

Policy for determination of materiality

Introduction

Regulation 30 of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') requires the listed entities to frame a policy for determination of materiality for disclosure of events or information to Stock Exchanges, based on the criteria specified in the said Regulations.

Accordingly, DMR Hydroengineering & Infrastructures Limited ('Company') has put in place a Policy on determination of materiality. This Policy has been adopted by the Board of Directors ('Board') of the Company at its Meeting held on December 03, 2021 and will be effective from the date of listing of its shares on the stock exchange.

Scope

The Policy will be applicable to all the events which fall under the criteria as disclosed under the section relating to "Disclosure of events or information to Stock Exchanges". This Policy shall be read along with the Company's Policy on Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('Code of fair disclosure') framed in adherence to the principles for fair disclosure as outlined in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

Objective of the Policy

1. To ensure that the Company complies with the disclosure obligations as laid down by the Listing Regulations, and any other legislations, as applicable.
2. To ensure that the information disclosed by the Company is adequate, accurate, timely and transparent.
3. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.
4. To protect the confidentiality of material/price sensitive information within the context of the Company's disclosure obligations.
5. To provide a framework that supports and fosters confidence in the quality and integrity of information released by the Company.
6. To ensure uniformity in the Company's approach to disclosures, raise awareness and reduce the risk of selective disclosures.

Authorized Person

The Chief Financial Officer of the Company will be the authorized Key Managerial Personnel ('KMP') to determine the materiality of an event or information and for the purpose of advising on the disclosure to the stock exchanges. The details of the KMP as authorized aforesaid are as follows:

Name:	Mr. Bal Mukund Kumar
Designation:	Chief Financial Officer
Address:	H. No. 473, Sector-30, Faridabad, Haryana

Email:	cfo@dmrengineering.net
Phone No.:	0129- 4360445

Disclosure of events or information to stock exchanges

The events or information which will be necessary to be disclosed to the Stock Exchanges are divided into three categories as specified in the Listing Regulations:

A. Events which shall be disclosed without any application of the guidelines for materiality:

The below events will be disclosed as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information except for Item 4 which shall be disclosed within thirty minutes of the conclusion of the Board Meeting. In case the disclosure is made after twenty four hours of occurrence of the event or information, the rationale for the delay will be provided along with such disclosures.

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 listed entity or any other restructuring.

Explanation- For the purpose of this sub-para, the word '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 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;
 - (b) there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para 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 Rating(s).
4. 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:
 - (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 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 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 to subscribe to;
 - (vii) short particulars of any other alterations of capital, including calls;
 - (viii) financial results;

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.

- (ix) decision on voluntary delisting by the listed entity 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 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.
- 6. Fraud/defaults by promoter or key managerial personnel or by listed entity 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.
- 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.
- 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:
 - (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.
 - (ia) 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 is no other material reasons other than those provided.
 - (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 detailed reasons as specified in sub-clause (i) and (ii) above.
- 8. Appointment or discontinuation of share transfer agent.
- 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:

The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.

16. 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.
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.

B. Events which shall be disclosed upon application of the guidelines for materiality:

The events as mentioned below will be disclosed based on the application of the test of materiality and key principles for determination of materiality as outlined hereunder:

- (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) in a case where the criteria specified in (a) and (b) is not applicable, any event/information which in the opinion of the Board of the Company, is considered material and needs disclosure,
- (d) The KMP authorised under this Policy will determine on the disclosure of events or information to the Stock Exchanges based on the application of the test of materiality as mentioned above. In addition to this, the KMP while determining the materiality of event or information, will do so on a case to case basis depending on specific facts/circumstances relating to the information/event and by applying the following quantitative criteria:
 - where the value involved or the impact exceeds the lower of:
 - INR 5 million; or
 - 20% of the annual turnover of the Company.
 - The above thresholds shall be determined on the basis of audited financial statements of the Company's preceding financial year.
- (e) The quantitative criteria shall be read in conjunction with the qualitative criteria for determining materiality and arriving at the overall decision on the event to be reported.

Description of events:

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 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.

Guidance on Timing of an Event or Information

The Company may be confronted with the question as to when an event/information can be said to have occurred.

In certain instances, the answer to above question would depend upon the stage of discussion, negotiation or approval, and in those instances, the events/information can be said to have occurred upon receipt of approval of Board of Directors.

In other instances, where there is no such discussion, negotiation or approval required, viz. in case of natural calamities, disruptions, etc., the answer to the above question would depend upon the timing when the Company became aware of the event/information, or as soon as, an officer of the Company has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

Here, the term 'officer' shall have the same meaning as defined under the Companies Act, 2013 and shall also include promoter of the listed entity.

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 shareholders' approval.

Disclosures on the Website



The Company shall disclose on its website all such events or information which has been disseminated to the Stock Exchanges under this Policy and such disclosures shall be hosted on the website of the Bank for a minimum period of five years and thereafter as per the Archival Policy of the Company.

Authority for approval, review and alteration of Policy

The KMP is also authorized to review and make such alterations to this Policy, subject to the condition that such alterations shall be in consonance with the provisions of the Listing Regulations. Further, the Board shall have the ultimate authority for approval of this Policy in pursuance to the Listing Regulations.

Any subsequent amendment / modification in the Listing Regulations in this regard shall automatically apply to this Policy.

**For and on behalf of Board of Directors of
DMR Hydroengineering & Infrastructures Limited**

Sd/-
Subhash Chander Mittal
Managing Director

Date: 03.12.2021
Place: Faridabad