



Konstelec Engineers Limited

CONSULTING ENGINEERS & EPC CONTRACTORS

CIN: U45203MH1995PLC095011

Policy for determination of materiality for disclosure of events or information

**Approved and adopted vide Board resolution dated:
16/10/2023**



**Policy for determination of materiality for disclosure of events or information.
Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements)
Regulations, 2015.**

1. BACKGROUND:

The policy for determination of materiality for disclosure of events or information (the “**Policy**”) is framed in accordance with the requirements of the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”) for determination of materiality for disclosure of events or information to National Stock Exchange of India Limited [NSE EMERGE] (the “**Stock Exchange**”), based on the criteria specified in the Listing Regulations as would be amended from time to time. This policy came into effect from 16.10.2023 which has been approved by the Board of Directors of the company under the Listing Regulations and amendments thereof at its meeting held on October 16, 2023 and is effective with immediate effect and is also required to be disclosed on the website of the Company.

The purpose of this policy is to determine materiality of event and information based on criteria specified under clause (i) of sub-regulation (4) of Regulation 30 of the Listing Regulations and to ensure that the Company shall make disclosure of events/information specified in para A and B of Part A of Schedule III of the Listing Regulations to the Stock Exchange and to ensure that such information is adequately disseminated in pursuance with the Regulations and to provide an overall governance framework for such determination of materiality.

2. SCOPE OF THE POLICY:

The Policy will be applicable to all the events which fall under the criteria as disclosed under the Regulation relating to “Disclosure of events or information to Stock Exchange”. This Policy shall be read along with the Company’s Policy on Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (Code of fair disclosure) framed in adherence to the principles for fair disclosure as outlined in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

3. KEY MANAGERIAL PERSONNEL AUTHORIZED TO DETERMINE MATERIALITY:

The Chairman, Managing Director, Whole Time Directors, the Chief Financial Officer or Company Secretary will be the authorized Key Managerial Personnel (“**KMP**”) to determine



the materiality of an event or information and for the purpose of advising on the disclosure to the stock exchange. The Contact Details of the KMP for determining materiality of an event or information as specified under Regulation 30(5) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 to be disclosed to stock exchange and be made available on the website of the company under the link <https://konstelec.com/Corporategovernance/policies>

4. GUIDELINES FOR DETERMINATION OF MATERIALITY:

a. Deemed Material Events/ Information:

For the events or information stated in **Annexure-A** of this policy, no criteria is applicable and the Company shall disclose the said events or information as they occurred within the timelines mentioned in para 5 of this policy.

The Company shall, with respect to disclosures referred to in this **Annexure-A**, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

b. Material Events/ Information:

Events or information specified in Para B of Part A of Schedule III of Regulation 30 of the SEBI Listing Regulations will be disclosed based on application of materiality criteria.

Following is the criteria which shall be applied to determine Materiality for the purpose of making disclosure in terms of the SEBI Listing Regulations for the events or information stated in **Annexure-B** of this Policy;

- (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; or
- (c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - 1. two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
 - 2. 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;
 - 3. 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;



- (d) In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the listed entity, the event or information is considered material.

The Company shall take necessary steps to ensure to give wider publicity of above criteria amongst the employees to assist them in identifying any potential material event or information and reporting the same to the authorized Key Managerial Personnel.

5. DISCLOSURES OF EVENTS OR INFORMATION TO STOCK EXCHANGE:

1. The Company shall first disclose to the stock exchange all events or information which are material in terms of the provisions of this regulation as soon as reasonably possible and in any case not later than the following:
 - i. 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;
 - ii. twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity;
 - iii. 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:

Provided that disclosure with respect to events for which timelines have been specified in Part-A of Schedule III of the Listing Regulations shall be made within such timelines.

Provided further that in case the disclosure is made after the timelines specified above, the Company shall, along with such disclosure provide the explanation for the delay.

2. The listed entity shall disclose all events or information with respect to subsidiaries which are material for the listed entity.
3. In case where an event occurs or information is available with the Company, which has not been indicated in **Annexure-A or Annexure-B**, but which may have a material effect on it, the Company will make adequate disclosures in regard thereof. The Company shall disclose on its website all such events or information which has been disclosed to stock exchange under this regulation, and such disclosures 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, as disclosed on its website.



The Company shall provide specific and adequate reply to all queries raised by stock exchange with respect to any events or information: Provided that the stock exchange shall disseminate information and clarification as soon as reasonably practicable.

The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange.

In case an event or information is required to be disclosed by the company in terms of the provisions of the listing regulation, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

6. GUIDANCE ON WHEN AN EVENT/INFORMATION IS DEEMED TO BE OCCURRED:

1. The events/information shall be said to have occurred upon approval of Board of the Company in certain events, for example further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of the Company and Shareholders of the Company.
2. Certain events which are price sensitive in nature like declaration of dividends/bonus etc. will be deemed to have occurred and disclosed on approval of the Board of the Company pending Shareholder's approval.
3. Events such as natural calamities or disruption can be said to have occurred when the Company becomes aware of the event/information.

7. DISCLOSURES ON WEBSITE:

The Company shall disclose on its website viz.; <https://konstelec.com/corporategovernance/policies> all such events or information which has been disseminated to the Stock Exchange under this Policy and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival process followed by the Company.

