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# **PRECISION ELECTRONICS LIMITED**

## **Policy for Determination of Materiality of an Event or Information and its disclosure**

<b><u>Approver</u></b>	<b><u>Board of Directors</u></b> Revised Policy approved at the board meeting held on August 6, 2025
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This 'Policy for determination of Materiality of an Event or Information and its disclosure' ("**Policy**") has been framed in compliance with the provisions of Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Listing Regulations**"), which are effective from December 1, 2015.

This policy shall be read in conjunction with the Industry Standards on Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**the Industry Standards**") dated 25<sup>th</sup> February 2025.

This Policy will guide the Key Managerial Personnel ("**KMP**") in determining the materiality of an event or information, as applicable, which will govern the framework for such disclosure.

#### **BACKGROUND:**

**Precision Electronics Limited** (the "**Company**") is listed on the BSE Limited (the "**Stock Exchange**"). The Company is committed to comply with all the requirements of corporate governance as may be prescribed. One of the requirements is to keep stakeholders informed about material developments, events, and information about the company, enabling them to make informed decisions. The Board of Directors (the "**Board**") of the Company has approved this Policy for the determination of materiality of an event or information and its disclosure.

All the words and expressions used in this Policy, unless defined hereafter, shall have the meaning respectively assigned to them under the Listing Regulations and in the absence of any definition or explanation therein, as per the Companies Act, 2013 (the "**Companies Act**") and the Rules, Notifications and Circulars made/issued thereunder, from time to time.

#### **PURPOSE OF THIS POLICY:**

The purpose of this Policy is to ensure that communications to the Stock Exchange and to stakeholders:

- a. are made in a timely manner;
- b. are factual and statements of opinion and are not false, misleading, or deceptive;
- c. do not omit disclosure of any material information; and
- d. are expressed clearly, bringing facts that allow stakeholders to assess the impact of the information, while making investment decisions.

#### **BASIC PRINCIPLES OF DISCLOSURE:**

The Company shall comply with the following four basic principles while engaging in the timely disclosure of material events/information:

- a. **Transparency:** Disclose information in accordance with the facts regardless of its content.
- b. **Timeliness:** Disclose information in a timely manner and without delay.

- c. **Fairness:** Endeavor to ensure that information is transmitted fairly to its various stakeholders.
- d. **Continuity:** Ensure continuity of the contents of the information disclosed.

#### **EVENTS OR INFORMATION TO BE DISCLOSED TO THE STOCK EXCHANGE:**

The Listing Regulations have classified disclosure of material events or information into the following categories:

- a. **Deemed material events or information:** The Company shall disclose all events or information to the Stock Exchange, listed in Para A of Part A of Schedule III to the Listing Regulations, without applying any criteria or tests of materiality as they are deemed to be material events or information.
- b. **Material events or information based on materiality threshold limits:** The events or information listed in Para B of Part A of Schedule III of the Listing Regulations shall be disclosed to the Stock Exchange based on the materiality threshold limits as prescribed under Regulation 30(4) of the Listing Regulations.

Provided further that the KMP or the Board is authorized to form an opinion that, looking to the size of business and other relevant factors, whether a particular event or information is material or not. If KMP or the Board is of the opinion that the event or information is material, it should be disclosed to the Stock Exchange.

Further, the Company will provide a specific and adequate reply to any query raised by the Stock Exchange with respect to any event or information by way of a clarification.

The Company shall disclose all events or information with respect to its subsidiaries that are material to the Company.

#### **CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION:**

The KMP and the Board shall consider the following criteria for the determination of materiality of an event or information specified in Para B of Part A of Schedule III of the Listing Regulations, while taking a decision to disclose the information to the Stock Exchange:

- a. omission of an event or information by the Company is likely to result in discontinuity or alteration of the event or information already available publicly; or
- b. omission of an event or information is likely to result in significant market reaction when such information comes to light at a later date; or
- c. 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.

*Note: The average of the absolute value of profit or loss is 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.*

In instances where all three parameters are not relevant to an event, the appropriate parameters suggested under Annexure A of the Industry Standards are to be applied.

In case where the above three criteria are not applicable, an event or information may be treated as being material if, in the opinion of the KMP or Board, the event or information is considered material.

#### **TIMELINES FOR MAKING DISCLOSURES:**

Pursuant to the provisions of regulation 30(6) of the Listing Regulations, all the events/information which become material in terms of the provisions of regulation 30 read with Para A and Para B of Part A of Schedule III of the Listing Regulations, shall be disclosed to the Stock Exchange as soon as reasonably possible but not later than the following:

- a. 30 (thirty) minutes from the closure of the meeting of the Board in which the decision pertaining to the event or information has been taken;

Provided that in case the meeting of the board of directors closes after normal trading hours of that day but more than three hours before the beginning of the normal trading hours of the next trading day, the company shall disclose the decision pertaining to the event or information, within three hours from the closure of the board meeting.

