

POLICY ON CRITERIA FOR
DETERMINING MATERIALITY OF
EVENT

EXPLICIT FINANCE LIMITED

(CIN NO: L65990MH1994PLC076788)

Registered office: Office No. 305, 3rd Floor,
Sohan Commercial Plaza,
Opp Shiv Sena Office,
Vasai (E), Thane – 401210

Tel No: 09320478152

Email id: explicit_finance@rediffmail.com

Website: explicitfinance.net

POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS

1. OBJECTIVE

The Policy is framed in accordance with the requirements of the Regulation 30 of Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (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.

2. DEFINITION

“**Act**” shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

“**Board of Directors**” or “**Board**” means the Board of Directors of Explicit Finance Limited, as constituted from time to time.

“**Company**” means Explicit Finance Limited.

“**Key Managerial Personnel**” mean key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;

“**Listing Agreement**” shall mean an agreement that is to be entered into between a recognised stock exchange and the Company pursuant to SEBI (Listing Obligations and Disclosure Requirements), 2015

“**Material Event**” or “**Material Information**” shall mean such event or information as set out in the Schedule or as may be determined in terms of Clause 3 of the Policy. In the Policy,

the words, “material” and “materiality” shall be construed accordingly.

“**Policy**” means this Policy on criteria for determining Materiality of events or information and as may be amended from time to time.

“**Regulations**” mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.

“**Schedule**” means a Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015.

“**Stock Exchanges**” means BSE Limited where the equity shares of the Company are listed.

Any other term not defined herein shall have the same meaning as defined in the

Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Company.

3. GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION

Events / information shall be considered as Material if it meets any of the following criteria:

- (a) the event or information is in any manner unpublished price sensitive information;
- (b) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly;
- (c) 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; and
- (d) any other event/information which is treated as being material in the opinion of the Board of Directors of the Company.

4. DISCLOSURES OF EVENTS OR INFORMATION

A: Para A of part A of Schedule III of the Listing Regulations provides that those events which have been incorporated therein have to be considered as material and accordingly disseminated. In respect of such events, the company shall have no discretion in deciding whether they need to be reported to the exchanges or not. Such events have to be reported invariably to the exchange as being material. The list of events covered under the above part A is given hereunder:

1. 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 Company or any other restructuring;

Explanation. - 'Acquisition' shall mean, -

- (i) acquiring control, whether directly or indirectly; or,
- (ii) acquiring or agreeing to acquire shares or voting rights in, a company, 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 and such change exceeds two per cent of the total shareholding or voting rights in the said company.

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. Revision in credit 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:

- 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;
- b) any cancellation of dividend with reasons thereof;
- c) the decision on buyback of securities;
- d) the decision with respect to fund raising proposed to be undertaken
- e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
- 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;
- g) short particulars of any other alterations of capital, including calls;
- h) financial results;
- i) decision on voluntary delisting by the Company from stock exchange(s).

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. Fraud/defaults by Promoter or Key Managerial Personnel or by Company or arrest of Key Managerial Personnel or Promoter;

7. Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer;

8. Appointment or discontinuation of share transfer agent;

9. Corporate debt restructuring;

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 Company;

13. Proceedings of Annual and extraordinary general meetings of the Company;

14. Amendments to memorandum and articles of association of Company, in brief;

15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.

B: Para B of part A of Schedule III of Listing Regulations lists out the events which are to be disclosed by the company upon application of the guidelines for determination of materiality as provided under clause 3 of this policy. The events falling within para B of part A are given hereunder:

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 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. Litigation(s) / dispute(s) / regulatory action(s) with impact;

9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company;

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;

13. 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.

All events or information pertaining to the company's subsidiaries which are material to the parent company, namely, Explicit Finance Limited shall also be disclosed to the exchanges.

All the above disclosures would be hosted on the website of the Company for a minimum period of five years and thereafter archived as per Company's Policy on Preservation of Documents and Archival Policy.

5. AUTHORITY TO KEY MANAGERIAL PERSONNEL

The Managing Director, Chief Executive Officer and Chief Financial Officer of the Company shall severally have the authority to determine materiality of any event or information and make the disclosures of such material event or information to stock exchange(s).

The Company Secretary of the Company shall have the authority of making the disclosures of such material event or information to stock exchange(s), subject to the provisions of this Policy.

As required by the Regulations, the company shall provide to the stock exchange(s), the contact details of the above named persons and update the same from time to time. Their details shall also be provided on the company's website.

6. AMENDMENTS

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

7. DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company and address of such web link thereto shall be provided in the Annual Report of the Company.