



# India Nippon Electricals Ltd

## POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT

### 1. Objective

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of India Nippon Electricals Limited has adopted this Policy for determination of material and price sensitive information such that the required information can be promptly disclosed to the stock exchanges, as required under applicable regulations.

### 2. Definitions

- a. "Act" means the Companies Act, 2013 and rules made thereunder, as amended from time to time
- b. "Board" or "Board of Directors" shall mean the Board of Directors of INEL
- c. "Company" or "INEL" shall mean India Nippon Electricals Limited
- d. "Committee" shall mean the committee constituted and approved by the Board of Directors from time to time to determine the materiality of any information, classify it as material information, and decide the appropriate time at which disclosure is to be filed with the stock exchanges and details that may be filed.
- e. "Financial Year" shall have the same meaning ascribed to it under the Act.
- f. "Listing Regulations" shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time
- g. "Policy" means Policy for determination of materiality of an event
- h. "Material Information/Event" shall mean those that are specified in Paragraphs B, C and D of Part A of Schedule III of the Listing Regulations.

Words and expressions not defined in this policy shall have the same meaning but defined in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Securities and Exchange Board of India Act 1992, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, the Companies Act, 2013 and the rules and regulations there under.

### 3. Committee

A committee consisting of the following persons is constituted for determining the materiality of any information, classify it as material information, and decide the appropriate time at which disclosure is to be filed with the stock exchanges and details that may be filed:

- (i) Mr. Arvind Balaji – Managing Director
- (ii) Mr. Ravinder Sharma – Chief Operating Officer



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(iii) Mr. Elango Srinivasan – Chief Financial Officer

(iv) Mr. S Sampath – Company Secretary

The committee shall be re-constituted from time to time by the Board of Directors.

The committee may also be guided by previous guidance of SEBI or comparable international Regulators about materiality, while expressing a view on whether the information is material or not.

The contact details of the members of the committee who shall act as the coordinator between the management and the stakeholders, shall be disclosed to the Stock Exchanges and also be disseminated on the Company's website.

### **4. Guidelines for materiality assessment**

The following set of guidelines will be followed by the Company, based on which the materiality of events/information can be determined:

- (i) Materiality will be determined on a case to case basis depending upon specific facts and circumstances relating to the information/event. In order to determine whether a particular event/information is material in nature, 'qualitative' and 'quantitative' criteria will be applied.
- (ii) The 'quantitative' criteria will be applied as specified under point no.6 of this policy.
- (iii) In circumstances where 'quantitative' criteria may not be applicable or cannot be applied, a 'qualitative' criteria as given below will be applied to determine materiality:
  - 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;
  - c. In case where the criteria specified in sub clause (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the committee, the event/information is considered material and ought to be disclosed.
- (iv) Only such impact which is direct (not derivative) and reasonably perceivable (not remote) and having a time horizon of 1-2 years shall be considered.

### **5. Category of events or information requiring disclosure**

The events requiring disclosure may be classified broadly into the following categories:



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- (i) The events that are deemed to be material and have to be necessarily disclosed without applying any test of materiality as indicated in Paragraph A of Part A of Schedule III of the Listing Regulations.
- (ii) The events that should be disclosed if considered material as indicated in Paragraph B of Part A of Schedule III of the Listing Regulations.
- (iii) Other events or information that may be considered material by the committee as per the guidelines given in point no.4.

The events specified in Paragraph B of Part A of the Schedule III of the Listing Regulations have been classified as 'qualitative' and 'quantitative' as given below for the purpose of disclosure in terms of materiality:

SNo.	Disclosure of events based on materiality	Criteria
1	Commencement of (i) Commercial production or (ii) Commercial operations of any unit/division	Quantitative
2	Any postponement in the date of commencement of (i) Commercial production or (ii) Commercial operations of any unit/division	Quantitative
3	Change in the general character or nature of business brought about by any arrangements for (i) Strategic (ii) Technical (iii) Manufacturing (iv) Marketing tie-up (v) Adoption of new lines of business	Qualitative
4	Closure of operations of any unit / division (entirely or piecemeal) that change the general character or nature of business	Quantitative
5	Capacity addition	Quantitative
6	Product launch	Qualitative
7	Awarding orders or any amendment or termination thereof, not in the normal course of business	Quantitative
8	Bagging / receiving contracts or any amendment or termination thereof, not in the normal course of business	Quantitative
9	Agreements which are binding and not in normal course of business and revision(s) or amendment(s) or termination(s) thereof	Qualitative
10	Disruption of operations of any one or more units or divisions of the Company	Quantitative



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	due to natural calamity (earthquake, flood, fire etc.) force majeure or events such as strike, lockout etc.	
11	Effect(s) arising out of change in the regulatory framework applicable to the Company	Quantitative
12	Litigation(s) / dispute(s) / regulatory action(s) against the Promoters / KMPs / Company with impact	Quantitative
13	Fraud / defaults etc. by directors (other than key managerial personnel) or employees of Company	Qualitative
14	Options to purchase securities including any ESOP/ESPS Scheme	Qualitative
15	Giving of guarantees or indemnity or becoming a surety for any third party	Quantitative
16	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals	Qualitative
17	Emergence of new technology	Qualitative
18	Expiry of patent	Qualitative
19	Change of accounting policy	Qualitative

### 6. Determination of quantitative criteria

Quantitative criteria of determining materiality, wherever applicable, shall be on the following basis:

Where the value involved or the impact exceeds lower of the following:

- a. 5% of the total income or
- b. 5% of the profit before tax or
- c. 5% of the net worth

The above threshold shall be determined on the basis of the audited financial statements of the previous financial year.

### 7. Timing of disclosure

All material events / information will be disclosed as promptly as practicable as per the provisions of Regulation 30 read with SEBI circular bearing reference CIR/CFD/CMD/4/2015 dated 9<sup>th</sup> September 2015.

The disclosure would depend upon the timing when the Company became aware of the event / information.

Certain disclosures depend upon the facts of each case, i.e.



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- (a) At the stage of discussion, negotiation or approval wherever required. e.g. further issue of capital by rights issue requires approval of both Board of Directors and Shareholders.
- (b) Upon occurrence of natural calamities, disruptions etc. where there is no such discussion, negotiation or approval required. However events of such nature can be said to have occurred when the Company or the KMP becomes aware of the event/information or ought to have reasonably come into possession of the information/event.

At times the preliminary information about an event is such that the committee cannot reasonably determine whether the information is material / price sensitive or not and may need to wait for more information or seek expert advice or conduct investigation / inquiry in order to determine the nature of the information. In such cases, the committee shall be construed to have become aware of the event / information when the probable impact of the event / information becomes known / assessable to the extent of 75% of materiality threshold and not when the impact is finally and accurately assessed.

### **8. Medium of disclosure / dissemination**

Disclosure / dissemination may be done through various media such as publication of results in Newspapers, briefings on meetings with analysts and other investor relations conferences, Company's website and / or press release as may be appropriate.

The Company shall ensure that disclosure of information to Stock Exchanges is made promptly.

### **9. General**

The Policy as approved by the Board of Directors may be reviewed and amended from time to time.

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