



TVS Electronics Limited

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## POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT

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(Approved by the Board at its meeting held on 11<sup>th</sup> November ,2023 )



## TVS Electronics Limited

### 1. Introduction

Securities and Exchange Board of India (SEBI) has introduced SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (Regulations), effective 1<sup>st</sup> 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 1<sup>st</sup> 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 Regulations and as may be amended from time to time), without applying any test of materiality to the stock exchanges within specified timelines mentioned in the Regulations.
- 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 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:

- (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;
- (Whichever is lower shall be taken as a trigger);

*In respect of the above, it is clarified that the average of absolute value of profit or loss is required 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.*

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:



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The omission of which is likely to result in –

- (i) which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (ii) which is likely to result in significant market reaction if the said omission came to light later;

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).

- 6.1 Company shall make disclosures of any events or information which, in the opinion of the Managing Director and/or Board of directors of the Company, is material.
- 6.2 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 time specified in the Regulations.

Provided that in case the disclosure is made after the time specified in Regulations, 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.

- 6.3 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.
- 6.4 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.
- 6.5 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.



## 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.



- 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.

8.5 Timing of disclosure

- (i) 30 minutes from the closure of the meeting of the Board of directors in which the decision pertaining to the event or information has been taken.
- (ii) 12 hours from the occurrence of the event or information, in case the event or information is emanating from within the Company.
- (iii) 24 hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

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.



## ANNEXURE 1

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

Para / sub-para	Events	Timeline for disclosure
<b>A.</b>	<b>Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):</b>	
1.	Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in the associate company of the listed entity or any other restructuring.	Within 12 hours *
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.	Within 12 hours *
3.	New Ratings(s) or Revision in Rating(s).	Within 24 hours
4.	Outcome of Meetings of the board of directors	Timeline as specified in sub- para 4 of Para A of Schedule III.
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 listed entity), 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.	Within 12 hours * (for agreements where listed entity is a party);  Within 24 hours (for agreements where listed entity is not a party).

\* **Note:** In case the event or information emanates from a decision taken in a meeting of board of directors, the same shall be disclosed within thirty minutes from the closure of such meeting as against the timeline indicated in the table above.





Para / sub-para	Events	Timeline for disclosure
5A.	<p>Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:</p> <p>Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations.</p>	<p>Within 12 hours * (for agreements where listed entity is a party);</p> <p>Within 24 hours (for agreements where listed entity is not a party).</p>
6.	Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director whether occurred within India or abroad.	Within 24 hours
7.	Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer.	<p>Within 12 hours * (except in case of resignation);</p> <p>Within 24 hours (in case of resignation)</p>
7A.	In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor.	Timeline as specified in sub- para 7A of Para A of Schedule III.

\* **Note:** In case the event or information emanates from a decision taken in a meeting of board of directors, the same shall be disclosed within thirty minutes from the closure of such meeting as against the timeline indicated in the table above.



Para / sub-para	Events	Timeline for disclosure
7B.	Resignation of independent director including reasons for resignation.	Timeline as specified in sub- para 7B of Para A of Schedule III.
7C.	Letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director.	Timeline as specified in sub- para 7C of Para A of Schedule III.
7D.	In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).	Within 12 hours *
8.	Appointment or discontinuation of share transfer agent.	Within 12 hours *
9.	Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions.	Within 24 hours
10.	One time settlement with a bank.	Within 24 hours
11.	Winding-up petition filed by any party / creditors.	Within 24 hours
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 listed entity.	Within 12 hours *
13.	Proceedings of annual and extraordinary general meetings of the listed entity.	Within 12 hours *

\* **Note:** In case the event or information emanates from a decision taken in a meeting of board of directors, the same shall be disclosed within thirty minutes from the closure of such meeting as against the timeline indicated in the table above.



Para / sub-para	Events	Timeline for disclosure
14.	Amendments to memorandum and articles of association of listed entity, in brief.	Within 12 hours *
15.	<p>(a) Schedule of analysts or institutional investors meet and presentations made by the listed entity to analysts or institutional investors.</p> <p>(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means.</p>	Timeline as specified in sub- para 15 of Para A of Schedule III.
16.	Events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code.	Within 24 hours
17.	<p>Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:</p> <p>(a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;</p> <p>(b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.</p>	<p>Within 12 hours * (if initiated by the listed entity);</p> <p>Within 24 hours (if initiated by external agency).</p>
18.	Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.	Within 24 hours

\* **Note:** In case the event or information emanates from a decision taken in a meeting of board of directors, the same shall be disclosed within thirty minutes from the closure of such meeting as against the timeline indicated in the table above.



Para / sub-para	Events	Timeline for disclosure
19.	Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following: (a) search or seizure; or (b) re-opening of accounts under section 130 of the Companies Act, 2013; or (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013;	Within 24 hours
20.	Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following: (a) suspension; (b) Imposition of fine or penalty; (c) settlement of proceedings; (d) debarment; (e) disqualification; (f) closure of operations; (g) sanctions imposed; (h) warning or caution; or (i) any other similar action(s) by whatever name called;	Within 24 hours
21.	Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.	Within 12 hours *

\* **Note:** In case the event or information emanates from a decision taken in a meeting of board of directors, the same shall be disclosed within thirty minutes from the closure of such meeting as against the timeline indicated in the table above.



## ANNEXURE 2

Events which shall be disclosed upon application of the guidelines for materiality referred in provisions of Regulation (30)(4).

B.	Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30)	
1.	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division	Within 12 hours *
2.	Any of the following events pertaining to the listed entity: (i) arrangements for strategic, technical, manufacturing, or marketing tie-up; or (ii) adoption of new line(s) of business; or (iii) closure of operation of any unit, division, or subsidiary (entirety or piecemeal)	Within 12 hours *
3.	Capacity addition or product launch.	Within 12 hours *
4.	Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.	Within 24 hours
5.	Agreements (viz. loan agreement(s) 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.	Within 12 hours * (for agreements where listed entity is a party);  Within 24 hours (for agreements where listed entity is not a party).
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.	Within 24 hours

\* **Note:** In case the event or information emanates from a decision taken in a meeting of board of directors, the same shall be disclosed within thirty minutes from the closure of such meeting as against the timeline indicated in the table above.



Para / sub-para	Events	Timeline for disclosure
7.	Effect(s) arising out of change in the regulatory framework applicable to the listed entity.	Within 24 hours
8.	Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.	Within 24 hours
9.	Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity.	Within 24 hours
10.	Options to purchase securities including any ESOP/ESPS Scheme.	Within 12 hours *
11.	Giving of guarantees or indemnity or becoming a surety, by whatever name called, for any third party.	Within 12 hours *
12.	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Within 24 hours
13.	Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.	Within 12 hours *
<b>C.</b>	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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.	Within 24 hours
<b>D.</b>	Without prejudice to the generality of para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.	Timeline as specified by the Board.

\* **Note:** In case the event or information emanates from a decision taken in a meeting of Board of directors, the same shall be disclosed within thirty minutes from the closure of such meeting as against the timeline indicated in the table above.