

NELCO LIMITED

Policy for determining Materiality for Disclosures **[Pursuant to Regulation 30 of Securities and Exchange Board of India** **(Listing Obligations and Disclosure Requirements) Regulations, 2015]**

1. Regulatory Framework

- 1.1 Securities and Exchange Board of India ("SEBI"), vide its Notification dated September 2, 2015, has issued SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 ("the Regulations") which will be effective from December 1, 2015 and which have been amended from time to time. Regulation 30 of the Listing Regulation mandates every listed entity to frame a policy for determination of materiality. Accordingly, this policy is framed as per the requirements of the Listing Regulations.
- 1.2 The Company has to make disclosures in two scenarios namely disclosure with application of materiality ('DWAM') and disclosures without application of materiality ('DIWAM'). In the latter circumstance, the Company has to make disclosure of events based on application of the guidelines for materiality, as specified in the Listing Regulations.

2. Objective

- 2.1 To comply with the provisions of the Listing Regulations, as amended from time to time.
- 2.2 To lay the principles for determining materiality of events/information which require disclosure to the Stock Exchanges where the specified securities of the Company are listed.
- 2.3 To lay the principles for making timely and adequate disclosure of material events/information so as to enable the investors to take well informed decisions.
- 2.4 To ensure uniformity in the Company's approach towards making disclosures of materiality of events/information.

3. Authorized Key Managerial Personnel

- 3.1 Pursuant to Regulation 30(5), the Board of Directors have authorised Key Managerial Personnel of the Company ('KMP') who presently are the CEO & Managing Director, the Chief Financial Officer and the Company Secretary ('Authorised KMP'), for the purpose of determining materiality of an event or information and making disclosure to stock exchanges. The materiality of the event or information will be decided in consultation with Business Heads, Plant Heads, Project Heads and Senior Management Personnel or persons connected with the event or information.
- 3.2 The Authorised KMP shall have the following powers and responsibilities for determining material events or information within the Company:
 - 3.2.1 To review and assess the materiality of an event that may qualify as 'material' and may require disclosure, on the basis of facts and circumstances prevailing at that point in time. The disclosure shall be finalised in consultation with the CEO & Managing Director and in his absence, the Chief Financial Officer. For this purpose, the relevant details of event or information shall be sent to the Authorised KMP promptly or as soon as practicable to enable its disclosure to the stock exchanges within the stipulated timelines.
 - 3.2.2 To make required disclosures within the stipulated time of actual occurrence of an event or information, after ascertaining facts.

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- 3.2.3 To disclose material developments on a regular basis, till such time the event or transaction is resolved/closed, with relevant explanations.
- 3.2.4 To consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the Listing Regulations and determine the materiality, appropriate time and contents of disclosure for such matters.
- 3.2.5 To disclose material events or information with respect to the subsidiaries of the Company.
- 3.2.6 Any decision taken by Authorised KMP shall be valid and binding on the Company and contact details of such Authorised KMP shall be disclosed to the stock exchange and also be placed on the Company's website.
4. Deemed material events or information
Events or information specified in Para A of Part A of Schedule III of the Listing Regulations are required to be disclosed irrespective of application of any quantitative or qualitative materiality thresholds as these are "deemed" to be material.
5. Guidelines for materiality assessment
 - 5.1 The events or information specified in Para B of Part A of Schedule III of the Listing Regulations, which will be disclosed based on application of materiality criteria
 - 5.2 Materiality must be determined on a case to case basis depending on the material facts and the circumstances pertaining to the information or event and would be determined based on the qualitative judgement to be exercised by the Authorised KMP.
 - 5.3 The following criteria will be applicable for determination of materiality of event or information:
 - 5.3.1 The omission of an event or information which is likely to:
 - result in a discontinuity or alteration of an event already available publicly; or
 - result in significant market reaction if the said omission came to light at a later date;
 - 5.3.2 Any event or information having a significant risk to the reputation of the Company.
 - 5.3.3 the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
 - two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
 - five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity.
 - 5.3.4 In the opinion of the Board of Directors of the Company, the event / information ought to be disclosed though not required to be statutorily intimated.
 - 5.4 The quantitative criteria, shall apply to events specified in Para B of Part A of Schedule III of the Listing Regulations only and shall be used as a yardstick or reference for determining materiality and arriving at the overall decision on the event to be reported by the Company Secretary.

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- 5.5 Only such impact which is direct, reasonably perceivable and not remote, quantifiable and having a short term horizon of 1-2 years, shall be considered.
- 5.6 Notwithstanding anything stated above , the Authorized KMP may apply qualitative criteria for deeming an event/information to be material or not in cases where aforementioned quantitative criteria cannot be ascertained/applied reasonably.
6. Disclosure of events/ information to stock exchanges
- 6.1 Any event or information falling under Regulation 30 of Listing Regulations shall be informed to the Authorised KMP promptly upon occurrence, with adequate supporting data/information, to facilitate a prompt and appropriate disclosure to the stock exchange.
- 6.2 The Company shall disclose all events or information which are material in accordance with the Policy as soon as reasonably possible and in any case not later than the following:
- thirty 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;
 - twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity;
 - twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity.
- 6.3 The disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines.
- 6.4 In case the disclosure is made after the timelines specified above of the occurrence of such event/information, the Company shall, along with such disclosure(s) provide an explanation for the delay.
- 6.5 Any other event, even if not covered under the Listing Regulations but is potentially of price sensitive nature, must also be informed for further evaluation, to the Authorised KMP.
- 6.6 The Authorised KMP will ascertain the materiality of events or information considering their nature and relevant impact in terms of discontinuity of market information and significant market reaction in case of omission. The respective departments shall assist the Authorised KMP in this assessment.
- 6.7 After evaluation, the Authorised KMP shall issue a suitable disclosure to the Stock Exchanges in consultation with the CEO & Managing Director and in his absence, Chief Financial Officer, pursuant to Regulation 30 of the Listing Regulations.
- 6.8 The Company shall disclose to the stock exchange(s) material updates on the events/information disclosed under this Policy till such time the event is resolved/closed, with relevant explanations.
7. Policy review
- In case of any subsequent changes in the provisions of the Listing Regulations or any other regulations which makes any of the Clauses/provisions in the Policy inconsistent with the Regulations, the provisions of the Listing Regulations would prevail over the Policy and the Clauses/provisions in the Policy would be deemed to be modified accordingly. The Board also, at its discretion, has the power to review and revise the Policy.

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8. Effective date
This amended Policy shall be effective from 20th July 2023.
9. Disclosure on website
 - 9.1 As required under the SEBI Listing Regulations, the Policy will be disclosed on the website of the Company www.nelco.in.
 - 9.2 Further, the Company shall disclose on its website all such events or information which have been disclosed to the stock exchange(s) under these Listing Regulations and such disclosure shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company. Any change in the content of its website shall be updated within two working days from the date of such change in content.
10. Contact details
Any questions or clarifications about the policy or disclosures made by the Company should be referred to the Company Secretary (ritesh.kamdar@nelco.in) and/or CFO (malav.shah@nelco.in), who are in charge of administering, enforcing and updating this policy.

This Policy is amended and approved by the Board on February 24, 2025.