name of the authority;
    - ii) nature and details of the action(s) taken, initiated or order(s) passed;
    - iii) date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;

- iv) details of the violation(s)/contravention(s) committed or alleged to be committed;
- v) impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.

25. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, Key Managerial Personnel, Senior Management, Promoter or subsidiary, in relation to the Company, in respect of the following:

- a) suspension;
- b) imposition of fine or penalty;
- c) settlement of proceedings;
- d) debarment;
- e) disqualification;
- f) closure of operations;
- g) sanctions imposed;
- h) warning or caution; or
- i) any other similar action(s) by whatever name called;

along with the following details pertaining to the actions(s) initiated, taken or orders passed:

- i) name of the authority;
- ii) nature and details of the action(s) taken, initiated or order(s) passed;
- iii) date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
- iv) details of the violation(s)/contravention(s) committed or alleged to be committed;
- v) impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.

26. Voluntary revision of financial statements or the report of the board of directors of the Company under section 131 of the Companies Act, 2013.

## **Annexure B**

### **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. Any of the following events pertaining to the Company:
  - (a) arrangements for strategic, technical, manufacturing, or marketing tie- up;  
or
  - (b) adoption of new line(s) of business; or
  - (c) closure of operation of any unit, division or subsidiary (in entirety or in 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) 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. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
9. Frauds or defaults by employees of the Company which has or may have an impact on the Company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party.
12. Granting, withdrawal , surrender , cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.
14. 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.