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POLICY FOR DETERMINATION OF MATERIALITY THRESHOLD FOR DISCLOSURE OF EVENTS OR INFORMATION

[Pursuant to SEBI (Listing Obligations and Disclosure Requirements), 2015]

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A. Revision History

Version	Date of issue	Reason for change
1	25/03/2018	Policy adopted
2	13/02/2020	Change in details of KMP
3	29/04/2020	Change in details of KMP
4	12/08/2021	Amendment in Materiality Threshold
5.	28/09/2022	Change in details of KMP
6.	09/08/2023	Revised Policy Adopted
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Contents

1. General	1
2. Objective.....	1
3. Effective	1
4. Definitions	1
5. Events which are deemed to be material events.....	2
6. Events which are dependent on application of guidelines for materiality.....	2
7. Any Other Information/Event which is to be disclosed by the Company	3
8. Guidelines on Occurrence of an Event / Information	3
9. Authorize key managerial personnel (KMP) for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange.....	4
10. Scope and Limitation	4
11. Disclosure	4
12. Review & Amendments	5

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1. GENERAL

Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (“Listing Regulations”) relates to disclosure of any events or information which, in the opinion of the Board of Directors of the Listed Company and/or in pursuance to the criteria as particularly defined in the said Regulation, are material. It further states that events specified in Para A of Part A of Schedule III of Listing Regulations are deemed to be material events and events specified in Para B of Part A of Schedule III are to be decided as material based on application of the guidelines for materiality, and the listed entity shall promptly make disclosure of such events to the Stock Exchanges.

Regulation 30 (4) (ii) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 requires that the Listed Entity shall frame a Policy for determination of Materiality, based on criteria specified in the said sub-regulation, duly approved by its Board of Directors, and the same shall be disclosed on its website.

2. OBJECTIVE

The objective of this policy is to determine the “Materiality of the Information of the Company” for the purpose of Disclosure to the Stock Exchanges and to provide the Governance Framework on such information.

3. EFFECTIVE

The Policy shall be effective from the date of listing of the Equity Securities of the Company.

4. DEFINITIONS

- (a) “Act” means the Companies Act, 2013 (and the Rules) and the Companies Act, 1956 to the extent applicable and amendments thereto time to time.
- (b) “Board of Directors” means the Board of Directors of the Company.
- (c) “Company” means Varroc Engineering Limited and shall include its Subsidiaries, Associate Companies, Joint Venture Companies.
- (d) “Key Managerial Personnel” means key managerial personnel as defined under subsection (51) of section 2 of the Companies Act, 2013.
- (e) “Listing Regulations” means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and further amendments thereto which shall include Circulars, Master Circulars and notifications issued in this regard.
- (f) “Policy” means this policy, as amended from time to time.
- (g) “SEBI” means the Securities and Exchange Board of India.
- (h) “Rules” means the Rules made under the Companies Act, 2013.
- (i) “Stock Exchange(s)” means BSE Limited and the National Stock Exchange of India Limited, where the Equity Shares of the Company are listed.

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5. EVENTS WHICH ARE DEEMED TO BE MATERIAL EVENTS

The Company shall disclose all such events or information which in the opinion of the Board of Directors of the Company is material or as specified in Regulation 30 and 30A of the Listing Regulations and stipulated in Para A of Part A of Schedule III of the Listing Regulations (as amended and applicable from time to time) without any application of the guidelines for materiality.

6. EVENTS WHICH ARE DEPENDENT ON APPLICATION OF GUIDELINES FOR MATERIALITY

The Company shall disclose all material events pertaining to itself or any of its subsidiary(ies) or joint venture companies, which may have direct or indirect impact on the operations or financials of the Company or which may be otherwise considered as price sensitive information, as specified in Para B of Part A of Schedule III of the Listing Regulations subject to application of guidelines for materiality, as given hereunder.

The Company shall consider the following criterias for determination of materiality of any events or information are as under.

A. Quantitative criteria means omission of an event/ information where the value involved or the expected impact in terms of value exceeds lower of the following:

(a) 2% of the turnover as per the last audited consolidated Financial Statements of the Company;

(b) 2% of the net worth as per the last audited consolidated Financial Statements of the Company except in case the arithmetic value of the net worth is negative;

(c) 5 % of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company.

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B. Qualitative criteria would mean an event/ information:

- (a) the omission of which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) the omission of which is likely to result in significant market reaction if the said omission came to light at a later date; or
- (c) that may be treated as being material, if in the opinion of the Board of Directors of Company, the event / information is considered material.

7. ANY OTHER INFORMATION/EVENT WHICH IS TO BE DISCLOSED BY THE COMPANY.

The Company shall disclose major developments that are likely to affect business, e.g. emergence of new technologies, expiry of patents in practice, 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.

8. GUIDELINES ON OCCURRENCE OF AN EVENT / INFORMATION

The occurrence of a material event/information would be either by the Company's own accord or may not be in the hands of the Company. It can be categorized as under:

- (a) depends upon the stage of discussion, negotiation or approval; and
- (b) in case of natural calamities, disruptions etc., it would depend upon the timing when the company became aware of the event/information.

The Company shall first disclose to the Stock Exchange(s) 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 Company;
- (iii) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company:

Provided that disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines. The Company shall make disclosure of events / information as may be specified by SEBI from to time and within the stipulated timeline.

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9. AUTHORIZATION TO KEY MANAGERIAL PERSONNEL (KMP) FOR THE PURPOSE OF DETERMINING THE MATERIALITY OF AN EVENT OR INFORMATION AND FOR THE PURPOSE OF MAKING DISCLOSURES TO STOCK EXCHANGE.

In terms of Regulation 30(5), the Board of Directors has authorised the Key Managerial Personnel of the Company as the "Authorised Persons" i.e., Chairman and Managing Director, Whole Time Director, Group Chief Financial Officer and Company Secretary for the purpose of determining materiality of an event or information as per the guidelines contained in this Policy and for making disclosure to the Stock Exchanges.

The materiality of events outlined above is indicative in nature. There may be a likelihood of some unforeseen events emerging due to the prevailing business scenario from time to time. Hence, the Authorized Person shall review and assess the materiality of an event that may qualify as 'material' and may require disclosure on the basis of prevailing facts and circumstances and should exercise his/her own judgement while assessing the materiality of events associated with the Company. In case the relevant Authorized Person has any doubt regarding materiality, he/she may consult the Chairman or Managing Director before disclosing the information to the Stock Exchange(s).

10. SCOPE AND LIMITATION

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments or rules, the provisions of Listing Regulations /Act or statutory enactments or rules shall prevail over this Policy.

11. DISCLOSURE

The above Policy will be posted on the Company's corporate website, and the events and information disclosed to the Stock Exchanges in terms of this Policy will also be kept posted on the website from the date of occurrence of such event / information. Any questions or clarification about the policy or disclosures made by the Company should be referred to the Company Secretary, who is in charge of administering, enforcing and updating this Policy.

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12. REVIEW & AMENDMENTS

The Board and/or Audit Committee may, as and when it deems appropriate, review this policy. This policy is being formulated keeping in mind the applicable laws, rules, regulations and standards in India. If there is an amendment in such laws, rules, regulations and standards, then this Policy shall be deemed to have been amended to the extent of such amendment. Conversely, if due to subsequent amendment in the statutory provisions, this Policy or any part hereof becomes inconsistent, such amended statutory provisions shall prevail and this Policy shall be deemed to be amended to that extent. Any subsequent amendment/modification in the Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

Date :09/08/2023
Place :Pune

Chairman and Managing Director