



Sundram Fasteners Limited

SUNDRAM FASTENERS LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT

[Pursuant to Regulation 30(4) (ii) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015]



SFL's POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT

1. Introduction

Securities Exchange Board of India has notified SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (LODR Regulations) effective 1st December, 2015. Regulation 30(4)(ii) of the LODR Regulation mandates the company to formulate a policy for determination of materiality, based on the following criteria

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

The policy shall be approved by the Board of Directors of the Company and also be disclosed on the company's website.

Accordingly, the Board of Directors of the company has approved the following Policy for determination of materiality of an event. The Board of Directors may review and amend the policy from time to time.

2. Objective

The following are the objective of the policy:-

1. Timely disclosure of material information as may be relevant by the Company to ensure fair disclosure to the investor enabling them to facilitate in their investment decisions; and
2. To ensure adequate, relevant and accurate information is disclosed pursuant to on a material event or information.

3. Definitions

- a) "Board" shall mean the Board of Directors of the Company;
- b) "Company" shall mean Sundram Fasteners Limited;
- c) "Key Managerial Personnel" means Managing Directors, Chief Financial Officer & Company Secretary.
- d) "Stock Exchange" means the stock exchanges where the securities of a company are listed;



- e) "Subsidiary" means subsidiary of the Company defined under subsection (87) of section 2 of the Companies Act 2013;
- f) "Policy" means Policy for determination of materiality of an event or information.
- g) "Material Events" are those that are specified in Paragraphs B, C and D of Part A of 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 Requirement) Regulations, 2015, Securities and Exchange Board of India Act 1992 (15 of 1992), the Securities Contracts (Regulation) Act 1956, the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 and rules and regulations made there-under.

4. Types of events or information requiring disclosure

[As provided in Paragraph A, B, C and D of Part A of Schedule III of SEBI (LODR) Regulations, 2015]

- A. Events that are deemed to be material have to be necessarily disclosed without applying any test of materiality

Such events are indicated in Paragraph A of Part A of Schedule III of the LODR Regulations, which are also listed in **Annexure 1** of this Policy.

- B. Events that should be disclosed by the Company, if considered material

Such events are indicated in Paragraph B of Part A of Schedule III of the LODR Regulations, which are also listed in **Annexure 2** of this Policy.

- C. Other event or information such as major development that is likely to affect the business of the Company such as:-

- i) Expiry of patents
- ii) Emergence of new technologies
- iii) Any change in accounting policy of the Company that may have a significant impact on the accounts, etc.
- iv) Any other information exclusively known to the Company, which may be necessary to enable the holders of securities to appraise the company's position and to avoid establishment of a false market in such securities.

- D. Without prejudice to A, B and C above, any event which the Board may consider as material and specify for disclosure

5. Determination of materiality

Subject to provisions of the LODR Regulations, materiality will be determined on a case to case basis depending on specific facts and circumstances relating to each information / event. For the purpose of determining whether a particular event / information are material in nature or not, the **Key Managerial Personnel** may consider the following criteria:-



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| Qualitative Criteria <i>[as specified Regulation 30(4) of the LODR, Regulations, 2015]</i> |
| The omission of an event or information:- a) is likely to result in discontinuity or alteration of event or information already available publicly; [or] b) is likely to result in significant market reaction if the said omission came to light at a later date; [or] c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event / information may be treated as being material if in the opinion of the board of directors of Company, the event / information is considered material. |
| Quantitative Criteria <i>[As per SFL's Policy for determination of materiality of an event]</i> |
| Where the value involved in the event / information or the impact such an event / information exceeds 10% of the Total Income of the Company as at the end of the immediately preceding financial year. |

6. Details of information to be disclosed to the Stock Exchanges and guidelines for disclosures thereto *[as provided in Regulation 30(6) of the LODR Regulations, 2015].*

- a) The Company will make disclosures of any events or information which, in the opinion of the Board of Directors of the Company, is material.
- b) The Company shall first disclose to stock exchange(s) of all events, as specified in **Annexure 1** or information as soon as reasonably possible and **not later than twenty four hours** from the occurrence of event or information. Where such disclosure is made **after twenty four hours** of occurrence of event or information, Company will provide necessary explanation for delay along with such disclosure.
- c) Disclosure with respect to events specified in **Point No 4 in Annexure 1** shall be made within **thirty minutes** of the conclusion of the board meeting.
- d) As stipulated under Regulation 30(3) of the LODR Regulations, the Company shall make disclosure of the following events, based on application of the guidelines for materiality.



