

Policy on Determination of
Materiality of Events /
Information and its disclosure to
the Stock Exchanges

Mystic Electronics Limited

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MYSTIC ELECTRONICS LIMITED**Policy on Determination of Materiality of
Events / Information and its disclosure to the Stock Exchanges****1. PREAMBLE**

This Policy on Determination of Materiality of Events or Information and its Disclosure to the Stock Exchanges ("Policy") has been formulated in accordance with the provisions of Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), as amended from time to time.

SEBI has, from time to time, introduced amendments to strengthen the disclosure framework with the objective of enhancing transparency, ensuring timely dissemination of price sensitive information, and protecting the interests of investors. In particular, the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023, read with SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, introduced significant changes to Regulation 30 and Schedule III, including the prescription of quantitative thresholds for determining materiality and enhanced disclosure requirements.

This Policy has been revised to align with the aforesaid amendments and has been approved by the Board of Directors of the Company.

2. OBJECTIVE

The objective of this Policy is to establish a clear and consistent framework for identifying, evaluating, and disclosing material events or information to the stock exchanges in compliance with the SEBI LODR Regulations.

The Policy aims to facilitate timely and adequate dissemination of information to investors and the public, ensure uniformity in disclosure practices, and assist the authorized Key Managerial Personnel in determining the materiality of events or information based on both qualitative and quantitative criteria.

3. DEFINITIONS

- a. "**Act**" means the Companies Act, 2013 and Rules made thereunder, for the time being in force and as may be clarified, amended, re-enacted from time to time.
- b. "**Board**" means the collective body of the Directors of the Company.
- c. "**Company**" means "Mystic Electronics Limited" or also referred to as "MEL".
- d. "**Key Managerial Personnel (KMP)**" shall have the meaning assigned to it under the Companies Act, 2013.
- e. "**Material Event**" are those that are specified in Para A of Part A of Schedule III of the Listing Regulations

- f. **"Other Material Events"** are those as may be decided from time to time and in accordance with Para B of Part A of Schedule III, based on application of the guidelines for materiality, as specified in sub regulation Regulation 30 of the Listing Regulations.
- g. **"SEBI LODR Regulations"** or **"Listing Regulations"** mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time.

Words and expressions used but not defined in this Policy shall have the same meaning assigned to them in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Companies Act, 2013 and the rules and regulations made thereunder, Accounting Standards and applicable laws, to the extent relevant in connection with this Policy, as the case may be or in any amendment thereto. Where any stipulation is common between the applicable Laws, more stringent of them shall be complied with.

4. EFFECTIVE DATE OF THE POLICY

This Policy will supersede the provisions of the earlier Policy adopted by the Company. This revised Policy has been approved by the Board of Directors of the Company at its meeting held on 31st July 2023. The Policy has been updated to align with the amendments to Regulation 30 and Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which became effective from 14th July 2023, and shall accordingly be deemed to be effective from that date

5. CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION

Materiality of an event or information, for the purpose of disclosure as per the provision of Listing Regulations, has to be determined on a case to case basis depending on specific facts and circumstances relating to the events/information. To determine whether a particular events/information is material in nature, the following criteria(s) may be considered before the disclosure is made:

a) Deemed to be Material Information:

The events/information specified in Para A of Part A of Schedule III of the Listing Regulations shall be disclosed to the Stock Exchanges immediately.

These have to be necessarily disclosed without applying any test of materiality.

b) Events/Information on which shall be disclosed upon application of the guidelines for materiality

The events/information stated below and also specified in Para B of Part A of Schedule III of the Listing Regulations shall be disclosed based on application of materiality criteria.

i. Quantitative Criteria for determining materiality of event or information:

The omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:

- 1) two percent of turnover, as per the last audited consolidated financial statements of the Company;
- 2) 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;
- 3) 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;

In respect to the above, 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.

ii. Qualitative Criteria for determining materiality of event or information

- 1) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
 - 2) 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;
- c)** In case where the criteria specified in under quantitative and qualitative criteria is not applicable, an event or information may be treated as being material if in the opinion of the Board of Directors or Chairman & Managing Director or Director of the Company, the event or information is considered material.
- d)** Notwithstanding anything stated in Annexure-2, the Authorized Persons may apply qualitative criteria for deeming an event/information to be material or not in cases where aforementioned quantitative criteria cannot be ascertained/applied reasonably.

6. TIMELINES FOR DISCLOSURE OF EVENTS/INFORMATION TO THE STOCK EXCHANGES

The Company shall disclose to the stock exchange(s) all events or information which are material in terms of the parameters mentioned in 5 above as soon as reasonably possible and in any case not later than the following:

- (a) thirty minutes from the closure of the meeting of the Board of Directors in which the decision pertaining to the event or information has been taken;
- (b) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
- (c) twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

However, the events or information specified below in Annexure I, shall be disclosed as per the timelines specified in Annexure II of SEBI Circular dated July 13, 2023 and subsequently as amended from time to time. Further, in case of any delay, an explanation shall be provided by the Company in this regard.

