



**PRECISION ELECTRONICS LIMITED**

**POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION**

**Last amended – 11<sup>th</sup> Aug 2023**

**1. BACKGROUND**

In terms of Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, Precision Electronics Limited (the Company) has to formulate and published on its website a policy for the determination of the materiality of the events or information of the Company which was adequately disseminated to the Stock Exchanges.

Accordingly, in supersession of the previous policy, the Board of Directors in its Board Meeting held on 14<sup>th</sup> of July, 2023 has amended the policy for determination of the materiality of the events or information of the Company in accordance with the requirement of the said amended Regulation.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued on September 2, 2015, the Board of Directors approved the “Policy for Determination of Materiality of Events or Information”. This Policy has been updated based on the amendments made to Regulation 30, 30A 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 Disclosure Circular”).

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

This Policy is applicable to the Company with effect from December 1, 2015, and the amended Policy is applicable to the Company w.e.f. July 14, 2023

**2. OBJECTIVE OF THE POLICY**

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 (the “Stock Exchange”). All provisions of Regulation 30 and 30A read with Schedule III of the LODR Regulations shall hereby be deemed to be incorporated in this Policy, by reference.

**3. INTRODUCTION**

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) “Board of Directors” or “Board”) means the Board of Directors of the Company.
- (c) “Company” means Precision Electronics Limited.
- (d) “Key Managerial Personnel” means Key Managerial Personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013.
- (e) “LODR Regulations” means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (f) “Net Worth” shall have the meaning assigned to it in Section 2(57) of the Act;
- (g) “Policy” means this policy, as amended from time to time.
- (h) “SEBI” means the Securities and Exchange Board of India.
- (i) “Rules” means the rules made under the Act.
- (j) “Stock Exchange(s)” means BSE Limited, where the equity shares of the Company are listed.
- (k) “Turnover” shall have the meaning assigned to it in Section 2(91) of the Act;
- (l) Material Event or Material Information shall mean such event or information as may be determined in accordance with Clause 4 of this Policy.

All other terms words expressions used but not defined in this Policy shall have the same meaning as assigned to it under the Companies Act, 2013, SEBI (LODR) Regulations 2015, SEBI Act, 1992 (“SEBI Act”), Securities Contracts (Regulation) Act, 1956 (“SCRA”) and any other applicable law or regulation to the extent applicable to the Company.

#### **4. EVENTS THAT ARE DEEMED TO BE MATERIAL**

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 sub-regulation (2) of Regulation 30 of the LODR Regulations. Details to be provided to the Stock Exchanges while disclosing Para A Events shall be in compliance with the LODR Regulations and circular/notification issued by SEBI from time to time.

#### **5. EVENTS THAT ARE DEPENDENT ON THE 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 the Application of guidelines for materiality, as set out under the LODR Regulations.

#### **6. GUIDELINES FOR DETERMINING THE MATERIALITY OF EVENTS OR INFORMATION:**

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

- (a) 2% (two percent) of turnover, as per the last audited consolidated financial statements of the Company; or
- (b) 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)); or
- (c) 5% (five percent) of an average of absolute value of profit or loss after tax as per the last 3 (three) audited consolidated financial statements of the Company.

In terms of the SEBI Disclosure 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.

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

For the 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.

Qualitative criteria would mean an event/ information:

- (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 a significant market reaction if the said omission came to light at a later date; or

- (c) any other event/information may be treated as being material if in the opinion of the Board of directors of the Company, the event/information is considered material.

## **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 7(a), 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 Code.

In respect of the events under 7(b), 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 the Promoter of the Company.

## **8. AUTHORIZE KEY MANAGERIAL PERSONNEL (KMP) FOR THE PURPOSE OF DETERMINING THE MATERIALITY EVENT OR INFORMATION AND FOR THE PURPOSE OF MAKING DISCLOSURE TO THE STOCK EXCHANGE**

A Disclosure Committee comprising of the following KMPs and officers of the Company are hereby authorized for the purpose of determining the materiality of an event or information, evaluating whether an event/ information requires Stock Exchange disclosures, and for the purpose of making disclosures to the Stock Exchanges within the applicable timelines ("Authorized Person(s)"):

- a) Managing Director
- b) Chief Financial Officer
- c) Company Secretary and Compliance Officer

Managing Director	Mr. Ashok Kanodia Add: D-10, Sector 3 Noida - 201301 Phone No. 9910383151 Email: ashok.kanodia@pel-india.in
Chief Financial Officer	Mr. Jagjit Singh Chopra Add: D-10, Sector 3 Noida - 201301 Phone No. +91-120 255 5176/7, +919918092500 Email: jagjit.singh@pel-india.in
Company Secretary	Ms. Veenita Khurana Add: D-10, Sector 3 Noida - 201301 Phone No. +91-120 255 5176/7, +91 9717798791 Email: cs@pel-india.in

The materiality of events/ information outlined above is indicative in nature.

There may be a likelihood of some unforeseen events emerging due to the prevailing business scenario from time to time. Hence, the relevant Authorized Person(s) should exercise his/her own independent judgment while assessing the materiality of events associated with the Company. The Disclosure Committee may also, as a collective, consult the Chairman or any other Director of the Company while assessing the materiality of an event or information, and for evaluating whether the event/ information requires a Stock Exchange Disclosure.

## **9. DISCLOSURE**

- 9.1** Disclosures of all events/information identified as material in line with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 and under this Policy shall be disclosed as soon as reasonably possible and, in any case, not later than the following:

- i. 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;
- ii. twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity;
- iii. twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity;

Note: In case the disclosure is made after the timelines specified under this regulation, the listed entity shall, along with such disclosure provide the explanation for the delay.

## **9.2 Disclosure requirements for certain types of agreements binding the Company:**

- i. All the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, and employees of the Company or of its holding, subsidiary, and associate company, who are parties to the agreements specified in clause 5A of para A of part A of Schedule III to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, shall inform the Company about the agreement to which such a Company is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements.

Provided that for the agreements that subsist as on the date of notification of clause 5A to para A of part A of schedule III, the parties to the agreements shall inform the Company, about the agreement to which the Company is not a party and the Company shall in turn disclose all such subsisting agreements to the Stock Exchanges and on its website within the timelines as specified by the Securities and Exchange Board of India.

- ii. The Company shall disclose the number of agreements that subsist as on the date of notification of clause 5A to para-A of part A of Schedule III, their salient features, including the link to the webpage where the complete details of such agreements are available, in the Annual Report for the financial year 2022-23 or for the financial year 2023-24.

## **10. WEBSITE UPDATION / UPDATES TO STOCK EXCHANGES**

Any disclosure of events or information which has been submitted by the Company to the Stock Exchange(s) under Regulation 30 of the Listing Regulations and Policy of the Company (Disclosed Information) will be available on the website of the Company for a period of five years from the date of its disclosure. Disclosed Information which is over five years old will be archived from the website of the Company. Anyone intending to review the Disclosed Information may write to the Company Secretary and Compliance Officer of the Company.

## **11. 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, and this Policy does not, and shall not, in any manner dilute any of the requirements set out under Regulation 30 and 30A read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.

## **12. SCOPE AND LIMITATION**

In the event of any conflict between the provisions of this Policy and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended from time to time, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

## **13. DISSEMINATION OF POLICY**

This Policy shall be hosted on the website of the Company