

Policy on Determination of Materiality for Disclosures

1. Background

SMIFS Capital Markets 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) and Calcutta Stock Exchange Limited (CSE) and must comply with the continuous disclosure obligations imposed by the SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations") that was adopted by the Board of Directors in its Meeting dated 9th November 1, 2015. Listing Regulations mandate listed entities to formulate a Policy for determining materiality of events or information that warrant disclosure to investors. It is in this context that the Policy on Determination of Materiality for Disclosures ("Policy") is being framed and implemented.

2. Definitions

In this Policy, unless the context otherwise requires:

- a. "Board of Directors" shall mean the Board of Directors of SMIFS Capital Services Limited.
- b. "Chief Financial Officer" shall mean the person heading and discharging the finance function of the listed entity as disclosed by it to the recognised stock exchange(s) in its filing under the SEBI Listing Regulations;
- c. "Key Managerial Personnel" or "KMP" means Chief Executive Officer and Managing Director, Chief Financial Officer and Company Secretary of SMIFS Capital Markets Limited.
- d. "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.

e. “Subsidiary” means a subsidiary as defined under Section 2(87) of the Companies Act, 2013;

All other words and expressions used but not defined in this Policy, shall have the same meaning as defined in the SEBI Listing Regulations, and if not defined therein, then as per the Companies Act, 2013 or the Securities Contracts (Regulation) Act, 1956 or the Depositories Act, 1996 and/or the rules and regulations made thereunder, or any other Act and/or applicable laws or any statutory modification or re-enactment thereto, as the case may be.

3. Objective of the Policy

The objectives of this Policy are as follows:

- a. To ensure that the Company complies with the disclosure obligations to which it is subject as a publicly-traded company as laid down by the SEBI Listing Regulations, various Securities Laws and any other legislations, as applicable.
- b. To ensure that the information disclosed by the Company is adequate, accurate, timely and transparent.
- c. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.
- d. To protect the confidentiality of material/price sensitive information within the context of the Company’s disclosure obligations.
- e. To provide a framework that supports and fosters confidence in the quality and integrity of information released by the Company.
- f. To ensure uniformity in the Company’s approach to disclosures, raise awareness and reduce the risk of selective disclosures.

4. 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.

5. Persons Responsible for Disclosure

The Board of Directors of the Company have authorised 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:

- a. 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.
- b. 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.
- c. 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.

- d. 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.
- e. To disclose all events or information with respect to the subsidiaries which are material for the Company.

6. 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 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, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative; or
 - 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.
- c. In the opinion of the Board of Directors of the Company, the event / information ought to be disclosed.

7. Guidelines for Rumour Verification

The Company shall confirm, deny or clarify any reported event or information in the mainstream media, which is not general in nature and indicates that rumours of an impending specific material event or information that are circulating amongst the investing public and also provide the current stage of such event or information. Such disclosure will be as per the timelines prescribed under SEBI Listing Regulations, with effect from October 1, 2023.

8. 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.

9. 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.

10. Obligations of Internal Stakeholders and KMPs for Disclosure

- a. 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.

11. Policy Review

The KMP(s) may review the Policy from time to time. Material changes to the Policy will need the approval of the Board of Directors. Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

12. Effective Date

The Policy has been effective December 1, 2015 and the amended Policy, shall be effective from July 14, 2023.

13. Website

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

14. 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.

SMIFS Capital Markets Limited

Vaibhav 4th Floor 4 Lee Road

Kolkata-700020