

## **POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS**

(As approved by the Board of Directors in their Meeting held on 24.05.2016)

### **I. INTRODUCTION**

Securities and Exchange Board of India (SEBI) has introduced SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations), effective 1<sup>st</sup> December 2015. Clause 30 (4) (ii) of Regulations mandates framing of a policy by all listed companies for determination of materiality of an event or information based on criteria which, in the opinion of the Board of Directors of the Company, is material to the investors.

The Company has a policy on fair disclosure of Unpublished price sensitive information (UPSI) for prompt public disclosure of UPSI that would impact the price discovery, as soon as credible and concrete information comes into being, in order to make such information generally available and the same was approved by the Board of Directors on February 05, 2016.

In order to avoid multiple and excessive disclosures, the policy on determination of materiality is only an extended version of the policy on fair disclosure of UPSI. Accordingly, Sundaram Brake Linings Limited (hereinafter referred to as 'SBL'), has formulated and notified this policy for determination of materiality of an event in compliance with the Regulations. The Board of Directors reviews and amend this policy from time to time.

### **II. OBJECTIVE**

In order to ensure fairness and efficiency in the stock market,

- a) Timely disclosure of relevant information by the Company to achieve parity while enabling the investors to make informed investment decisions; and
- b) Adequacy and Accuracy of the information disclosed, continuously as well as on an event based.

### **III. DEFINITIONS**

- a) "Board" shall mean the Board of Directors of the Company;
- b) "Committee" shall mean committee of one or more key managerial Personnel and / or such number of Independent directors;
- c) "Company" shall mean Sundaram Brake Linings Limited
- d) "Key Managerial Personnel" or "KMP" means key managerial personnel as defined in Sub-section (51) of section 2 of the Companies Act, 2013.
- e) "Stock Exchange" means the stock exchanges where the securities of a company are listed;

- f) “Policy” means Policy for determination of materiality of an event or information;
- g) “Material Events” are those that are specified in paragraph B, C and D of Part A of the Schedule III of the Regulations;

Words and expressions not defined in this policy shall have the same meaning but defined in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act 1956, the Depositories Act, 1996 or the Companies Act, 2013 and the rules and regulations made thereunder.

#### **IV. CATEGORIES OF EVENTS OR INFORMATION REQUIRING DISCLOSURE**

The events requiring disclosure may be divided broadly into the following categories:

1. The events that are deemed to be material are have to be necessarily disclosed without applying any test of materiality are indicated in Paragraph A of Part A of Schedule III of the Listing Regulations 2015 and have also been listed in Schedule I of this policy.
2. Paragraph B of Part A of Schedule III of the Listing Regulations 2015 indicates the events that should be disclosed by the listed entity, if considered material. These events are specified in Schedule II of this policy and shall be considered material subject to the application of the guidelines mentioned in Clause V. (Determination of Materiality)
3. Other events or information that may be considered material may include major development that is likely to affect business and shall be considered material subject to the application of guidelines mentioned in Clause V (Determination of Materiality). These events may include but are not restricted to the following :
  - (1) Emergence of new technologies
  - (2) Expiry of patents
  - (3) Any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof
  - (4) 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.
  - (5) Market sensitive information
  - (6) Any event which in the view of the Board is material

**V. DETERMINATION OF MATERIALITY**

Subject to provisions of the Regulations, materiality has to be determined on a case to case basis depending on specific facts and circumstances relating to the information / event.

The following criteria will be applicable for determining materiality of event or information.

(a) The omission of which is likely to result in :

A discontinuity of information already available publicly **[OR]**

Significant market reaction if the said omission came to light at a later date

(b) Where the value involved or the impact exceeds 10% of the Total Revenue **[OR]** 10% of the Networth (whichever is lower shall be taken as material)

The above thresholds shall be determined on the basis of audited financial statement of the Company's last audited financial year.

(c) In the opinion of the Board of Directors of the Company, the event / information is considered material.

If a particular information or event in question satisfies any of the above criteria, the company shall be under an obligation to disclose the same to the stock exchanges.

**VI. INFORMATION TO BE DISCLOSED TO STOCK EXCHANGES**

Company shall make disclosures of any events or information which, in the opinion of the Board of Directors of the company is material.

The Company shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III of the Regulations, or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event of information.

Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the Company shall, alongwith such disclosures provide explanation for delay.

Provided further that disclosure with respect to events specified in sub-para 4 of Paragraph A of Part A of Schedule III shall be made within thirty minutes of the conclusion of the Board meeting.

In terms of Regulation 30 (3) of the Listing Regulations, the Company shall make disclosure of the events mentioned in Paragraph B of Part A of Schedule III of the Regulations based on application of the guidelines of materiality.

Information for disclosure / dissemination is required to be approved by the KMP.

The Company shall supplement the information released to Stock Exchanges by public announcements and / or by simultaneously publishing such information on the Company's website.

## **VII. ADMINISTRATIVE MEASURES**

- a) The Key Managerial Personnel shall be authorised for the purpose of determining materiality of an event or information as enumerated in Clause IV (1) and (2) basis of the guidelines mentioned in Clause V of the policy and making disclosures to the Stock Exchange. The disclosure / dissemination of the material events / information is required to be determined and approved by the KMP of the Company.
- b) The Key Managerial Personnel may also be guided by previous guidance of SEBI or comparable international Regulators about materiality, while expressing a view on whether the information is material or not.
- c) The contact details of the Key Managerial Personnel who shall act as the coordinator between the management and the stakeholders, shall be disclosed to the Stock Exchange and also be disseminated on the Company's website.

## **VIII. MEDIUM OF DISCLOSURE / DISSEMINATION**

- a) Disclosure / dissemination of information to Stock Exchange, uploading on Company's website and publication of results in Newspapers,
- b) The Company shall ensure that disclosure of information of Stock Exchanges is made promptly.
- c) The information filed by the Company with Stock Exchanges under continuous disclosure requirement under the Regulations will also be made available on the Company's website.

**SCHEDULE I**

**EVENTS TO BE DISCLOSED WITHOUT ANY APPLICATION OF GUIDELINES FOR MATERIALITY**

1. Acquisition (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 company 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. Revision in Rating(s).
4. Outcome of Meetings of the Board of Directors held to consider the followings:
  - (a) dividends and / or cash bonuses recommended or declared or the decision to pass any 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).
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 listed entity) agreement(s) / treaty(ies) / contract(s) with media companies which are binding and not in normal course of business, revision(s) or amendments(s) and termination(s) thereof.

6. Fraud / defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
8. Appointment or discontinuation of share transfer agent.
9. Corporate debt restructuring.
10. One time settlement with a bank.
11. Reference to BIFR and 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 listed entity.
14. Amendments to memorandum and articles of association of the company, in brief.
15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;

**SCHEDULE II**

**EVENTS TO BE DISCLOSED UPON APPLICATION OF GUIDELINES FOR MATERIALITY**

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit / division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit / division (entirety or piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging / receiving, amendment or termination of awarded / bagged orders / contracts not in normal course of business.
5. Agreements (viz. Loan arrangement(s) (as a borrower) 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 regulatory framework applicable to the listed entity.
8. Litigation(s) / dispute (s) / regulatory action(s) with impact.
9. Fraud / defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP / ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.