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# Policy on determination of Materiality for Disclosures

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## 1. OBJECTIVE

The Securities and Exchange Board of India (“SEBI”) vide its Notification dated September 02, 2015, had issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulations”) effective from December 01, 2015. In terms of the above Regulations, every Listed Company is required to disclose events or information which, in the opinion of the Board of Directors of the Company, are material. The Board of Directors (“Board”) of Exide Industries Limited (the “Company”) recognizes the need to frame a policy to determine the material events or information by testing the materiality as required under Regulation 30 and has approved this Policy at its meeting held on 21<sup>st</sup> January 2016, as amended, from time to time.

This Policy shall be called ‘Policy on Determination of Materiality for Disclosures’ (the “Policy”), which *inter-alia* aims at ensuring that all investors have equal access to important information that may affect their investment decisions and that such information is adequately disseminated in a fair and timely manner in pursuance with the Listing Regulations and to provide an overall governance framework for determination of materiality.

## 2. DEFINITIONS

### 2.1 “Acquisition” shall mean-

- a. acquiring control, whether directly or indirectly; or
- b. acquiring or agreement to acquire shares or voting rights in, a company, whether existing or to be incorporated, whether directly or indirectly, such that
  - i. the Company holds shares or voting rights aggregating to twenty per cent or more of the shares or voting rights in the said company; or
  - ii. there has been a change in holding from the last disclosure made under sub-clause (i) of clause (b) above and such change exceeds five per cent of the total shareholding or voting rights in the said company.
  - iii. the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Provided that acquisition of shares or voting rights aggregating to five percent or more of the shares or voting rights in an unlisted company and any change in holding from the last disclosure made under this proviso exceeding two per cent of the total



shareholding or voting rights in the said unlisted company shall be disclosed on a quarterly basis in the format as may be specified by SEBI from time to time.

- 2.2 **“Agreement”** shall include shareholder agreement, joint venture agreement, family settlement agreement to the extent the same impacts the management and control of the Company and agreement, treaty or contract with media companies, which are binding and not in normal course of business and revision, amendment and termination thereof.
- 2.3 **“Compliance Officer”** shall mean the Company Secretary of the Company.
- 2.4 **“Convertible Security”** means a security which is convertible into or exchangeable with equity shares of the issuer at a later date, with or without the option of the holder of the security and includes convertible debt instrument and convertible preference shares;
- 2.5 **“Key Managerial Personnel/KMP”** means Key Managerial Personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013;
- 2.6 **“Market Sensitive Information”** shall mean information concerning the Company that a reasonable person would expect to have a material effect on the price or value of its securities or information which causes the market to maintain the price of security at or about its current level when it would otherwise be expected to move materially in a particular direction, given price movements in the market generally or in the Company’s sector or such price movement as may be prescribed by SEBI from time to time in line with Regulation 30.
- 2.7 **“Material Price Movement (MPM)”** shall mean upward or downward movement in the listed security price including movement in the NIFTY 50/ Sensex, as may be prescribed under Listing Regulations from time to time.
- 2.8 **“Mainstream Media”** shall have the same meaning prescribed to such term under the Listing Regulations read with related SEBI Circulars, Notifications, Guidance Note, and Industry Standards as prescribed by SEBI from time to time.
- 2.9 **“Policy”** means Policy for Determination of Materiality for Disclosures.
- 2.10 **“Promoter”** means as assigned to the term in clause (za) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- 2.11 **“Relevant Employees”** means Senior Management Personnel (SMP) of the Company and such employees (depending upon their functional role) as may be specifically included by the Committee of Authorised Persons for the purpose of this Policy.

- 2.12 “**Rumour**” means a piece of news or information that many people are talking about but that is possibly not true.
- 2.13 “**Stock exchange**” means a recognised stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956;
- 2.14 “**Specified securities**” means ‘equity shares’ and ‘convertible securities’ as defined under clause (zj) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- 2.15 “**Subsidiary**” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013;

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Rules thereunder, circulars and notifications issued thereto or any other applicable law or regulation to the extent applicable to the Company.

