



TVS Electronics Limited

POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT

(As approved by the board at its meeting held on 2nd February, 2016)



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1. Introduction

Securities and Exchange Board of India (SEBI) has introduced SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Regulations), effective 1st December 2015. Clause 30(4)(ii) of Regulations mandates framing of a policy by all listed companies for determination of materiality of an event or information based on criteria which, in the opinion of the board of directors of the Company, is material to the investors.

This Policy for Determination of Materiality of Events or Information (the "Policy") is aimed at providing guidelines to the Management of TVS Electronics Limited ("TVSE"), to determine the materiality of events or information, which could affect the investment decisions and ensure timely and adequate dissemination of information to the stock exchanges.

The policy shall be subject to the amendments made by the Board from time to time. This policy will be applicable to the Company with effect from 1st December 2015.

2. Objective

In order to ensure fairness and efficiency in the stock market,

- (a) Timely disclosure of relevant information by the Company to the investors to make informed investment decisions; and
- (b) Adequacy and accuracy of the information disclosed either on a continuous or event based.

3. Definitions

"Board" shall mean the board of directors of the Company;

"Company" shall mean TVS Electronics Limited;

"Key Managerial Personnel" or "KMP" means key managerial personnel as defined in Sub section (51) of section 2 of the Companies Act , 2013 i.e.-

- (a) Chief Executive Officer ("CEO") /Managing Director ("MD") /Manager
- (b) Whole time director ("WTD")
- (c) Chief Financial Officer ("CFO")
- (d) Company Secretary ("CS")



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“Stock Exchange” means the stock exchanges where the securities of a company are listed;

“Subsidiary” means subsidiary of the Company defined under subsection (87) of section 2 of the Companies Act 2013;

“Policy” means Policy for determination of materiality of an event or information.

“Material Events” are those that are specified in Paragraphs B, C and D of Part A of Schedule III of the Regulations.

Words and expressions not defined in this policy shall have the same meaning but defined in SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, Securities and Exchange Board of India Act 1992 (15 of 1992), the Securities Contracts (Regulation) Act 1956, the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 and rules and regulations made there-under.

4. Applicability

Information relating to material events and which is price sensitive in nature, shall be promptly disclosed to the Stock Exchanges. For this purpose, material event means any information which relates to the Company and which, if published is likely to materially affect the price of the shares of the Company.

- 4.1 The Company shall make disclosure of events specified in Annexure 1 (Events specified in Para A of Part A of Schedule III of the Listing Regulations and as may be amended from time to time), without applying any test of materiality to the stock exchanges within specified timelines.
- 4.2 The Company shall make disclosure of events specified in Annexure 2 (Events specified in Para B of Part A of Schedule III of the Listing Regulations and as may be amended from time to time), based on application of the guidelines for materiality, to the stock exchanges within specified timelines, as mentioned in clause 5 (Determination of Materiality):
- 4.3 Other events or information that may be considered material may include major development that is likely to affect business, and shall be considered material subject to the application of guidelines mentioned in Clause 5 (Determination of Materiality). These events may include but are not restricted to the following:
 - 4.3.1 Emergence of new technologies
 - 4.3.2 Expiry of patents



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- 4.3.3 any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof;
 - 4.3.4 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.
 - 4.3.5 market sensitive information; and
 - 4.3.6 any event which in the view of the Board is material.
- 4.4 The Company shall disclose all events/information with respect to Subsidiaries which are material for the Company, if any.

5. Determination of Materiality

Subject to provisions of the Regulations, materiality has to be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. In order to determine whether a particular event/information is material in nature or not, the Board or a KMP authorized by the Board, may consider 'quantitative' or 'qualitative criteria(s)' as mentioned below.

- 5.1. **Quantitative criteria** of determining materiality shall become applicable to an event / information:

Where the value involved or the impact exceeds:

- (a) 10% of the total income; or
 - (b) 10% of the Profit before tax; or
 - (c) 10% of the net worth
- (Whichever is lower shall be taken as a trigger);

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

- 5.2 **Qualitative criteria** to determine materiality shall become applicable to an event/ information:

The omission of which is likely to result in –

- (i) a discontinuity of information already available publicly; or
- (ii) significant market reaction if the said omission came to light at a later date.



