

INNOVA CAPTAB LIMITED

POLICY FOR DETERMINATION OF MATERIALITY

Approving Authority	Board of Directors of the Company
Initial Version & Date	(Version 1.0) & 19 th June 2022
Revision Version & Date	(Version 2.0) & 29 th May 2024

1. BACKGROUND

Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), requires Innova Captab Limited (the "Company") to frame a policy for determination of materiality for disclosure of events or information ("Policy") to the Stock Exchanges, based on the criteria specified in the SEBI Listing Regulations. The Policy is also required to be disclosed on the website of the Company. The events / information that would be disclosed would be as presently prescribed by Securities and Exchange Board of India vide circular CIR/CFD/CMD/4/2015 dated September 9, 2015 read with SEBI circular SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023 ("Master Circular") and SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023 and as would be amended from time to time.

This policy has been approved by the Board of Directors at its meeting held on 19th June 2022 and amended on 29th May 2024.

2. OBJECTIVE

The objective of this policy is to assist the employees of the Company in identifying potential material events or information in an objective manner that may originate at the ground level which can be promptly escalated and reported to the authorised Key Managerial Personnel ("KMP") of the Company, as specified in this policy, for determining the materiality of the said event or information and for making necessary disclosure to the BSE limited and the National Stock Exchange of India limited (Collectively, the "Stock Exchanges").

3. KEY MANAGERIAL PERSONNEL AUTHORIZED TO DETERMINE MATERIALITY

As per Regulation 30(5) of SEBI Listing Regulations, the Chief Financial Officer and the Company Secretary & Compliance Officer of the Company jointly/severally will be the authorized Key Managerial Personnel (the Authorised KMPs) to determine the materiality of an event or information and to make appropriate disclosure on a timely basis. The Authorised KMPs 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 respective Heads of the Department (Designated Officers) who are responsible for relevant areas of the Company's operations must report to the Authorised KMPs any potential material event/information for determining its materiality. The event/information should be reported immediately after a Designated Officer becomes aware of it.

On receipt of a communication of a potential material event / information, the Authorised KMPs shall:

- i. Review the event / information and take necessary steps to verify its accuracy.
- ii. Assess if the event / information is required to be disclosed to the Stock Exchanges under this policy and take necessary actions.

If the Authorised KMPs are not certain about the materiality of any event / information, they may refer matters for external legal advice for appropriate guidance thereafter."

4. GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION

Certain information is per se Material Information as defined in the Securities Exchange Board of India ("SEBI") ("Listing Obligations and Disclosure Requirements") ("LODR") Regulations, 2015 read with Para A of Part A of Schedule III of the Regulations and the Company is required to disclose the same. An illustrative list of such Material event / information is attached as **Annexure A**.

Besides per se Material Information, materiality of an event / information must be subject to 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:
 1. two percent of turnover, as per the last audited consolidated financial statements of the Company;
 2. 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;
 3. 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;

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 of the Company, the event or information is considered material.

An illustrative list of such Material event/ information is attached as **Annexure B** which shall be disclosed by the Company based on the application of aforesaid guidelines/criteria for determination of material events.

In case an event occurs, or an information is available with the Company, which has not been indicated in Annexure A and Annexure B, but which may have material effect on it, the Company is required to make adequate disclosures in regard thereof.

Materiality must be determined on a case-to-case basis depending on specific facts and circumstances relating to the event / information. In some cases, inter-alia including disclosure of events specified in paragraph B of Part A of Schedule III of the SEBI ("LODR") Regulation 2015.

If the materiality thresholds as prescribed in clause D(c) of the policy cannot be applied, the authorized KMP of the Company, in consultation with the Board of Directors, if required, in such cases, shall frame their opinion on a case-to-case basis, based on specific facts and circumstances relating to the information/ event.

5. DISCLOSURES OF EVENTS OR INFORMATION

Events specified in Annexure A are deemed to be material events / information and the Company shall make disclosure of such events or information as soon as reasonably possible and in any case not later than the following:

1. Thirty 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;
2. Twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
3. Twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

The information shall be disclosed in the following manner:

1. Inform the stock exchanges on which the securities of the Company are listed; and
2. Upload on the corporate website of the Company.

Provided that in case the disclosure is made after the aforementioned timelines, the Company shall along with such disclosure(s) provide an explanation for the delay. The Company shall make the disclosure of events/information as specified in Annexure B based on application of guidelines for determining Materiality as per the Policy. The Company shall disclose all events or information with respect to subsidiaries which are material for the Company. The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).

In case an event or information is required to be disclosed by the Company in terms of the provisions of this regulation, 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.

All the 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 clause 6 of Annexure A, shall inform the Company about the 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:

Provided that for the agreements that subsist as on the date of notification of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023, the parties to the agreements shall inform the Company, about the agreement to which the Company is not a party and the Company shall in turn disclose all such subsisting agreements to the Stock Exchanges and on its website within the timelines as specified by the Board.

6. COMMUNICATION AND DISSEMINATION OF THE POLICY

This policy after duly approved by the Board of Directors shall be notified and communicated to all the employees/ functional head of respective departments of the Company. The new employees shall be informed about the policy by the Human Resource and Administration department. For all the Employees and Directors, whether existing or new, a copy of this Policy shall be posted on the Website of the Company.

7. AMENDMENTS

The authorised KMP under this Policy will review the Policy from the perspective of the SEBI Listing Regulations and determine the events / information for disclosure as may be amended by the Securities and Exchange Board of India from time to time. The Board may subject to the applicable laws amend any

provision(s) or substitute any of the provision(s) with 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.

8. GUIDANCE ON WHEN AN EVENT/INFORMATION IS DEEMED TO BE OCCURRED:

The events / information shall be said to have occurred upon approval of board of the Company in certain events, for example further issue of capital by rights issuance and in certain events / information after receipt of approval of both i.e. board of the Company and shareholders of the Company.

Certain events which are price sensitive in nature, like declaration of dividends etc. will be deemed to have occurred and disclosed on approval of the board of the Company pending shareholder's approval.

Events such as natural calamities or disruption can be said to have occurred when the Company becomes aware of the event / information.

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) 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 - '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 point (a) 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 thresholds specified in Clause 6 of the Policy.

Explanation (2) - "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 thresholds specified in Clause 6 of the Policy.

Explanation (3)- For the purpose of this point, "undertaking" and "substantially the whole of the undertaking" shall have the same meaning as given under section 180 of the Act.

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 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 to 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).

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 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. 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 a 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.

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 listed entity shall or shall not act in a particular manner.

7. Fraud or defaults by a 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:

Explanation-

- a. '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.
- b. 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- 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.

Explanation 2- 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 by the Company to the stock exchanges as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor.
10. 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) (a) The letter of resignation along with detailed reasons for the resignation as given by the said Director;
(b) Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 - (ii) The independent director shall, along with the detailed reasons, also provide a confirmation that there are no other material reasons other than those provided.
 - (iii) The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the disclosures as specified in sub-clause (i) and (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 by the Company 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 is 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 Company, in brief;

20. (a) Schedule of Analyst 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 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.

22. In case of initiation of forensic audit (by whatever name called), the following disclosures shall be made to the stock exchanges by the Company:

- 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 Company 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 according to the thresholds specified in Clause 6 of this Policy and is not already made available in the public domain by the Company.

Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

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:

- i. search or seizure; or
- ii. re-opening of accounts under section 130 of the Companies Act, 2013; or
- iii. 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

Illustrative list of 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 listed entity:
 - 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 the 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 divisions of the Company due to a 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 listed entity.
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 a guarantee or an indemnity or becoming a surety by whatever names 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/ 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.
15. Event/ information as specified by the board of directors of the Company from time to time.
16. Any other information as may be required by concerned authorities, from time to time.