8. AMENDMENTS TO THE POLICY:

The KMP authorised under this Policy will review the Policy from the perspective of the Listing Regulations and determine the events/information for disclosure as may be amended by



the Securities and Exchange Board of India from time to time. All such amendments will be informed to the Board and the approval of the Board will be sought to align the policy in line with the Listing Regulations.

For Konstelec Engineers Limited.

Sd/-
Biharilal Ravilal Shah
Managing Director
DIN: 00337318

Sd/-
Amish Biharilal Shah
Whole Time Director
DIN: 01415766

Date: 16/10/2023
Place: Mumbai



Annexure-A

The following shall be events/information, upon occurrence of which listed entity shall make disclosure to stock exchange:

Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30):

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or 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 associate company of the company or any other restructuring:

Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean

- i. acquiring control, whether directly or indirectly; or
- ii. acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that –
 - a. the listed entity 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-paragraph and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
 - c. the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub regulation (4) of regulation 30

Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include-

- i. an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or
- ii. an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation (3)- For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.

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. New Rating(s) or Revision in Rating(s).
4. Outcome of Meetings of the board of directors: The Company shall disclose to the Exchange, within 30 minutes of the closure of the meeting, 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:

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

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.

- 5A. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the company 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 Exchange, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the company is a party to such agreements:

Provided that such agreements entered into by a company 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.

Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that company shall or shall not act in a particular manner.

6. Fraud or defaults by a company, its promoter, director, key managerial



personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad:

For the purpose of this sub-paragraph:

- i. 'Fraud' shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- ii. 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, company would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, and subsidiary shall mean default which has or may have an impact on the company.

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer.

(7A) In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Company to the stock exchange as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor.

(7B) Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchange by the Company:

- i. The letter of resignation along with detailed reasons for the resignation as given by the said director.
 - ia. Names of Company in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 - ii. The independent director shall, along with the detailed reasons, also provide confirmation that there is no other material reasons other than those provided.
 - iii. The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchange along with the disclosures as specified in sub- clause (i) and (ii) above.

(7C) In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchange by the company within seven days from the date that such resignation comes into effect.

(7D) In case the Managing Director or Chief Executive Officer of the



company 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.

8. Appointment or discontinuation of share transfer agent.
9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
 - (i) Decision to initiate resolution of loans/borrowings;
 - (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
 - (iii) Finalization of Resolution Plan;
 - (iv) Implementation of Resolution Plan;
 - (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
10. One-time settlement with a bank.
11. 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.
 - (a) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the Company to analysts or institutional investors.

Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.
 - (b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange, in the following manner:
 - (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
 - (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:
16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:
 - a) Filing of application by the corporate applicant for initiation of CIRP, also



- specifying the amount of default;
 - b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
 - c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
 - d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
 - e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - f) Appointment/ Replacement of the Resolution Professional;
 - g) Prior or post-facto intimation of the meetings of Committee of Creditors;
 - h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - i) Number of resolution plans received by Resolution Professional;
 - j) Filing of resolution plan with the Tribunal;
 - k) Approval of resolution plan by the Tribunal or rejection, if applicable;
 - l) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:
 - (i) Pre and Post net-worth of the company;
 - (ii) Details of assets of the company post CIRP;
 - (iii) Details of securities continuing to be imposed on the companies' assets;
 - (iv) Other material liabilities imposed on the company;
 - (v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
 - (vi) Details of funds infused in the company, creditors paid-off;
 - (vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;
 - (viii) Impact on the investor – revised P/E, RONW ratios etc.;Names of the new promoters, key managerial persons(s), if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
 - (ix) Brief description of business strategy.
 - m) Any other material information not involving commercial secrets.
 - n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
 - o) Quarterly disclosure of the status of achieving the MPS;
 - p) The details as to the delisting plans, if any approved in the resolution plan.
- 17. Initiation of Forensic audit:** In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchange by Company:
- a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;



- b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Company along with comments of the management, if any.
18. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a company, in relation to any event or information which is material for the company in terms of regulation 30 of these regulations and is not already made available in the public domain by the company.
Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.
19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the company, in respect of the following:
- search or seizure; or
 - re-opening of accounts under section 130 of the Companies Act, 2013; or
 - investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - name of the authority;
 - nature and details of the action(s) taken, initiated or order(s) passed;
 - date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
 - details of the violation(s)/contravention(s) committed or alleged to be committed;
 - impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.
20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the company, in respect of the following:
- suspension;
 - imposition of fine or penalty;
 - settlement of proceedings;
 - debarment;
 - disqualification;
 - closure of operations;
 - sanctions imposed;
 - warning or caution; or
 - any other similar action(s) by whatever name called; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - name of the authority;
 - nature and details of the action(s) taken, initiated or order(s) passed;
 - date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;



- iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
 - v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.
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.



Annexure-B

Events which shall be disclosed upon application of the guidelines for materiality under clause 4 of this Policy:

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Any of the following events pertaining to the company:
 - (a) arrangements for strategic, technical, manufacturing, or marketing tie-up; or
 - (b) adoption of new line(s) of business; or
 - (c) closure of operation of any unit, division or subsidiary (in entirety or in 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) 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 listed entity 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. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the company.
9. Frauds or defaults by employees of the company which has or may have an impact on the company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety, by whatever named called, for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.

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.

Without prejudice to the generality of above, the Company may make disclosures of event/information as specified by the Board from time to time.