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5.3 In the opinion of the Board of Directors of the Company, the event / information is considered material

In circumstances where 'quantitative' test may not be applicable, 'qualitative' test may be applied to determine materiality.

If a particular information or event in question satisfies any of the 'qualitative' or 'quantitative' criteria, the Company shall be under an obligation to disclose the same to the stock exchanges.

6. List of information to be disclosed to Stock Exchange(s).

Company shall make disclosures of any events or information which, in the opinion of the board of directors of the Company, is material.

The Company shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III of the Regulations, or information as soon as reasonably possible and **not later than twenty four hours** from the occurrence of event or information:

Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the Company shall, along with such disclosures provide explanation for delay:

Provided further that disclosure with respect to events specified in sub-para 4 of Paragraph A of Part A of Schedule III shall be made within thirty minutes of the conclusion of the board meeting.

The Company shall make disclosures of all material event(s) / information / transaction(s) or arrangement(s) with respect to its subsidiaries, which are material, if any, for the Company.

The Company shall supplement the information released to Stock Exchanges by public announcements and / or by simultaneously publishing such information on the Company's website.

In case of any ambiguity or inappropriateness in determining the materiality of an event or information, the decision of the Board or the authorized KMP shall prevail.



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7. Administrative Measures

- 7.1 The Managing Director and / or the Chief Executive Officer of the Company shall have the authority to determine materiality of any event or information.
- 7.2 The Managing Director and / or the Chief Executive Officer and the Company Secretary of the Company shall have the authority to ensure disclosure of the same to the stock exchanges.
- 7.3 The contact details of the KMP who shall act as the coordinator between the management and the stakeholders, shall be disclosed to the Stock Exchange and also be disseminated on the Company's website.

8. When to disclose an event/information be said to have occurred?

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

Certain disclosure depends upon the facts of each case, i.e.,

- (a) at the stage of discussion, negotiation or approval, wherever required; and
- (b) upon occurrence of natural calamities, disruptions etc where there is no such discussion, negotiation or approval required.

- 8.2. In the case of 8.1.(a), the events/information can be said to have occurred upon receipt of approval of 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, disclosure shall be made on receipt of approval of Board of Directors pending Shareholder's approval.

- 8.3. In the case of 8.1.(b), the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, KMP of the Company have, or ought to have reasonably come into possession of the information in the course of the performance of their duties.



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- 8.4. At times the preliminary information about an event is such that the KMP of the Company 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 KMP 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.

9. Medium of disclosure/ dissemination

- 9.1 Disclosure/dissemination of information may be done through various media such as publication of results in Newspapers, briefings on meetings with analysts and other investor relations conferences on the Company's website and/ or press release so as to achieve maximum reach and quick dissemination.
- 9.2 The Company shall ensure that disclosure of information to Stock Exchanges is made promptly.
- 9.3 The information filed by the Company with Stock Exchanges under continuous disclosure requirement under the Regulations will also be made available on the Company's website.



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SCHEDULE 1

Events that have to be necessarily disclosed without applying any test of materiality are stated as follows;

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;
2. Issuance or for 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 the Company held to consider the following:
 - 4.1 declaration of 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;
 - 4.2 any cancellation of dividend with reasons thereof;
 - 4.3 the decision on buyback of securities;
 - 4.4 the decision with respect to fund raising proposed to be undertaken
 - 4.5 increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - 4.6 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;
 - 4.7 short particulars of any other alterations of capital, including calls;
 - 4.8 financial results;
 - 4.9 decision on voluntary delisting by the Company from Stock Exchange(s).



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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, 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 windingKup 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;



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SCHEDULE 2

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 Company 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 Company;
8. Litigation(s) / dispute(s) / regulatory action(s) with impact;
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company;
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.