7. GUIDANCE ON OCCURRENCE OF EVENT / AVAILABILITY OF INFORMATION

- a) The timing of occurrence of an event and/or availability of information has to be decided on a case to case basis.
- b) In case of natural calamities, disruptions etc. the events/ information can be said to have occurred when the Company becomes aware of the 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.
- c) In matters which would depend on the stage of discussion, negotiation or approval, the events/information can be said to have occurred upon receipt of approval by the Board of Directors or after receipt of approval of the Board of Directors and shareholders, as the case may be.
- d) However, considering the price sensitivity involved, for certain events e.g., decision on declaration of dividends etc., disclosures are required to be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval.
- e) In case in-principle approval or approval to explore (which is not final approval) is given by the Board of Directors, the same will not require disclosure under regulation 30 of the Listing Regulations.
- f) The guidance provided by SEBI in the SEBI Disclosure Circular should be consider while determining when an event / information can be said to have occurred for disclosures under regulation 30 of the Listing Regulations.

8. AUTHORITY FOR DETERMINING MATERIALITY OF EVENTS / INFORMATION

Regulation 30 (5) of SEBI Listing Regulations provides that the Board of Directors of the listed entity shall authorize one or more Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s) under this regulation and the contact details of such personnel shall be also disclosed to the stock exchange(s) and as well as on the listed entity's website.

Therefore, the Board of Directors have authorised the Key Managerial Personnel of the Company, comprising of Chief Executive Officer and/or Managing Director, Chief Financial Officer and Company Secretary of the Company for the purpose of determining materiality of an event or information and making disclosure to stock exchange(s) where the securities of the Company are listed. The contact details of the authorized KMP(s) KMPs shall also be disclosed to the website of the Company.

Powers and Responsibilities of the Authorised Person for determining material events or information within the Company:

- 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) The disclosure shall be finalized in consultation with the Managing Director and CFO and in his absence, Executive Director or Company Secretary.

- c) To make required disclosures within the stipulated time of actual occurrence of an event or information, after ascertaining facts.
- d) To disclose material developments on a regular basis, till such time the event or transaction is resolved/closed, with relevant explanations.
- e) 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 Listing Regulations and determine the materiality, appropriate time and contents of disclosure for such matters.

9. Policy Review

The Authorized Persons may review the Policy from time to time. If any amendments are required due to regulatory changes, those amendments will take effect from the date specified in the relevant regulatory requirement. The Company Secretary is empowered to make modifications to this policy solely to comply with regulatory changes, without the need to seek approval from the Board.

For any amendments not related to regulatory changes, the Policy will become effective upon approval by the Board of Directors, unless stated otherwise.

In the event of any discrepancies between the terms of the Policy and the LODR Regulations, the provisions of the LODR Regulations will take precedence.

10. WEBSITE

The Policy shall be disclosed on the website of the Company at www.mystic-electronics.com. Further, the Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under the Listing Regulations and such disclosures shall be made available on the website of the Company for a period of five years and thereafter as per the archival policy of the Company.

11. CONTACT DETAILS

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

Company Secretary and Compliance Officer
Mystic Electronics Limited
401/A, Pearl Arcade, Opp. P. K. Jewellers, Dawood Baug Lane, Off J. P. Road, Andheri (West), Mumbai – 400 058
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Annexure 1**Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of Regulation (30)**

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) whole or substantially the whole of the undertaking(s) or subsidiary of the Company, sale of stake in associate company of the Company 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 existing or to be incorporated, 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.
 - c. the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the Company; or an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in subclause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation - For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have same meaning as given under section 180 of the Companies Act, 2013 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.

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. New Rating(s) or Revision in Rating(s).
4. 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 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.

5A. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements:

Exception: Agreements entered into by the Company in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or they are required to be disclosed in terms of any other provisions of these regulations.

6. Fraud/defaults by the Company, its director, promoter, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel or promoter or director of listed entity, whether occurred within India or abroad

'Fraud' shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003

'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.

- 7.** Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, 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 as given by the said director.
 - 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 are 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 the sub-clause (i) above.
- 7C.** In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the Company within seven days from the date that such resignation comes into effect.
- 7D.** In case the Managing Director or Chief Executive Officer of the Company was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).
- 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; i
 - iv. Implementation of Resolution Plan; v.

- v. (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
- 10.** One time settlement with a bank.
- 11.** 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.** Schedule of Analyst or institutional investor meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations on financial results made by the listed entity to analysts or institutional investors. 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 Prescribed manner.
- 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:

- Pre and Post net-worth of the company;
- Details of assets of the company post CIRP;
- Details of securities continuing to be imposed on the companies' assets;
- Other material liabilities imposed on the company;
- Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
- Details of funds infused in the company, creditors paid-off;
- Additional liability on the incoming investors due to the transaction, source of such funding etc.;
- Impact on the investor – revised P/E, RONW ratios etc.;
- Names of the new promoters, key managerial personnel, 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;
- Brief description of business strategy.

17. Initiation of Forensic audit:

18. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the Company.

19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- a. search or seizure; or
- b. re-opening of accounts under section 130 of the Companies Act, 2013; or
- c. investigation

20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- a. suspension;
- b. imposition of fine or penalty;
- c. settlement of proceedings;
- d. debarment;
- e. disqualification;
- f. closure of operations;
- g. sanctions imposed;
- h. warning or caution; or
- i. any other similar action(s) by whatever name called;

21. Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.

Annexure II**Illustrative list of events which shall be disclosed upon application of vents 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. Any of the following events pertaining to the listed entity:
 - a. arrangements for strategic, technical, manufacturing, or marketing tie-up; or
 - b. adoption of new line(s) of business; or
 - c. closure of operation of any unit, division or subsidiary (in entirety or in 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) 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. Pendency of any Litigation(s) / dispute(s) or the outcome thereof which may have an impact on the Company
9. Fraud/defaults etc. by employees of the Company which has or may have an impact on the Company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for whatever name called for any third party other than in the ordinary course of business..
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority