

IL&FS Engineering and Construction Company Limited

Policy for Determination of Materiality of Events or Information

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IL&FS Engineering and Construction Company Limited

Policy for Determination of Materiality of Events or Information

[In terms of Regulation 30(4)(ii) of the Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

1. Introduction

- 1.1 This Policy (hereinafter referred to as '**Policy**') shall be called 'Policy for Determination of Materiality of Events or Information' of the Company.
- 1.2 The Policy has been framed in compliance with the provisions of the Regulation 30 read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**SEBI Listing Regulations**') which mandates disclosure of any events or information which in the opinion of the Board of Directors ('**Board**') of the Company is material.
- 1.3 Regulation 30(4)(ii) mandates every Listed Company to frame a policy for determination of materiality based on criteria specified in Regulation 30(4) of SEBI Listing Regulations.

2. Objectives

The policy for determination of materiality of events and information aims to attain the following objectives:

- 2.1 To specify the criteria for determination of material events or information as specified in Para B Part A of Schedule III of the SEBI Listing Regulations, in relation to the Company.
- 2.2 Determination of timelines and scope of disclosures for events and information which are material for the Company.
- 2.3 To ensure that all investors have equal access to important information that may affect their investment decisions.
- 2.4 To ensure that the information disclosed by Company is adequate, accurate, timely and transparent.

3. Definitions

- '**Board**' shall mean the Board of Directors of the Company, as constituted from time to time.
- '**Compliance Officer**' shall mean the Company Secretary of the Company.

- **'Key Managerial Personnel'** means Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company.
- **'Subsidiary'** means a subsidiary as defined under Section 2(87) of the Companies Act, 2013.

All other terms and expressions used but not defined herein shall have the same meaning as assigned to those terms under the Companies Act, 2013, SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, SEBI (Depositories and Participants) Regulations, 2018, Securities and Contracts (Regulations) Act, 1956 or any other applicable laws or regulations, as the case may be, as amended from time to time.

4. Disclosure of Material Events and Information

4.1 Criteria for determining Material events or information

1. Events or information specified in Para A of Part A of Schedule III of SEBI Listing Regulations are deemed to be material events and needs to be disclosed to Stock Exchanges without applying the materiality specified in clause 4.2 of this Policy.
2. Events or information specified in Para B of Part A of Schedule III of SEBI Listing Regulations needs to be disclosed to the Stock Exchanges if such events or information are material based on the application of guidelines for materiality.

The criteria for determining materiality is as follows:

- (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) The omission of an event or information whose value or expected impact in terms of value, exceeds the lower of the following:
 - i. Two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
 - ii. 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;
 - iii. 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-clause (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the Board, the event or information is considered material.
3. In addition to the above, Para C and D of Part A of Schedule III of the SEBI Listing Regulations mandate disclosure of the following:
- i. Major developments that are likely to affect business;
 - ii. Any change of accounting policy that may have a significant impact on the accounts,;
 - iii. 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;
 - iv. Any other disclosure as may be specified by the SEBI from time to time.

4.2 Timelines for disclosure

1. If any activity leads to the occurrence of any events as mentioned in clause 4.1 above, then in such case the relevant employee handling such activity should identify such potential material events or information and report the same to the authorised Key Managerial Personnel for determining the materiality of said event or information and make necessary disclosures to Stock Exchanges.
2. All the events or information which are material in terms of the provisions of SEBI Listing Regulations and this Policy, are required to be disclosed by the Company to the Stock Exchanges as soon as reasonably possible and in any case not later than the following:
 - i. Within **thirty minutes** from the closure of the meeting of the Board, if the Board meeting concludes during the normal trading hours;
 - ii. **Within three hours** from the closure of the meeting of the Board, if the Board meeting concludes after the normal trading hours but not more than three hours before the beginning of the normal trading hours of the next trading day;
 - iii. **Within twelve hours** from the occurrence of the event or information, in case the event or information is emanating from within the Company;

- iv. **Within twenty four hours** from the occurrence of the event or information, in case the event or information is not emanating within the Company.
- v. In respect of claims which are made against the Company under any litigation or dispute, other than tax litigation or dispute, in terms of sub-para 8 of Para B of Part A of Schedule III of SEBI Listing Regulations, is maintained in the structured digital database (SDD) of the Company in terms of provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, the disclosure with respect to such claims shall be made to the Stock Exchanges **within seventy two hours** of receipt of the notice by the Company.

