

POLICY ON DETERMINATION OF MATERIALITY EVENTS/ INFORMATION

INTRODUCTION

In accordance with the Regulation 30(4)(ii) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR”), Five Core Electronics Limited (‘Company’) has formulated this Determination Of Materiality Events/ Information Policy (‘Policy’).

The Board of Directors of the Company adopted this policy at their meeting held on January 30, 2018

OBJECTIVE

This Policy is formulated in order to enable the Company to broadly classify, categorize and promptly disclose to the stock exchanges material events/information, in accordance with the Regulations.

Further, the Company finds it prudent to keep the shareholders well informed about any event/information which are essential to safeguard and protect their interest as shareholders of the Company.

RELEVANT REGULATIONS

- A.** Schedule III (A) (A) of LODR, the Listing Regulations prescribe a list of events which are deemed to be material events and are required to be disclosed by the Company promptly to the shareholders through the stock exchange by the Company within the prescribed time.
- B.** Schedule III (A) (B) of LODR, the Listing Regulations specifies the list of events which may or may not be material to the Company and for which the Company has to apply the guidelines for materiality as specified in Regulation 30(4) in order to determine whether the event is material.
- C.** Regulation 30(4) reads as follows:

“(i) The listed entity shall consider the following criteria for determination of materiality of events/information:

- (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-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of listed entity, the event/ information is considered material.

(ii) The listed entity shall frame a policy for determination of materiality, based on criteria specified in this sub-regulation, duly approved by its board of directors, which shall be disclosed on its website.”

D. Chapter II, Regulation 4(3) of the Listing Regulation specifies that in the event of any conflict between the principles specified in the regulation and relevant Listing Regulation, principles provided in Regulation 4(3) shall prevail.

“Chapter II, Regulation 4(3), (3) In case of any ambiguity or incongruity between the principles and relevant regulations, the principles specified in this Chapter shall prevail.”

COMPANY’S CRITERIA OF DETERMINING MATERIAL EVENT

A. The Company through this policy intends to determine whether an event or information is material or not in the following manner;

Step 1: Classifying the information or event as

- i) Having an immediate or likely monetary impact (“Monetary Events/Information”) or
- ii) Not having any immediate or likely monetary impact (“Non-monetary Events/Information”).

Step 2: For Monetary Events/Information if the total monetary impact of the event/information on the either the assets, liabilities, expenses or turnover of the Company during the current financial year, exceeds; 10% (ten percent) of the annual consolidated revenues or 10% (ten percent) of the consolidated net worth, whichever is lower, of the audited financial statements of the Company of the previous financial year, then such event shall be classified as material event and shall be promptly, within 24 hours, disclosed to the stock exchanges and shall be simultaneously updated on the website of the Company.

Step 3: For Non-Monetary Events/Information that,

- i) have a bearing on the performance/operation of the Company or
- ii) which is considered to be unpublished price sensitive information [as per the SEBI (Prohibition of Insider Trading) Regulations, 2015] or
- iii) may affect payment of interest or dividend on non-convertible preference shares/ debentures or redemption of non-convertible debt securities or redeemable preference shares or repayment of secured/ unsecured borrowings, if any, of the Company shall be evaluated by the Authorised KMP for disclosure. The Authorised KMP shall evaluate the information based on the criteria as provided in regulation 30(4).

B. The Company shall disclose all events or information with respect to subsidiaries which are material for the Company.

C. Nothing in this Policy is intended to restrict the Company from voluntarily disclosing any additional information and the Authorised KMP are severally authorised to disclose additional information as may be considered important by the Authorised KMP for disclosure to the shareholders in compliance with the ‘Principles governing disclosure obligation’ under Chapter II of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

AUTHORISED PERSON FOR DETERMINING AND DISCLOSING MATERIALITY EVENTS/ INFORMATION

- a. The Chief Financial Officer (“Authorised KMP”) of the Company is authorized by the Board to decide whether any event or information is material and for the purposes of making disclosures to the stock exchanges and on the website of the Company.
- b. Any officer of the Company authorised by any of the Authorised KMP in addition to such KMP may sign the disclosures to be sent to the Stock Exchanges and upload on the website for the purposes of fulfilling the obligations under the Regulations.
- c. In case where an event occurs or an information is available with the listed entity, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on it, the listed entity is required to make adequate disclosures in regard thereof.

INTERPRETATION

Any words used in this policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, 2013 or rules made thereunder, SEBI Act or rules and regulations made thereunder, Accounting Standards or any other relevant legislation/law applicable to the Company. In case of any dispute or difference upon the meaning/interpretation of any word or provision in this policy, the same shall be referred to the Audit Committee and the decision of the Audit Committee in such a case shall be final. In interpreting such term/provision. The Board of Directors may seek the help of any of the officers of the Company or an outside expert as it may deem fit.

AMENDMENT

The Company reserves the right to amend or modify this Policy in whole or part, in accordance with any regulatory amendment or notification or otherwise, at any time without assigning any reason whatsoever. Any such amended Policy will be accordingly updated on the website of the Company