Provided further that in case the meeting of the Board of Directors is being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of such meeting for the day on which it has been considered.

- b. 12 (twelve) hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
- c. 24 (twenty-four) hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

Provided that if all the relevant information, in respect of claims which are made against the Company under any litigation or dispute, other than tax litigation or dispute, in terms of subparagraph 8 of paragraph B of Part A of Schedule III, is maintained in the structured digital database of the Company in terms of provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the disclosure with respect to such claims shall be made to the stock exchange(s) within seventy-two hours of receipt of the notice by the Company.

Provided that disclosure of events/information shall be made within the timelines as specified in Part A of Schedule III of the Listing Regulations.

In case the disclosure is made after the timelines specified above, the company shall, along with such disclosure, provide an explanation for the delay.

*Normal trading hours shall mean time period for which the recognized stock exchanges are open for trading for all investors.*

#### **DISCLOSURE PROCESS:**

1. Any event purported to be reportable under regulation 30 of the Listing Regulations shall be informed to the Chairman / the Managing Director / the Chief Financial Officer of the Company on an immediate basis with adequate supporting data/information to facilitate a prompt and appropriate disclosure. Any other event, even if not covered under the Listing Regulations but is potentially of price price-sensitive nature, must also be informed, for further evaluation by the Chief Financial Officer.
2. The Managing Director, the Executive Director, and the Chief Financial Officer of the Company shall severally be responsible and authorized for ascertaining the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the Regulations and this policy.
3. After evaluation, the Managing Director or the Executive Director, or the Chief Financial Officer shall instruct the Company Secretary to make disclosure to the Stock Exchange.
4. The Company shall use the electronic facilities provided by the Stock Exchange for the dissemination of the information and may subsequently disclose the same via other media, including the press release, website, etc.
5. Statutory timeframes for disclosure shall be adhered to. Delay, if any, should be sufficiently explained along with the disclosure.
6. Material developments on a regular basis, till such time the event is resolved/closed, shall be made with relevant explanations.
7. All disclosures shall be available on the website of the Company for a period of 5 years,

and thereafter as per the archival policy of the Company

Any disclosure of an event or information made by the Company to the Stock Exchange, the Company Secretary will also inform the Directors (other than KMP) and also post it on the website of the Company immediately after receipt of an acknowledgement from the Stock Exchange that the announcement has been released to the market.

The contact details of the executives authorized to determine the materiality of an event or information and the executives authorized to make disclosures to the Stock Exchange are provided on the website of the Company.

### **AUTHORISED SPOKESPERSONS**

The Company has authorized only the following KMPs as its official spokespersons to speak publicly on behalf of the Company:

- Managing Director
- Executive Director and
- Chief Financial Officer

### **COMMUNICATIONS WITH THE STOCK EXCHANGE AND MEDIA:**

The Company Secretary and the Compliance Officer of the Company is responsible for communications with the Stock Exchange, ensuring that the Company's announcements are released to the Stock Exchange in accordance with the Listing Regulations.

### **CONSEQUENCES FOR BREACH OF THE CONTINUOUS DISCLOSURE AND COMMUNICATIONS POLICY:**

The Board believes that timely disclosure of an event or information shall be made to the Stock Exchange. Non-compliance with the timely disclosure obligations set out in this Policy may constitute a breach of the Listing Regulations, which can result in consequences like a fine, penalty, suspension of trading in the Company's securities and freezing of shares of the promoters by the Exchange(s) as stipulated in the Listing Regulations.

### **PARAMETER TO DETERMINE 'MATERIAL BUSINESS OPERATIONS' IN FOREIGN JURISDICTIONS:**

In order to determine 'material business operations' in foreign jurisdictions, following parameter will be applied:

*"External revenues of the subsidiary company in a foreign country/jurisdiction exceeding 20% of the consolidated revenues in the immediately preceding financial year."*

### **REVIEW OF THIS POLICY:**

The list of events/information that requires disclosures may be updated, from time to time, by authorised persons, to reflect any changes to the Listing Regulations, and the updated version may be issued and published as necessary, without any requirement for approval from the Board.

This Policy should be read in conjunction with the Listing Regulations.

#### **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.

#### **GUIDANCE ON WHEN AN EVENT/INFORMATION HAS OCCURRED**

1. The Company may be confronted with the question as to when an event/information can be said to have occurred for making disclosure to the Stock Exchange.
2. 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 listed entity became aware of the event/information.
  - 2.1. In the former, the events/information can be said to have occurred upon receipt of approval of the Board e.g., further issue of capital by rights issuance, and in certain events/information after receipt of approval of both i.e., Board 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 pending shareholders' approval.

In case in-principle approval or approval to explore (which is not final approval) is given by the Board, the same shall not require disclosure under the Listing Regulations.

- 2.2. 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 Act and shall also include promoters of the Company.