The disclosures with respect to events for which timelines have been specified in Part A of Schedule III of SEBI Listing Regulations are required to be made within such timelines.

Further in case, the disclosure is made after the timelines specified under the SEBI Regulations, the Company, along with such disclosure is required to provide the explanation for the delay.

3. The following material events or information shall be disclosed on a quarterly basis in the format specified for the Integrated Filing Governance Report:
 - i. Acquisition of shares or voting rights by the Company in an Unlisted Company, aggregating to 5% or any subsequent change in holding exceeding 2% in terms of the provisions of Para A(1) of Part A of Schedule III of SEBI Listing Regulations.
 - ii. Imposition of fine or penalty which are lower than the monetary thresholds specified under Para A (20) of Part A of Schedule III of SEBI Listing Regulations.
 - iii. Updates on ongoing tax litigations or disputes in terms of the provisions of Para B (8) of Part A of Schedule III of SEBI Listing Regulations.

4.3 The Company shall, with respect to disclosures referred to in this Policy, make disclosures to Stock Exchanges updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

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

4.5 The Company shall provide a specific and adequate reply to all queries raised by the Stock Exchange(s) with respect to any events or information.

4.6 In case an event or information is required to be disclosed by the Company in terms of this Policy or SEBI Listing Regulations, 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.

5. Authority for determining materiality of events or information

5.1 The Key Managerial Personnel i.e. Chief Executive Office, Chief Financial Officer and Company Secretary of the Company are authorized by the Board for the purpose of determining materiality of an event or information and for the purpose of making disclosures to Stock Exchanges.

The Key Managerial Personnel would be responsible for the following:

- i. To review and assess an event or information that may qualify as material and may require disclosures based on prevailing facts and circumstances.
- ii. To determine the timeline at which disclosures are to be made to the Stock Exchanges based on assessment of actual time of occurrence of event or information.
- iii. To disclose developments that are material in nature on a regular basis, till such time the event or information is resolved/closed.
- iv. To disclose such other event or information that are not mentioned in Schedule III of SEBI Listing Regulations, but which may have material effect on the Company.

5.2 The Company Secretary or Compliance Officer of the Company shall be responsible for making disclosures to the Stock Exchanges.

6. Implementation

6.1 The Business Head/Functional Head shall be responsible for identifying the material event or information if any activity leads to the occurrence of any such events.

6.2 On becoming aware of any potential event or information that may be considered material the concerned Business Head/Functional Head shall intimate the same along with relevant supporting information to the Compliance officer to facilitate the prompt and appropriate disclosures to the Stock Exchanges.

6.3 On receipt of the information, the Company Secretary or Compliance Officer shall determine the materiality of the event or information and shall

intimate the same to the Stock Exchanges within the timeline as mentioned in clause 4.2 above.

7. Policy Review

7.1 This Policy is based on the provisions of the prevalent Acts, rules, guidelines, regulations framed under the various statutes, laws applicable to the Company.

7.2 In case of any modification and/or promulgation/enactment in the applicable provisions of acts, rules, guidelines, regulations which are inconsistent with the Policy, such amended provisions would prevail over the Policy.

7.3 The Company Secretary and Chief Financial Officer are jointly authorized to amend this Policy to be consistent with the prevailing provisions of acts, rules, guidelines, regulations and in accordance with administrative requirements, which shall be placed before the Audit Committee/Board for its approval.

8. Appropriate parameters (profit/net-worth/turnover) to be considered for determination of materiality for different types of events under Para B of Part A of Schedule III of LODR Regulations

As per SEBI Circular no. SEBI/HO/CFD/CFD-PoD-2/CIR/2025/25 dated 25th February, 2025 the following parameters have been prescribed:

- Events or information specified in Para B of Part A of Schedule III of SEBI Listing Regulations are required to be disclosed to the Stock Exchanges if such events or information are material based on the application of guidelines for materiality as mentioned in Clause 4.1 above.
- In case the requisite parameters under Clause 4.1 is held not relevant to an event, each of such values (2% of turnover, 2% of net worth and 5% of average profits after tax) can be applied individually and a particular threshold can be relevant depending upon the nature of event/information.

