

# MODERN FINANCIAL SERVICES LIMITED

## POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION AND ITS DISCLOSURE

### I. PREFACE

**Modern Financial Services Limited** ('the Company') in accordance with the requirements of the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") has framed and implemented the Policy for determination of materiality of events or information and its disclosure ("Policy"), duly approved by its Board of Directors.

### II. OBJECTIVE

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

### III. EFFECTIVE DATE

The Policy, as approved by the Board of Directors of the Company, is deemed to be effective from 1<sup>st</sup> December, 2015.

### IV. APPLICABILITY

This policy shall be applicable to all the material events or information of the Company, as and when they fall under the criteria enumerated in the policy.

### V. DEFINITIONS

**"Acquisition"** shall mean-

- a. acquiring control of the Company, whether directly or indirectly; or
- b. acquiring or agreeing to acquire shares or voting rights in, a Company, whether directly or indirectly, such that –
  - i. 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
  - ii. there has been a change in holding from the last disclosure made under sub- clause (i) of clause (b) above and such change exceeds two per cent of the total shareholding or voting rights in the said Company.

**"Agreement"** shall include shareholder agreement, joint venture agreement, family settlement agreement (to the extent the same impacts the management and control of the Company) and agreement, treaty or contract with media Companies, which are binding and not in normal course of business and revision, amendment and termination thereof.

**"Board of Directors" or "Board"** shall mean the Board of Directors of the Company;

**"Chief Executive Officer" or "managing director" or "manager"** shall mean the person so appointed in terms of the Companies Act, 2013;

**“Chief Financial Officer”** or **“whole time finance director”** or **“head of finance”**, by whatever name called, shall mean the person heading and discharging the finance function of the listed entity as disclosed by it to the recognized stock exchange(s) in its filing under these regulations;

**“Committee”** means the Committee of Board of Directors of the Company or any other committee as constituted or reconstituted by the Board.

**“Company”** shall mean M/s. Modern Financial Services Limited;

**“Compliance Officer”** shall mean the official of the Company designated to be so ;

**“Key Managerial Personnel (KMP)”** means

- a. Managing Director, or Chief Executive Officer or Manager or in their absence a Whole Time Director designated for the purpose;
- b. Chief Financial officer (CFO) ;
- c. Company Secretary (CS).

**“Material Event”** or **“Material Information”** shall mean such event or information as set out in the Schedule of the Regulations or as may be determined in terms of this Policy. In the Policy, the words, “material” and “materiality” shall be construed accordingly.

**“Market Sensitive Information”** shall mean information concerning the Company that a reasonable person would expect to have a material effect on the price or value of its securities or information which causes the market to maintain the price of security at or about its current level when it would otherwise be expected to move materially in a particular direction, given price movements in the market generally or in the Company’s sector.

**“Material Subsidiary”** shall mean any subsidiary Company of the Company which is or has been determined as a material subsidiary as per the provisions of the Regulations.

**“Officer”** means as assigned to the term in clause (59) of Section 2 of the Companies Act, 2013 and shall include Promoters of the Company.

**"Promoter" and "Promoter Group"** means as assigned to them in clauses (za) and (zb) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

**“Securities”** means such securities as defined in section 2(h) of Securities Contracts (Regulation) Act, 1956;

**"Stock exchange"** means the stock exchanges where the Securities of the Company are listed;

**“Specified securities”** means ‘equity shares’ and ‘convertible securities’ as defined under clause (zj) of sub- regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

Words and expressions used but not defined herein shall have the same meaning as assigned to them in the Regulations, the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 2013 and rules and regulations made thereunder or any other applicable acts/rules/regulations and or any statutory modification or re-enactment thereto, as the case may be.

## **VI. DISCLOSURE OF EVENTS OR INFORMATION**

The Company shall make timely disclosure of the following events or information to the stock exchanges, on their occurrence:

- a. Events or information as stated in **Annexure-1** are deemed to be material and shall be disclosed without application of the criteria for materiality as referred in Clause VI below;
- b. Events or information as stated in **Annexure-2** shall be disclosed based on the application of the criteria for materiality as referred in Clause VI below;
- c. Any other events or information 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;
- d. Such other events or information as may be prescribed by the Securities and Exchange Board of India (SEBI) or any other regulatory authority for disclosure, from time to time.

## **VII. CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION**

The Company shall consider the following criteria for determination of materiality of an event or information:

- a. The events or information is in any manner market sensitive information, or
- b. The omission of an event or information, is likely to result in discontinuity or alteration of event or information already available publicly; or
- 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;
- d. An event or information shall be considered to have a material effect on the Company in case such event or information may have an impact of over 10% of total turnover (standalone or consolidated as the case may be) or 25% of profit before tax, whichever is lesser, on the Company; and
- e. Any other event or information which in the opinion of the Board of Directors of the Company or its Committee is material.

## **VIII. AUTHORITY FOR DETERMINATION AND DISCLOSURE OF MATERIAL EVENTS OR INFORMATION**

The Board of Directors of the Company has authorized the Key Managerial Personnel of the Company to determine the materiality of an event or information and to make appropriate and timely disclosure of the same to Stock Exchanges, subject to the provisions of this Policy. They shall be further authorised severally to suo moto admit or repudiate any report, events or information, which has made public without authorization by media or any other means including but not limited to electronic means. They are further authorized to respond to rumours amongst the general public, which has no basis or credentials, in a way which best protects the interest of the Company. Such action taken by this KMPs however be brought to the attention of the Board of Directors at its immediately subsequent meeting.

## **IX. TIME LIMIT FOR DISCLOSURE OF MATERIAL EVENTS OR INFORMATION**

The Company shall make disclosure to Stock Exchange(s) of all events specified in **Clause VI** of this policy, as soon as reasonably possible but not later than twenty four hours from the occurrence of event or information and/or on becoming aware of it.

Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the Company shall, along with such disclosures provide explanation for delay.

Provided further that disclosure with respect to events specified in Point (d) of Annexure-1 of this policy, shall be made within thirty minutes of the conclusion of the board meeting.

Further, the Company shall, with respect to disclosures referred herein in this policy, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

#### **X. DISCLOSURE ON WEBSITE OF THE COMPANY**

The policy shall be disclosed on the website of the company. Further, the Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under the 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 archival policy of the listed entity, as disclosed on its website.

#### **XI. AMENDMENT**

The Board of Directors on its own and /or as per the recommendations of the Committee may amend this Policy, as and when deemed fit.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions given in this Policy and the Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

#### **ANNEXURE - 1**

##### **Events which shall be disclosed without any application 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.
2. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any
3. 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.
4. Revision in Rating(s).
5. 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).
6. 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.
  7. Fraud/defaults by promoter or Key Managerial Personnel or by Company or arrest of Key Managerial Personnel or promoter.
  8. Change in Directors, Key Managerial Personnel, Auditor and Compliance Officer.
  9. Appointment or discontinuation of share transfer agent.
  10. Corporate debt restructuring.
  11. One time settlement with a bank.
  12. Reference to BIFR and winding-up petition filed by any party / creditors.
  13. 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.
  14. Proceedings of Annual and Extra-ordinary General Meetings of the Company.
  15. Amendments to memorandum and articles of association of the Company, in brief.
  16. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.

**ANNEXURE – 2**

**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. 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 the 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.

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