| S.No. | Reference in Annexure | Disclosure events based on materiality AND application of QUANTITATIVE criteria |
|--------------|------------------------------|---|
| 1 | 1 – Annexure 2 | Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division |
| 2 | 2 – Annexure 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 | 3 – Annexure 2 | Capacity addition or product launch |
| 4 | 4 – Annexure 2 | Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business |
| 5 | 6 – Annexure 2 | 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. |
| 6 | 7 – Annexure 2 | Effect(s) arising out of change in the regulatory framework applicable to the Company |
| 7 | 8 – Annexure 2 | Litigation(s) / dispute(s) / regulatory action(s) with impact |
| 8 | 11 – Annexure 2 | Giving of guarantees or indemnity or becoming a surety for any third party. |
| | | Disclosure events based on materiality AND application of QUALITATIVE criteria |
| 1 | 5 – Annexure 2 | Agreements (viz. loan agreement(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 |
| 2 | 9 – Annexure 2 | Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company |
| 3 | 10 – Annexure 2 | Options to purchase securities including any ESOP/ESPS Scheme |
| 4 | 12 – Annexure 2 | Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals |
| 5 | 13 – Annexure 2 | Expiry of patents |
| 6 | | Emergence of new technologies |
| 7 | | Any change in accounting policy of the Company that may have a significant impact on the accounts, etc. |
| 8 | | Any other information exclusively known to the Company, which may be necessary to enable the holders of securities to appraise the company's position and to avoid establishment of a false market in such securities |
| 9 | 14 – Annexure 2 | Without prejudice to A, B and C above, any event which the Board may consider as material and specify for disclosure |

- e) The Key Managerial Personnel shall be vested with the authority to determine materiality of an event or information. In case of any ambiguity or inappropriateness in determining the materiality of an event or information, the decision of the Key Managerial Personnel shall prevail. The Key Managerial Personnel may also be guided by the any circular / guidance of SEBI, Stock Exchanges or other comparable International Regulations about materiality, while expressing a view on whether the information is material or not. The Managing Director of the Company will approve the information for disclosure to the stock exchanges.



- f) The Company Secretary or any other Key Managerial Personnel may make disclosures to the Stock Exchanges. The Contact details of such Key Managerial Personnel are as follows:-

| Name | Designation | Contact details |
|----------------------|---|--|
| Sri Suresh Krishna | Chairman and Managing Director | Sundram Fasteners Limited 98-A, VII Floor, Dr Radhakrishnan Salai Mylapore Chennai – 600 004 Land Line : +91 44 28478500 Fax : +91 44 28478508 / 28478510 Email : investorshelpdesk@sfl.co.in |
| Ms Arathi Krishna | Joint Managing Director | |
| Ms Arundathi Krishna | Deputy Managing Director | |
| Sri V G Jaganathan | Chief Financial Officer & Company Secretary | |

- g) The Company shall make disclosures of all material event(s) / information / transaction(s) or arrangement(s) with respect to its unlisted subsidiaries.
- h) 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.

7. Timing of disclosure Details of information to be disclosed to the Stock Exchanges and guidelines for disclosures thereto

- a) The Company shall first disclose to stock exchange(s) of all events, or information as specified in **Annexure 1 and Annexure 2** of this Policy **as soon as reasonably possible** and **not later than twenty four hours** from the occurrence of event or information:
- b) In case the disclosure is made after twenty four hours of occurrence of the event or information, the company shall along with such disclosures provide explanation for delay:
- c) The disclosure with respect to events specified in sub-para 4 of Annexure 1 (i.e. sub-para 4 of Para A of Part A of Schedule III of LODR Regulations) shall be made **within thirty minutes** of the conclusion of the board meeting.
- d) The Company shall, with respect to disclosures referred to in this Policy, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- e) The Company shall **disclose on its website** all such events or information which has been disclosed to stock exchange(s) 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.
- f) The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.
- g) *The disclosure 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, 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 e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders. 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 case of the latter (i.e. natural calamity etc.) the events / information can be said to have occurred when the Company becomes aware of the events / information, or as soon as a Key Managerial Person has reasonably come into possession of the information in the course of the performance of his duties.

- h) *At times the preliminary information about an event may be such that the KMP of the Company cannot reasonably determine whether the information is material / price sensitive or not and may need to wait for more information or seek expert advice or conduct investigation/inquiry in order to determine the nature of the information. In such cases, the KMP shall be construed to have become aware of the event / information when the probable impact of the event / information becomes known/assessable to the extent of 75% of materiality threshold and not when the impact is finally and accurately assessed.

**[As provided in SEBI Circular No. CIR/CFD/CMD/4/2015 dated 9th September, 2015].*



Annexure 1

[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/restructuring), or sale or disposal of any unit(s), division(s) or subsidiary of the Company or any other restructuring.

Explanation:- For the purpose of this sub-para, the word 'acquisition' shall mean:-

- i. acquiring control, whether directly or indirectly; or
 - ii. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that -
 - a) the Company 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-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.
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: The Company shall disclose to the Exchange(s), 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(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 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.
 6. Fraud / defaults by promoter or key managerial personnel or by Company 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 Company.
14. Amendments to memorandum and articles of association of Company, in brief.
15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;

Note

Annexure 1 contents in line with Paragraph A of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



Annexure 2

[Events which shall be disclosed upon application of the guidelines for materiality referred in sub-regulation (4) of regulation (30)]

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 the normal course of business.
5. Agreements (viz. loan agreement(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 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. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company.
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.
13. 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.
14. Without prejudice to the generality of Annexure 1, Annexure 2 and Para C of SEBI (LODR) Regulations, 2015, mentioned above, the Company may make disclosures of event/information as specified by the Board from time to time.

Note

Annexure 2 contents in line with Paragraph B of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
