

Policy on Determination of Materiality of
Events / Information

1. Preamble:

This Policy for Determination of Materiality of Events or Information (the “Policy”) is aimed at providing guidelines to the Management of Elecon Engineering Company Limited (the “Company”), to determine the materiality of events or information, that matters/makes influence on the Company as well as any price sensitive information and ensure timely and adequate dissemination of information to the stock exchanges.

This Policy has been formulated in accordance with the current guidelines laid down by Securities Exchange Board of India (“SEBI”), under Regulation 30(4)(ii) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), with respect to disclosure of events and information which in the opinion of the Board of Directors of the Company, is material as well as any price sensitive information.

All the terms and expressions used in the policy, unless defined hereinafter, shall have meanings respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 and the Rules, Notifications and Circulars made/issued there under, as amended from time to time.

2. Objective:

The objective of this Policy is to serve as a guiding Charter to the Management to ensure timely, sufficient & reliable information and communication in the coherent manner regarding material events that matters/makes influence on the Company are made to the stakeholders by the Company as the regulatory requirements under the Listing Regulations, to enable them to take well informed decisions with regard to the securities of the Company.

3. The Basic Principles regarding Fair Disclosure of Events or Information:

This Policy aims to follow the following principles:

- a) **Timeliness:** Disclosure of material information as soon as reasonably possible and not later than 24 hours from the occurrence of event or information or such other item as may be prescribed by SEBI in the Listing Regulations from time to time.
- b) **Transparency:** Disclosure of material information with sufficient details that fosters investor’s confidence.
- c) **Fairness:** Ensure wide dissemination of information avoiding the selective disclosure.

- d) **Confidentiality:** Maintaining the confidentiality of price sensitive information having regard to the disclosure obligations.
- e) **Need to know basis:** Ensure that all the price sensitive information is made available only on a need to know basis and provide guidance to the persons on the means to handle such information.
- f) **Materiality:** Ensures that all materiality information is made generally available.

4. **Criteria for Determination of Materiality:**

The Board or the Key Managerial Personnel so authorized by the Board for the purpose, shall consider and apply the below mentioned criteria for determining the materiality of an event or 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 significant market reaction if the said omission came to light at a later date;

However, in case where the criteria specified in sub-clauses (a) and (b) are not applicable, The Key Managerial Personnel under the Guidance/Information to the Board of Directors shall on case to case basis, based on specific facts and circumstances relating to an event/information determine its materiality and make necessary disclosure/ intimation to the Stock Exchange(s), for those as determined to be Material.

5. **Key Managerial Personnel (KMP) as the Authorised Persons:**

In terms of Regulation 30 (5) of the Listing Regulations, the Board of Directors of the Company has authorized the following KMP of the Company:

- (1) Chairman & Managing Director
- (2) Executive Director
- (3) Chief Financial Officer and
- (4) Company Secretary

as the 'Authorised Persons' to determine the materiality of the events or information as per this Policy and making disclosures to the Stock Exchanges.

The above Authorised Persons will determine the materiality of any events or information as well as any price sensitive information and classify it as a material events or information.

The above Authorised Persons will decide the appropriate time(s) at which disclosure is to be filed with the stock exchanges and details that may be filed in the best interest of the Company's stakeholders.

6. Disclosure of Events or Information which are deemed to be Material:

A. Events which shall be disclosed without any application of the guidelines for materiality are as under:

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary 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 directly or indirectly, such that -
 - (a) the Company 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.

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. 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 Company 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 Company), 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.
 6. Fraud/defaults by promoter or key managerial personnel or by Company or arrest of key managerial personnel or promoter.
 7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Auditor and Compliance Officer.
 8. Appointment or discontinuation of share transfer agent.
 9. Corporate debt restructuring.
 10. One time settlement with a Bank
 11. Reference to BIFR and 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 Company.
 13. Proceedings of Annual and Extraordinary General Meetings of the Company.
 14. Amendments to Memorandum and Articles of Association of Company, in brief.
 15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.

B. Events 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. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or 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) (as a borrower) 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. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

- C.** Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.

- D. Without prejudice to the generality of Para (A), (B) and (C) above, the Company may make disclosures of event/information as specified by the Board from time to time.

7. Disclosure of Material Events / Information:

The Company shall disclose to the stock exchanges of all events, which are deemed to be material information as soon as reasonably possible and not later than twenty four (24) hours from the occurrence of the event/information. In the event the disclosure is made after twenty four (24) hours of occurrence of the event or information, the Company shall, along with such disclosures provide an explanation for such delay.

The Company shall make disclosure with respect to events specified in the sub-para 4 of para A of Point No. 6 of the policy shall be made within thirty (30) minutes of the conclusion of the Board Meeting.

The Company shall also make disclosures updating the material developments pertaining to material events on a regular basis, till such time the event is resolved/closed, and to be disclosed to the stock exchanges with relevant explanations.

The Company shall also disclose all events or information with respect to subsidiaries which are material, if any, for the Company.

The Company shall also disclose about the all event occurs or an information available with the Company, which has not been indicated in Para A or B of Point No. 6 of Policy of the Company, but which may have material effect on it, the Company is required to make adequate disclosure in regards thereof.

8. Disclosure on the Website of the Company:

All such events or information which has been disclosed to stock exchanges under the Listing Regulations shall be made available on the Company's website. Such events or information shall be placed on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company.

The Policy and the contact details of the persons authorized by the Board shall also be available on the website of the Company.

9. Authorization of Policy:

This policy is authorized and approved by Board of Director of the Company on its meeting held on 29th January, 2016.

The said policy has been amended by the Board of Directors of the Company at its meeting held on 3rd August, 2017.