



FIRSTMERIDIAN BUSINESS SERVICES LIMITED

**POLICY ON DETERMINATION OF
MATERIALITY OF EVENT**

(Approved and adopted by Board on _____)

I. BACKGROUND AND APPLICABILITY OF THE POLICY

SEBI - Listing Obligations and Disclosure Requirements Regulations, 2015 (LODR) ("**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 FirstMeridian Business Services Limited ("**the Company**") at its meeting held on 12th April 2022 with the objective of determining materiality of events.

1. Regulation 30 of the LODR 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 LODR (enclosed as **Annexure-A**) and shall be disclosed as soon as reasonably possible and not later than twenty hours from the occurrence of event or information .
2. 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.

Illustrative list of events or information which shall be considered material upon the fulfillment on criteria as mentioned in this policy is enclosed as **Annexure-B**.

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 Company.

This Policy shall be read along with the Company's policy on Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (code of fair disclosure) framed in adherence to the principles for fair disclosure as outlined in the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

This policy shall be effective from the date of listing of the equity shares of the Company on the stock exchange(s).

II. MATERIALITY THRESHOLDS

Materiality must be determined on a case by 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 Annexure-B to this policy.

An event or information specified in the Annexure-B to the policy would be considered material if the impact of the event/ information as per the latest audited financial statements is likely to have an impact of 10% (ten per cent) or more on the gross turnover or revenues or total income or 20% (twenty per cent) of the net worth, whichever is higher.

In some cases, inter-alia including disclosure of events specified in the Annexure, if the materiality thresholds as prescribed above cannot be applied, the Chairman and Chief Financial Officer of the Company, in such cases, shall frame their opinion on a case basis, based on specified facts and circumstances relating to the information or event.

The following will be the materiality criteria under sub-regulation (4):

(i) The listed entity shall consider the following criteria for determination of materiality of events/ 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 listed entity, the event / information is considered material.

(ii) The listed entity shall frame a policy for determination of materiality, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website.

DISCLOSURE PROCESS

1. The heads of the respective departments ("**Designated Officers**") who are responsible for relevant areas of the Company operations to which any item of information relates must report any event purported to be reportable under Regulation 30 of the Regulations shall be informed to the Chairman/Executive Director/ Group CEO/Chief Financial Officer & Company Secretary ("**Key Managerial Personnel**") 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 to the Chief Financial Officer &

Company Secretary.

2. The Chairman, the Executive Director/ Group CEO and the Chief Financial Officer & Company Secretary of the Company shall severally be responsible and authorized for ascertaining the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the Regulations and this policy.
3. After evaluation, any one of the above mentioned persons shall make disclosure to the Stock Exchanges.
4. 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.
5. Statutory time frames for disclosure shall be adhered to. Delay, if any, should be sufficiently explained along with the disclosure.
6. Regular updates, where relevant, shall be made with relevant explanations.
7. All disclosures shall be available on the website of the Company for a period of 5 years and thereafter archived in accordance with the Company's policy for preservation and archival of documents.
8. The Company shall disclose all the events or information with respect to material subsidiaries for the listed entity.

III. MODIFICATION OF THE POLICY

This Policy is framed based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 last amended on 22nd March 2022. In case of any subsequent amendments to the Regulations which makes 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 on recommendations shall be modified by the Board so as 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 Annexures, as it stands today may be updated, from time to time, by authorized 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 - A

Events which shall be mandatorily disclosed without any further consideration of the guidelines for materiality

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 any 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 a 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 of reserves 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 which may be subscribed 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).
5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that they impact 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 a Promoter or Key Managerial Personnel or by Company or

- arrest of Key Managerial Personnel or a Promoter;
7. Change in Directors, Key Managerial Personnel (Executive Chairman, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer;
 - i. 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 by the Company to the stock exchanges as soon as possible but not later than 24 hours of receipt of such reasons from the auditor.
 - ii. In case of resignation of an independent director of the company, within 7 days from the date of resignation, the following disclosures shall be made to the stock exchanges by the company.
 - a. Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the Company to the stock exchanges.
 - b. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reason other than those provided.
 - c. The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the detailed reasons as specified in sub-clause (a) above.”
 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 meets and presentations on financial results made by the Company to analysts or institutional investors.
 16. The following events in relation to the corporate insolvency resolution process (CIRP) of a company under the Insolvency Code:
 - a) Filing of application by the company’s applicant for initiation of CIRP, also specifying the amount of default;
 - b) Filing of application by financial creditors for initiation of CIRP against the company, 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 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.
- m) Any other material information not involving commercial secrets.}
- n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
- o) Quarterly disclosure of the status of achieving the MPS;
- p) The details as to the delisting plans, if any approved in the resolution plan.

17. 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.

ANNEXURE : B -B

Illustrative list of events or information which shall be considered material upon the fulfillment on criteria :

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.
13. Any other information / event / 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 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.
14. Any other information as may be required by Board, from time to time.