

POLICY FOR DETERMINATION OF MATERIALITY FOR DISCLOSURE OF EVENTS OR INFORMATION

1. INTRODUCTION

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter termed as “**LODR Regulations**”) as amended from time to time require a company to disclose material events or information to the Stock Exchanges.

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued on September 2, 2015, the Board of Directors of VA TECH WABAG LIMITED (“the Company”) approved the “**Policy for Determination of Materiality of Events or Information**”. This Policy has been updated based on the amendments made to Regulation 30 and Schedule III of the LODR Regulations, by way of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 (“**LODR Amendments**”) and the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123, dated July 13, 2023 (“**SEBI Circular**”).

The Board of Directors of the Company shall review, and if found required, may amend this Policy from time to time.

In this Policy, unless the context otherwise requires:

- (a) “Act” means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time;
- (b) “Key Managerial Personnel” means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013;
- (c) “Net Worth” shall have the meaning assigned to it in Section 2(57) of the Act;
- (d) “Policy” means this policy, as amended from time to time;
- (e) “SEBI” means the Securities and Exchange Board of India;
- (f) “Stock Exchange(s)” means BSE Limited and the National Stock Exchange of India Limited, where the equity shares of the Company are listed;
- (g) “Turnover” shall have the meaning assigned to it in Section 2(91) of the Act;

All other words and expressions used but not defined in this Policy, shall have the same meaning as assigned to it under the LODR Regulations, the Act, the SEBI Act, 1992 (“SEBI Act”) and the Securities Contracts (Regulation) Act, 1956 (“SCRA”).

2. TITLE

This Policy shall be called ‘**Policy for determination of materiality for disclosure of events or information.**’

3. EFFECTIVE DATE / APPLICABILITY

- (a) This policy is effective from February 06, 2016. This Policy has been amended for certain changes by the Board of Directors of the Company at their meeting held on February 08, 2019 effective from April 01, 2019.
- (b) This Policy has been further amended for changes by the Board of Directors of the Company in line with the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 w.e.f. July 15, 2023 and this policy shall be effective from August 11, 2023.
- (c) This policy shall be applicable to the Company and / or its subsidiaries as the case may be as prescribed in the LODR Regulations.

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4. AUTHORITY FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION

The Key Managerial Personnel (KMPs) for the said Policy consisting of the Chairman & Managing Director, the Deputy Managing Director & Group Chief Executive Officer, the Chief Financial Officer, and the Company Secretary are hereby nominated to determine whether the event / information is material or not and in turn about its time line for disclosure based on the categories of information as specified above to the stock exchanges.

The Board authorizes the CFO or the Company Secretary (who are also the KMPs) jointly with any of the above KMPs to determine whether the event is material or not and in turn about its timeline for disclosure based on the categories of information as specified above to the stock exchanges. In the event of unavailability of the CFO or the Company Secretary, any two KMPs as mentioned above are jointly authorized to act on materiality determination and disclosure of events.

The details of the above referred KMPs and officers shall be also disclosed to the Stock Exchange(s) and as well as on the Company's website.

5. OBJECTIVES

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 authorized Key Managerial Personnel or other officers 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"). All provisions of Regulation 30 read with Schedule III of the LODR Regulations shall hereby be deemed to be incorporated in this Policy, by reference.

6. MATERIALITY CRITERIA FOR DISCLOSURE OF EVENTS / INFORMATION

A) DEEMED TO BE MATERIAL EVENTS:

The Company shall disclose all such events which are specified in Para A of Part A of Schedule III of the LODR Regulations (as applicable from time to time) ("**Para A Events**") without any application of the guidelines for materiality as specified in Regulation 30(2) of the LODR Regulations. The details to be provided to the Stock Exchanges while disclosing Para A Events shall be in compliance with the requirements of the SEBI Circular.

B) EVENTS WHICH ARE DEPENDENT ON APPLICATION OF GUIDELINES FOR MATERIALITY:

The Company shall disclose all such material events or information pertaining to itself or to its subsidiary(ies), specified in Para B of Part A of Schedule III of the LODR Regulations ("**Para B Events**") subject to application of guidelines for materiality, as set out under the LODR Regulations.

GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION:

Non-Quantitative Guidelines:

Non-Quantitative criteria would mean:

- (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.

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Quantitative Guidelines:

Quantitative criteria would be calculated based on audited consolidated financial statements and would mean the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:

- (i) 2% of turnover, as per the last audited consolidated financial statements of the Company;
- (ii) 2% 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;
- (iii) 5% 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 terms of the SEBI Circular, if the average of absolute value of profit or loss is required to be considered by disregarding the 'sign' (positive or negative) that denotes such value as the said value / figure is required only for determining the threshold for 'materiality' of the event and not for any commercial consideration.

For avoidance of doubt, it is clarified that if the objective materiality threshold is not met, an event or information may be treated as being material if in the opinion of the Board of the Company, the event or information is considered material.

The details to be provided to the Stock Exchanges while disclosing Para B Events shall be in compliance with the requirements of the SEBI Circular.

7. GUIDELINES ON OCCURRENCE OF AN EVENT / INFORMATION & ITS TIMELY DISCLOSURE:

The occurrence of material events / information could be either emanating from within or outside the listed entity by the Company's own accord or for reasons not in the hands of the Company. It can be categorized as under:

- (a) depends upon the stage of discussion, negotiation or approval; and
- (b) in case of natural calamities disrupting operations etc., it would depend upon the timing when the Company became aware of the event/information.

In respect of the events under (a) above, the events/information can be said to have occurred upon receipt of approval of the Board of Directors, e.g. *further issue of capital by rights issuance* and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

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 Shareholder's approval. Approvals other than final approvals, such as in-principle approvals, exploratory approvals etc. will not require disclosure under this Policy.

In respect of the events under (b) above, 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 entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties. The term 'officer' shall have the same meaning as defined under the Act and shall also include Promoter of the Company.

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8. DISCLOSURE

All events/information identified as material in line with the LODR Regulations and under this Policy shall be disclosed as soon as reasonably possible and in any case not later than the following:

- (i) For all material events/ information for which decision is taken in a Board meeting within **30 (thirty) minutes** from the closure of the Board meeting;
- (ii) For all material events/ information emanating from within the Company within **12 (twelve) hours** from the occurrence of the event or information;
- (iii) For all material events/ information relating to the Company but emanating from outside the Company within **24 (twenty-four) hours** from the occurrence of the event or information.

(a) In case the disclosure is made after the stipulated timeline, the Company shall provide an explanation for the delay along with the disclosure.

(b) The Company shall disclose all further material developments with respect to the disclosures referred to in this Policy on a regular basis, till the event is resolved / closed, with relevant explanations.

9. DISCLOSURES ON WEBSITE

- (a) This Policy shall be hosted on the website of the Company;
- (b) The Company shall update on its website all disclosures made under the LODR Regulations to the Stock Exchanges and shall continue to host on its website such disclosures for a minimum period of five years and thereafter archived as per the Archival Policy of the Company.

10. AMENDMENTS/ POLICY REVIEW

This policy is framed based on the provisions of LODR Regulations. In case of any conflict between the policy and the LODR Regulations / Companies Act, 2013 or any other statutory enactments and rules thereof or any subsequent changes in the provisions/ regulations and which makes any of the provisions in the policy inconsistent with the Act or regulations, the provisions of LODR Regulations / Companies Act, 2013 or statutory enactments and rules thereof shall prevail over this Policy and the provisions in the policy would be modified in due course to make it consistent with law.

The Board reserves the right to review and amend the policy from time to time as and when required. Any subsequent amendment / modification in the LODR Regulations, the Companies Act, 2013 and / or other applicable laws / rules / regulations / circulars / notifications etc. in this regard shall automatically apply to this Policy.

Original Policy Adopted on February 06, 2016

Revision 1 – Revision w.e.f. April 01, 2019

Revision 2 – Revision w.e.f August 11, 2023