

**POLICY ON CRITERIA
FOR DETERMINING
MATERIALITY OF EVENTS
Of**

SJP ULTRASONICS LIMITED (SUL)

(FORMERLY KNOWN AS SJP ULTRASONICS PRIVATE LIMITED)

1. BACKGROUND

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company has formulated a Policy on determination of Materiality of events or information that warrant disclosure to investors.

2. AUTHORITY TO KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company have authorised the **Chief Financial Officer (CFO) and the Company Secretary CUM Compliance Officer (Authorized Persons)** to determine the materiality of an event or information and to make appropriate disclosure on a timely basis.

The Authorised Persons are also empowered to seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders as they may deem fit. The Authorized Persons will ascertain the materiality of such event or information based on the above guidelines. On completion of the assessment, the Authorized Persons shall make appropriate disclosure(s) to the Stock Exchanges. Guidelines for Assessing Materiality will be determined on a case to case basis depending on the facts and the circumstances pertaining to the event or information.

- A. Event or information to be disclosed without any application of the guidelines for materiality are specified in Annexure A to this Policy.
- B. Event or information that is to be disclosed based on materiality principle are specified in Annexure B to this Policy.

The following criteria will be applicable for determination of materiality of the event or information:

- a) 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;
 - 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.
- b) In the opinion of the Board of Directors of the Company/ the Authorised Persons, the event/ information ought to be disclosed in case it becomes difficult to arrive at a decision based on qualitative criteria as stated in **points a)** above, the same may be considered material for disclosure, upon meeting materiality thresholds are; for events specified in **Annexure B** of this Policy, if the impact of the occurrence of such an event would exceed 5% of the gross standalone turnover of the Company, in the immediately preceding accounting year; for events specified in **Annexure B** of this Policy with respect to a Subsidiary of the Company, if the impact of the occurrence of such an event would exceed 5% of the gross consolidated turnover of the Company, in the immediately preceding accounting year.

- c) As specified in Para C of Part A of Schedule III of the Regulations, the Company shall promptly disclose 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 financial statements of the Company 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.

3. **GUIDANCE ON TIMING OF AN EVENT OR INFORMATION**

The Company may be confronted with the question as to when an event/information can be said to have occurred. In certain instances, the answer to above question would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions, etc. and the answer to the above question would depend upon the timing when the Company became aware of the event/information. In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval. In the latter, the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, an officer of the Company has, or ought to have reasonably come into possession of the information in the course of the performance of his duties. Here, the term 'officer' shall have the same meaning as defined under the Companies Act, 2013 and shall also include promoter of the listed entity.

4. **POLICY REVIEW**

The Company may review the Policy from time to time based on Listing Regulations. Material changes to the Policy will need the approval of the Board of Directors.

Annexure A

Events or Information to be disclosed **WITHOUT** application of Materiality Guidelines:

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 listed entity or any other restructuring.
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).

Outcome of Meetings of the board of directors: The Company shall disclose to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider the following not limited to only but as per the SEBI guidelines and Listing Requirements also:

- 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 listed entity from stock exchange(s);
 - j) 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.
4. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), 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.
 5. Fraud/defaults by promoter or directors, key managerial personnel or Senior Managerial Personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad or by the Company or arrest of key managerial personnel or promoter.
 6. Change in directors, key managerial personnel (Chief Operating Officer, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
 7. Appointment or discontinuation of share transfer agent.
 8. 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.
9. One- time settlement with a bank.
10. Winding-up petition filed by any party / creditors.
11. 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.
12. Proceedings of Annual and extraordinary general meetings of the Company.
13. Amendments to memorandum and articles of association of Company.
14. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.
15. Following Events if any.
- 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 listed entity to analysts or institutional investors.
 - 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(s), 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.;
 - ix. Names of the new promoters, key managerial personnel, 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;
 - x. Brief description of business strategy
 - xi. Any other material information not involving commercial secrets.
 - xii. Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
 - xiii. Quarterly disclosure of the status of achieving the MPS;
 - xiv. 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 exchanges by listed entities:
- 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 listed entity 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 listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.
19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- a) search or seizure; or
- b) re-opening of accounts under section 130 of the Companies Act, 2013; or
- c) 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:

- I. name of the authority;
- II. nature and details of the action(s) taken, initiated or order(s) passed;
- III. 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.

20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- a. suspension;
- b. imposition of fine or penalty;
- c. settlement of proceedings;
- d. debarment;
- e. disqualification;
- f. closure of operations;
- g. sanctions imposed;
- h. warning or caution; or
- i. any other similar action(s) by whatever name called;

along with the following details pertaining to the actions(s) initiated, taken or orders passed

- i. name of the authority;
- ii. nature and details of the action(s) taken, initiated or order(s) passed;
- iii. 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 or Information to be disclosed based on Materiality Guidelines

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 listed entity:
 - 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 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. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.
9. Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety, by whatever name 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.
14. Litigation(s) / dispute(s) / regulatory action(s) with impact.