

Orient Electric Limited

Policy for Determination of Materiality of Events or Information's

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1. POLICY

Regulation 30(4)(ii) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, mandates all listed companies to frame a Policy for determination of materiality of an event or information based on criteria which, in the opinion of the Board of the Company, is material to the investors.

Accordingly, Orient Electrics Limited has formulated and notified the Policy for Determination of Materiality of Events or Informations in compliance with the Listing Regulations, which was approved by the Board on January 23, 2018. The Board may review and amend this Policy from time to time.

2. OBJECTIVE

The objective of the Policy is to ensure timely and adequate disclosure of material events or information under Regulation 30 of Listing Regulations.

3. DEFINITIONS

“**Board**” shall mean the board of directors of the Company;

“**Company**” shall mean Orient Electrics 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**”)

(b) Whole-time Director (“**WTD**”)

(c) Chief Financial Officer (“**CFO**”)

(d) Company Secretary (“**CS**”)

“**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015;

“**Officer**” means officer as defined in sub-section (59) of section 2 of the Companies Act, 2013 and shall also include promoter of the Company;

“**Policy**” means this “Policy for Determination of Materiality of Events or Informations”;

“**Stock Exchange**” means the stock exchanges where the Securities of the Company are listed;

“**SEBI**” means “Securities and Exchange Board of India.”

4. DISCLOSURE OF EVENTS OR INFORMATION

- I. The Company shall mandatorily disclose the following events as specified in Para A of Part A of Schedule III of the Listing Regulations, without applying any test of materiality:
 - (i) Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ de-merger/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the Company or any other restructuring;
 - (ii) 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.;
 - (iii) Revision in Rating(s);
 - (iv) Outcome of Meetings of the Board of the Company 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).
 - (v) 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;
 - (vi) Fraud/defaults by promoter or Key Managerial Personnel or by Company or arrest of Key Managerial Personnel or promoter;
 - (vi) Change in directors, Key Managerial Personnel, auditor and Compliance Officer;
 - (vii) Appointment or discontinuation of share transfer agent;
 - (viii) Corporate debt restructuring;
 - (ix) One time settlement with a bank;

- (x) Reference to BIFR and winding-up petition filed by any party / creditors;
 - (xi) 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;
 - (xii) Proceedings of Annual and Extraordinary General Meetings of the Company;
 - (xiii) Amendments to memorandum and articles of association of Company, in brief;
 - (xiv) Schedule of analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;
- II. The Company shall make disclosure of following events specified in Para B of Part A of Schedule III of the Listing Regulations, based on application of the guidelines for materiality, as specified below:
- (i) Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division;
 - (ii) 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);
 - (iii) Capacity addition or product launch;
 - (iv) Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business;
 - (v) 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;
 - (vi) 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.;
 - (vii) Effect(s) arising out of change in the regulatory framework applicable to the Company;
 - (viii) Litigation(s) / dispute(s) / regulatory action(s) with impact;
 - (ix) Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company;
 - (x) Options to purchase securities including any ESOP/ESPS Scheme;
 - (xi) Giving of guarantees or indemnity or becoming a surety for any third party;
 - (xii) Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

Guidelines for 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 event/information. In order to determine whether a particular event/information is material in nature or not, the following criteria shall be followed:-

- (a) **Quantitative criteria:** The Company shall consider the following quantitative criteria for determination of whether an event / information is material or not:-

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

- 2.5% of the net worth; or
- 5% of net profit

whichever is higher.

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

- (b) **Qualitative criteria:** The Company shall consider the following qualitative criteria for determination of whether an event / information is material or not:-

- the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- 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; or
- In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the Board, the event / information is considered material.

In circumstances where 'quantitative' test may not be applicable, 'qualitative, test may be applied to determine materiality. Thereafter, if the particular event/ information 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.

- III. 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, as stated under Para C of Part A of Schedule III of the Listing Regulations, be disclosed to the Stock Exchange.
- I. The Company shall make disclosures of any event or information which, in the opinion of the Board, is material. In case where an event occurs or information is available with the Company, which has not been indicated in clause 4, but which may have material effect on it, the Company is required to make adequate disclosures in regard thereof.

5. GUIDANCE ON WHEN AN EVENT/INFORMATION CAN BE SAID TO HAVE OCCURRED

In certain instances, the occurrence of material event/information 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., it would depend upon the timing when the Company became aware of the event/information.

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.

6. PROMPT DISCLOSURE OF MATERIAL EVENTS

The Company shall disclose to the Stock Exchanges of all events, as specified in Clause 4, or information as soon as reasonably possible and not later than 24 hours from the occurrence of the event/information.

In case the disclosure is made after 24 hours of occurrence of the event or information, the Company shall, along with such disclosures, provide explanation for delay.

Disclosure of the events enumerated in Clause 4(I)(iv) above shall be made within 30 minutes of the conclusion of the Board Meeting at which such events were discussed along with the time of commencement and conclusion of the meeting.

The Company shall 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 provide specific and adequate reply to all queries raised by the stock exchanges with respect to any event/information. The Company may on its own initiative, confirm or deny any reported event or information to stock exchanges.

7. AUTHORIZATION

Any one among Key Managerial Personnel is severally authorized to determine materiality of an event/information.

Contact details of such authorized personnel shall be disclosed to the stock exchange(s) and also available on Company's website.

8. PROCEDURE FOR MAKING ANNOUNCEMENT OF MATERIAL EVENT/INFORMATION

The procedure to be followed in relation to disclosure of material event/ information:

- a. Prepare draft announcement to the Stock Exchanges:** If the event/ information is determined to be material, the Company Secretary will prepare draft announcement to the Stock Exchanges which is factual and expressed in clear manner and obtain approval of Managing Director & CEO or CFO, of the Company.

- b. Lodge Announcement:** The Company Secretary on behalf of the Company will lodge or arrange for lodgement of the announcement with the Stock Exchanges.
- c. Post announcement on website:** After lodgement of the announcement with the Stock Exchanges, the Company Secretary will arrange to place it on the website of the Company. All the announcement made under this Policy shall be kept on the website as per the Archival Policy of the Company.

9. POSTING OF INFORMATION ON COMPANY'S WEBSITE

All such events or information which has been disclosed to stock exchange(s) under this regulation shall also be disclosed on the website of the Company and the same shall be hosted for a minimum period of five (5) years and thereafter as per the Preservation of documents and archival policy as adopted by the Company.

10. REVIEW OF THE POLICY

The Board shall review the Policy from time to time based on the changing needs and make suitable modifications as may be necessary. Any change in the Policy shall be approved by the Board of the Company and the decision of the Board in this respect shall be final and binding.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Date: 23.01.2018

Place: New Delhi