

POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION

1. BACKGROUND AND LEGAL FRAMEWORK

This Policy for Determination of Materiality of Events or Information is aimed at providing guidelines to the management of Pearl Electronics Limited, to determine the materiality of events or information, which could affect investment decisions and ensure timely and adequate dissemination of information to the Stock Exchange(s) (as hereinafter defined).

This Policy has been formulated in accordance with the current guidelines laid down by Securities Exchange Board of India under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to disclosure of events and information.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued on September 2, 2015, the Board of Directors (“the Board”) approved the “Policy for Determination of Materiality of Events or Information” at its meeting held on 22nd January, 2016. The Board shall review, and if found required, may amend this Policy from time to time.

This policy shall be applicable to all the events in the Company, as and when they fall under the criteria enumerated in the policy.

2. OBJECTIVE

The objective of this Policy is to serve as a guiding charter to the management to ensure that timely, adequate and accurate disclosure of events or information are made to the investors by the Company under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to enable them to take well informed investment decisions with regard to the securities of the Company.

3. DEFINITIONS

- a) “**Act**” means the Companies Act, 2013 (and the Rules) and the Companies Act, 1956 to the extent applicable.
- b) “**Board of Directors**” means the Board of Directors of the Company.
- c) “**Company**” means Pearl Electronics Limited as may be re-constituted from time to time.
- d) “**Key Managerial Personnel**” means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013.
- e) “**Listing agreement**” shall mean an agreement that is to be entered into between a recognised stock exchange and the Company pursuant to Securities and Exchange Board (Listing Obligations and

Disclosure Requirements), 2015

- f) **“Material Event”** or **“Material Information”** shall mean such event or information as set out in the Annexures or as may be determined in terms of Clause 4 and 5 of the Policy. In the Policy, the words, “material” and “materiality” shall be construed accordingly.
- g) **“Listing Regulations”** means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- h) **“Policy”** means this policy, as amended from time to time.
- i) **“Price Sensitive Information”** shall mean information concerning the Company that a reasonable person would expect to have a material effect on the price or value of its securities or information which causes the market to maintain the price of security at or about its current level when it would otherwise be expected to move materially in a particular direction, given price movements in the market generally or in the Company’s sector.
- j) **“SEBI”** means the Securities and Exchange Board of India.
- k) **“Rules”** means the rules made under the Companies Act, 2013.
- l) **“Securities”** means such securities as defined in section 2(h) of Securities Contracts (Regulation) Act, 1956;
- m) **“Stock Exchange(s)”** means the stock exchanges, where the securities of the Company are listed.

The words or expressions used but not defined herein, but defined under Companies Act, 2013 or the SEBI Regulations shall have the same meaning assigned therein.

4. **DISCLOSURE OF EVENTS OR INFORMATION**

- 4.1 The SEBI LODR divides the events that need to be disclosed broadly into two categories. As per the regulation 30 of the LODR, the events that have to be necessarily reported/disclosed to the Stock Exchanges without applying any test of materiality falls under Para A of Part A of Schedule III reproduced under **Annexure I**, and those events that should be disclosed by the Company, if considered material, falls under Para B Part A of schedule III of SEBI LODR is reproduced under **Annexure II**.
- 4.2 Events specified in Annexure I are deemed to be material events and the Company shall make disclosure to of such events or information as soon as reasonably possible and not later than twenty-four (24) hours from the occurrence of such event or information in the following manner:
 - i. inform the stock exchanges in which the securities of the Company are listed;
 - ii. upload on the corporate website of the Company.

Provided that in case the disclosure is made after twenty-four (24) hours of occurrence of such event or information, the Company shall, along with such disclosure(s) provide an

explanation for delay.

- 4.3 The Company shall make disclosure of events as specified in Annexure II based on application of guidelines for determining Materiality as per clause 5 of the Policy.
- 4.4 The Company shall make disclosures updating Material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- 4.5 In case where an event occurs or information is available with the Company, which has not been indicated in Annexure I or Annexure II, but which may have material effect on it in the opinion of the Board of Directors, the Company will make adequate disclosures in regard thereof.

5. **GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION**

The Company shall disclose all such material events pertaining to itself, specified in Annexure II subject to application of guidelines for materiality as stated below:

“**QUANTITATIVE CRITERIA**” would be calculated based on audited financial statements of the last audited financial year, and would mean event/ information where the value involved or the impact:

- a) exceeds ten per cent of the consolidated gross turnover, or
- b) exceeds ten per cent of the consolidated net worth;
whichever is lower.

“**QUALITATIVE CRITERIA**” would mean an event/ information shall be considered as Material if it meets any of the following criteria:

- a) the event or information is in any manner unpublished price sensitive information; or
- b) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- c) 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
- d) In case where the criteria specified in sub-clauses (a) ,(b) and (c) are not applicable, an event/information may be treated as being material if in the opinion of the officer authorized by the board of directors of the Company, the event / information is considered material

6. **DISCLOSURE PROCESS**

- 6.1 Any event purported to be reportable under Regulation 30 of the Regulations shall be informed to the Chief Financial Officer & Company Secretary of the Company on an immediate basis with adequate supporting data/information to facilitate a prompt and appropriate disclosure. Any other event, even if not covered under the Regulations but is potentially of price sensitive nature, must also be informed, for further evaluation to the Chief Financial Officer & Company Secretary.

- 6.2 The Chief Financial Officer & Company Secretary of the Company shall severally be responsible and authorised for ascertaining the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the Regulations and this policy.
- 6.3 After evaluation, any one of the above mentioned persons shall make disclosure to the Stock Exchanges.
- 6.4 The Company shall use the electronic facilities provided by the Stock Exchanges for dissemination of the information and may subsequently disclose the same via other media, including the press release, website, etc.
- 6.5 Statutory timeframes for disclosure shall be adhered to. Delay, if any, should be sufficiently explained along with the disclosure.
- 6.6 The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information and on its own initiative. Further it shall confirm or deny any event or information to stock exchange(s) reported in the media.
- 6.7 Regular updates, where relevant, shall be made with relevant explanations.
- 6.8 All the above disclosures would be hosted on the website of the Company for a minimum period of five years and thereafter archived as per Company's Archival policy and Policy on Preservation of Documents.

7. MODIFICATION OF THE POLICY

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

The list of events in Annexures, as it stands today may be updated, from time to time, by authorised persons, to reflect any changes to the Regulations and the updated version be issued and published as necessary, without any requirement for approval from the Audit Committee or the Board

8. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments or rules, the provisions of Listing Regulations / Act or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

9. DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company viz. www.pearl-electronics.com .

ANNEXURE I

Events which shall be disclosed without any application of the guidelines for materiality - sub-regulation (4) of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Para A of Part A of Schedule III).

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 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 intimate to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider or decide 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 would 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 the 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 (“CDR”):
10. One time settlement (OTS) 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.

ANNEXURE II

Illustrative list of events which shall be disclosed upon application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30) and Clause 5 of this Policy:

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;
13. 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.
