

SOURCE INDUSTRIES (INDIA) LIMITED

**POLICY ON DETERMINATION OF MATERIALITY OF EVENTS
OR INFORMATION**

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1. Legal Framework

This Policy for Determination of Materiality of Events or Information (the “Policy”) is aimed at providing guidelines to the Management of Source India (Industries) Limited (the “Company”), to determine the materiality of events or information, which could affect the investment decisions and ensure timely and adequate dissemination of information to the stock exchanges.

This Policy has been formulated in accordance with the current guidelines laid down by Securities Exchange Board of India (“SEBI”), under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), with respect to disclosure of events and information.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued on September 2, 2015, and as may be amended from time to time, the Board of Directors of the Company approved the "Policy for Determination of Materiality of Events or Information". The Board shall review, and if found required, may amend this Policy from time to time.

2. Objective

The objective of this Policy is to serve as a guiding charter to the Management to ensure timely and adequate disclosure of events or information are made to the investor community by the Company under the Listing Regulations, to enable them to take well-informed investment decisions with regard to the securities of the Company.

3. Applicability

Information relating to material events and which is price sensitive in nature, shall be promptly disseminated to the Stock Exchanges. For this purpose, material event means any information which relates to the Company and which, if published is likely to materially affect the price of shares of the Company.

- i. The Company shall make disclosure of events specified in Annexure 1 (Events specified in Para A of Part A of Schedule III of the Listing Regulations and as may be amended from time to time), without applying any test of materiality to the stock exchanges within specified timelines.

- ii. The Company shall make disclosure of events specified in Annexure 2 (Events specified in Para B of Part A of Schedule III of the Listing Regulations and as may be amended from time to time), based on application of the guidelines for materiality, to the stock exchanges within specified timelines, as specified below:

Quantitative criteria would be calculated based on audited financial statements of the last audited financial year, and would mean event/information where the value involved or the impact:

- I. exceeds three per cent of the gross turnover, or
- II. exceeds ten per cent of the net worth

whichever is lower.

Qualitative criteria would mean an event/ information

- (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;*
- (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 company, the event / information is considered material.*

- iii. 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 shareholders of the Company to appraise its position and to avoid the establishment of a false market in shares of the Company, would be disclosed as advised by the Board from time to time.
- iv. In case where an event occurs or information is available with the company, which has not been indicated in Annexure 1 and 2, but in the opinion of the Board of Directors, is material, the Company shall make adequate disclosures in regard thereof.

4. Guidelines on occurrence of an event/ information

The occurrence of material event/information would be either by the Company's own accord or not in the hands of the Company. It can be categorized as under:

- i. depends upon the stage of discussion, negotiation or approval and
- ii. in case of natural calamities, disruptions etc., it would depend upon the timing when the company became aware of the event/information.

In respect of the events under 4(i), 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.

In respect of the events under 4(ii), the events/information can be said to have occurred when the Company 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. The term 'officer' shall have the same meaning as defined under the Companies Act, 2013 and shall also include Promoter of the Company.

5. Disclosure of material events/ information

The Company shall first disclose to the stock exchanges all events, specified in Annexure-1 or information as soon as reasonably possible and not later than 24 hours from the occurrence of the event/information. In the event the disclosure is made after 24 hours of occurrence of the event or information, the Company shall, along with such disclosures provide an explanation for such delay.

The Company shall make disclosures updating the material developments pertaining to material events on a regular basis, till such time the event is resolved/closed, and to be disclosed to the stock exchanges with relevant explanations.

The Company shall also disclose all events or information with respect to subsidiaries which are material, if any, for the Company.

The Company shall disclose the details of the material events/ information, as provided in SEBI Circular dated September 9, 2015, in respect of details that need to be provided while disclosing events given in Para A and Para B of Part A of Schedule III of the Listing Regulations 2015 and amendments if any, from time to time.

6. Authorization for disclosures

The Company Secretary is authorized to determine materiality of an event/information and to make disclosures to stock exchanges. The contact details of the Company Secretary have been disclosed to the stock exchanges and also available on Company's website.

7. Disclosure on the website of the Company

All such events or information which has been disclosed to stock exchanges under the Listing Regulations shall be made available on the Company's website. Such events or information shall be placed on the website of the Company for a minimum period of five years.

The Policy and the contact details of the persons authorized by the Board shall be available on the website of the Company.

8. Amendment

The Board of Directors of the Company reserves the right to amend or modify this Policy in whole or in part, as may be required, at any point of time.

Annexure - 1

The following shall be the events, as specified in Para A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), 2015 and as may be amended from time to time, upon occurrence of which the Company shall make disclosures to the Stock Exchanges.

Schedule III, Para A of Part A	Provision
1	<p>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 listed entity or any other restructuring. Explanation.- For the purpose of this sub-para, the word 'acquisition' shall mean,-</p> <p>acquiring control, whether directly or indirectly; or,</p> <p>(ii) acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that -</p> <p>(a) the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;</p> <p>(b) there has been a change in holding from the last disclosure made under sub-clause</p> <p>(a) of clause (ii) of the Explanation to this sub-para and such change exceeds two percent of the total shareholding or voting rights in the said company.</p>
2	<p>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.</p>
3	<p>Revision in Rating(s).</p>
4	<p>Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following:</p> <p>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;</p> <p>b) any cancellation of dividend with reasons thereof;</p> <p>c) the decision on buyback of securities;</p> <p>d) the decision with respect to fund raising proposed to be undertaken</p> <p>e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/ dispatched;</p> <p>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;</p>

	<p>g) short particulars of any other alterations of capital, including calls;</p> <p>h) financial results;</p> <p>i) decision on voluntary delisting by the listed entity from stock exchange(s):</p>
5	<p>Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), 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.</p>
6	<p>Fraud/ defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.</p>
7	<p>Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Auditor and Compliance Officer.</p> <p>(7A) In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.</p> <p>(7B) Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:</p> <p>i. <i>The letter of resignation along with detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the listed entities to the stock exchanges.</i></p> <p><i>(ia). Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.</i></p> <p>ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.</p> <p>iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the <i>detailed reasons</i> as specified in sub-clause (i) and (ii) above.</p>
8	<p>Appointment or discontinuation of share transfer agent.</p>

9	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.
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 listed entity.
13	Proceedings of Annual and extraordinary general meetings of the listed entity.
14	Amendments to memorandum and articles of association of listed entity, in brief.
15	(a) Schedule of analysts or institutional investors meet and presentations made by the listed entity to analysts or institutional investors. Explanation: 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:

16	<p>The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:</p> <ul style="list-style-type: none"> 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) 372[Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets,
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	<p>including details such as:</p> <ul style="list-style-type: none"> (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 persons(s), 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. <p>m) Any other material information not involving commercial secrets.}</p> <p>n) 373[Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;</p> <p>o) Quarterly disclosure of the status of achieving the MPS;</p> <p>p) The details as to the delisting plans, if any approved in the resolution plan.</p>
17	<p>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:</p> <ul style="list-style-type: none"> 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.

Annexure -2

The following shall be the events, as specified in Para B of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements), 2015 and as may be amended from time to time, upon occurrence of which the Company shall make disclosures to the Stock Exchanges, based on application of the guidelines for materiality.

Schedule III, Para B of Part A	Provision
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 listed entity 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 listed entity
8	Litigation(s) / dispute(s) / regulatory action(s) with impact.
9	Fraud/ defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10	Options to purchase securities including any ESOP/ ESPS Scheme.
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.

**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.