Based on the above analysis as to which of the three parameters should be applied for events or information stated in Schedule III, Part A, Para B is suggested for uniform approach by the listed entities which is as follows:

S. No.	Para B Events	Comparable with individual threshold limit (Numerator to Denominator)
1.	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division	Lower of the below: a) Expected impact on turnover to 2% of consolidated turnover, or b) Expected impact on profit/loss to 5% of average PAT
2.	Any of the following events pertaining to the listed entity:	
	a) Arrangements for strategic, technical, manufacturing, or marketing tie-up; or	Lower of the below: a) Capital invested or to be invested for such tie-up to 2% of consolidated net worth; or b) Expected impact on turnover to 2% of consolidated turnover; or c) Expected impact on profit/loss to 5% of average PAT
	b) Adoption of new line(s) of business; or	Lower of the below: a) Capital invested or to be invested for new line of business to 2% of consolidated turnover; or b) Expected impact on turnover to 2% of consolidated turnover; or c) Expected impact on profit/loss to 5% of average PAT
	c) Closure of operations of any unit, division or subsidiary (in entirety or in piecemeal)	Lower of the below: a) Expected impact on turnover to 2% of consolidated turnover; or b) Expected impact on profit/loss to 5% of average PAT
3.	Capacity addition or product launch	Capacity addition: Lower of the below: a) Capital invested or to be invested to 2% of consolidated net worth; or b) Expected impact on turnover to 2% of consolidated turnover; or c) Expected impact on profit/loss to 5% of average PAT

		<p>Product launch:</p> <p>Lower of the below:</p> <p>a) Capital invested or to be invested for product launch to 2% of consolidated net worth; or</p> <p>b) Expected impact on turnover to 2% of consolidated turnover</p> <p>c) Expected impact on profit/loss to 5% of average PAT</p>
4.	Awarding, bagging/receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business	<p>Lower of the below:</p> <p>a) Expected capital expenditure to 2% of consolidated net worth; or</p> <p>b) Expected impact on turnover; or</p> <p>c) Expected impact on profit/loss to 5% of average PAT</p>
5.	Agreements (viz. loan agreement(s) or any other agreement(s) which are binding and not in the normal course of business) and revision(s) or amendment(s) or termination(s) thereof	<p>Lower of the below, as may be applicable:</p> <p>a) Expected impact on balance sheet (increase in liability in terms of amount of loan) to 2% of consolidated net worth; or</p> <p>b) Expected impact on turnover to 2% of consolidated turnover; or</p> <p>c) Expected impact on profit/loss to 5% of average PAT</p>
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.	<p>Lower of the following:</p> <p>a) Expected impact on turnover to 2% of consolidated turnover; or</p> <p>b) Expected impact on profit/loss to 5% of average PAT</p>
7.	Effect(s) arising out of change in the regulatory framework applicable to the listed entity	<p>Lower of the below:</p> <p>a) Expected impact on turnover to 2% of consolidated turnover; or</p> <p>b) Expected impact on profit/loss to 5% of average PAT</p>
8.	Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity	<p>Lower of the below:</p> <p>a) Expected impact on turnover to 2% of consolidated turnover; or</p>

		b) Expected impact on profit/loss to 5% of average PAT
9.	Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity	Lower of the below: a) Expected impact on turnover to 2% of consolidated turnover; or b) Expected impact on profit/loss to 5% of average PAT
10.	Options to purchase securities including any ESOP/ESPS scheme	Lower of the below: a) Expected increase in capital to 2% of consolidated net worth; or b) Expected impact on profit/loss to 5% of average PAT
11.	Giving of guarantees or indemnity or becoming a surety, by whatever name called, for any third party	Lower of the following: a) Expected impact on balance sheet (increase in liability in terms of amount of guarantee, indemnity, surety, etc.) to 2% on consolidated net worth; or b) Expected impact on profit/loss in case the guarantee/ indemnity/ surety is invoked to 5% of average PAT
12.	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals	Lower of the below: a) Expected impact on turnover to 2% of consolidated turnover; or b) Expected impact on profit/loss to 5% of average PAT
13	Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority	Threshold to be linked with Para A(20) – imposition of penalty

9. Disclosure on Website

The Company shall disclose on its website all such events or information which has been disclosed to the relevant 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 policy of the Company.