

POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS

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POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS

BACKGROUND

Sharat Industries Limited ("the Company") is committed to being open and transparent with all stakeholders and in disseminating information in a fair and timely manner. The Company's securities are listed on BSE Limited ("BSE Limited"). The Company is required to comply with the continuous disclosure obligations as mandated under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended (the "Listing Regulations") and circulars issued by Securities and Exchange Board of India from time to time, including circular bearing no. CIR/CFD/CMD/4/2015 dated September 9, 2015.

The policy on determination of Materiality of events or information that requires the disclosure to investors has been framed in compliance with the requirement of listing obligation.

OBJECTIVE

The objective of this policy as follows:

- a) To ensure that the Company complies with the disclosure obligations to which it is subject as a listed company as laid down by the Listing Regulations.
- b) To ensure that the information disclosed by the Company is adequate, accurate, timely and transparent.
- c) To protect the confidentiality of material / price sensitive information within the context of the Company's disclosure obligations.
- d) To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.

DEFINITIONS

- a) **Act:** shall mean the Companies Act, 2013 and the rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.
- b) **Board of Directors:** means the Board of Directors of Sharat Industries Limited, as constituted from time to time
- c) **Key Managerial Personnel:** means key managerial personnel as defined Section 2(51) of the Act.
- d) **Policy:** means this Policy on criteria for determining Materiality of events or information and as may be amended from time to time;
- e) **"Promoter" and "Promoter Group":** shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of Regulation 2(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- f) **Schedule:** means Schedule III of the Listing Regulations;

Any other term not defined herein shall have the same meaning as defined in the Act, the Listing Regulations, or any other applicable law or regulation to the extent applicable to the Company.

TYPE OF INFORMATION

The information covered by this Policy shall include "information related to the Company's business, operations, or performance which has a significant effect on securities investment decisions" (hereinafter referred to as "material information") that the Company is required to disclose in a timely and appropriate manner by applying the guidelines for assessing materiality.

Events or information specified in Para B of Part A of Schedule III of Regulation 30 of the SEBI Listing Regulations will be disclosed based on application of materiality criteria. Events or information specified in Para A of Part A of Schedule III of Regulation 30 of the SEBI Listing Regulations will be disclosed without any application of the guidelines for materiality.

PERSONS RESPONSIBLE FOR DISCLOSURE

The Board of Directors of the Company have authorized the KMP as defined under clause 2(c) of the Policy to determine the materiality of an event or information and to make appropriate disclosure on a timely basis. The 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 KMPs shall have the following powers and responsibilities for determining the material events or information:

- I. To review and assess an event or information that may qualify as 'material' and may require disclosure, on the basis of facts and circumstances prevailing at a given point in time.
- II. To determine the appropriate time at which the disclosures are to be made to the stock exchanges based on an assessment of actual time of occurrence of an event or information.
- III. To disclose developments that are material in nature on a regular basis, till such time the event or information is resolved/closed, with relevant explanations.
- IV. To consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the SEBI Listing Regulations and determine the materiality, appropriate time and contents of disclosure for such matters.
- V. To disclose all events or information with respect to the subsidiaries which are material for the Company.

GUIDELINES FOR ASSESSING MATERIALITY

Materiality will be determined on a case-to-case basis depending on the facts and the circumstances pertaining to the event or information.

The following criteria will be applicable for determining materiality of event or information:

- a. The omission of an event or information which is likely to:
 - i. result in a discontinuity or alteration of an event or information already available publicly; or
 - ii. result in a significant market reaction if the said omission came to light at a later date;
- b. The omission of an event or information, whose value or the expected impact in terms of value exceeds the lower of the following:
 - i. two percent of turnover, as per the last audited consolidated financial statements of the Company; or
 - ii. Two percent of net worth, except in case of the arithmetic value of the net worth is negative, as per the last audited consolidated financial statements of the Company;
 - iii. 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

Accordingly, any transactions exceeding the lower of i, ii or iii above, with an annual impact in value, will be considered for the above purposes.

In the opinion of the Board of Directors of the Company, the event / information ought to be disclosed.

GUIDELINES FOR COMMUNICATION

In case an event or information is required to be disclosed by the Company in terms of the provisions of Regulation 30, 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.

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 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.

In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors.

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.

In the latter, the events/information can be said to have occurred when the Company becomes aware of the events/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.

OBLIGATIONS OF INTERNAL STAKEHOLDERS AND KMPS FOR DISCLOSURE

Any event or information, including the information specified in Para A and Para B of Part A of Schedule III of the SEBI Listing Regulations shall be forthwith informed to the KMP(s) upon occurrence, with adequate supporting data/information, to facilitate a prompt and appropriate disclosure to the stock exchanges. b. The KMP(s) will then ascertain the materiality of such event(s) or information based on the above guidelines. c. On completion of the assessment, the KMP(s) shall, if required, make appropriate disclosure(s) to the stock exchanges.

EFFECTIVE DATE

The Policy has been effective 27th May 2019 and the amended Policy, shall be effective from 12th August, 2023.

WEBSITE

As per the provisions of the SEBI Listing Regulations, the Policy shall be disclosed on the website of the Company.

CONTACT DETAILS

Any questions or clarifications about the policy or disclosures made by the Company should be referred to the Company Secretary, who is in charge of administering, enforcing and updating this policy.

Registered Office Address: Vankanna Palem Village, T P Gudur Mandal, Nellore , Andhra Pradesh, 524002.

Email ID: cs@sharatindustries.com

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. Any subsequent amendment/modification in the Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Listing Regulations; or any other statutory enactments, rules, the provisions of such Listing Regulations / Act, or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

Policy Review: This policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors.

Board's Approval: This policy was approved by the Board of Directors at its meeting held on 12th August 2023.