### **3. COMMITTEE OF AUTHORISED PERSONS**

- 3.1 Pursuant to Regulation 30(5), the Board of Directors have authorised Key Managerial Personnels of the Company (“Committee of Authorised Persons”) for the purpose of determining materiality of an event or information and making disclosure to stock exchanges.
- 3.2 The Committee of Authorised Persons may meet physically or may interact through e-mails or any other means as they may deem fit.
- 3.3 The Committee of Authorised Persons shall have the following powers and responsibilities for determining the material events or information within the Company:
- (i) To review and assess the materiality of an event or information that may qualify as ‘material’ and may require disclosure, on the basis of facts and circumstances prevailing at that point in time. For this purpose, the relevant details of event or information shall be sent to the Committee of Authorised Persons promptly or as soon as practicable to enable its disclosure to the stock exchanges.
  - (ii) To determine Relevant Employees for the purpose of identification and reporting material events/information.

- (iii) To frame an 'Indicative Guideline' to determine the materiality of event by testing the materiality as required under Listing Regulations and to make suitable disclosures to the Stock Exchange(s) from time to time.

The purpose of this Indicative Guideline is to set out the guidelines/principles for quicker flow of potential material events/information within the Company from Relevant Employees to the level of Key Managerial Personnel (KMP). These principles would assist employees to easily identify and assess such potential material events/information in an objective manner. This framework shall give well-grounded parameters and rules to maintain uniformity and certainty for identification and reporting of material events/information.

- (iv) To determine the appropriate time at which the disclosures are to be made to the stock exchanges, after taking into account the stipulated time of actual occurrence of an event or information, after ascertaining facts.
- (v) To review and finalise the disclosures to be made.
- (vi) To disclose material developments on a regular basis, till such time the event or transaction is resolved/closed, with relevant explanations.
- (vii) To consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the Listing Regulations and determine the materiality, appropriate time and contents of disclosure for such matters.
- (viii) To disclose material events or information with respect to the subsidiaries of the Company
- (ix) To seek expert advice of legal counsel and other expert advisors, as it considers necessary in connection with matters related to this Policy.

#### **4. PROCEDURAL GUIDELINES FOR DETERMINATION OF MATERIALITY OF EVENTS/INFORMATION**

- 4.1 The Committee of Authorised Persons shall be responsible and authorised for evaluating/ascertaining the materiality of events, on a case to case basis, considering its nature and based on the Indicative Guideline formulated in line with the criteria specified in the Listing Regulations.



In case the disclosure is made after the prescribed timelines, the Company shall, along with such disclosure(s) provide an explanation for the delay.

4.2 The Listing Regulations lay down the following criteria for determining the materiality of event or information:

4.2.1. Events listed in Para A – Part A of Schedule III of Listing Regulations, shall be deemed to be material and shall be disclosed without application of materiality criteria.

4.2.2 Events/information listed in Para B – Part A of Schedule III of the Listing Regulations, shall be considered material if it satisfies the materiality criteria stated below:

**I. Qualitative Criteria**

(a) the omission of such event or information is likely to result in discontinuity or alteration of event or information already available publicly; or

(b) the omission of such event or information is likely to result in significant market reaction if the said omission came to light at a later date; or

**II. Quantitative Criteria**

If the value or the expected impact in terms of value of such event or information exceeds the lower of the following:

a) two percent of turnover, as per the Company's last audited annual consolidated financial statements;

b) two percent of net worth, as per the Company's last audited annual consolidated financial statements, except in case the arithmetic value of the net worth is negative;

c) five percent of the average of absolute value of profit or loss after tax, as per the Company's last three audited annual consolidated financial statements.

4.3 In case where the criteria specified under the Listing Regulations are not applicable, an event or information may be treated as being material, if in the opinion of the board of directors of the Company, such event or information is considered material.

- 4.4 The criteria mentioned in the Listing Regulations shall also be applied with respect to events or information pertaining to subsidiaries.

#### **4 GUIDANCE ON WHEN AN EVENT OR INFORMATION IS DEEMED TO BE OCCURRED**

- 5.1 The Committee of Authorised Persons may be confronted with the question as to when an event/information can be said to have occurred.

- 5.2 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., the answer to the above question would depend upon the timing when the Committee of Authorised Persons became aware of the event/information.

- 5.2.1 In the former, the events/information can be said to have occurred upon receipt of approval of the 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 an in-principle approval or approval to explore (which is not final approval) is given by the Board of Directors, the same may not be required to be disclosed under regulation 30 of the Listing Regulations.

- 5.2.2 In the latter, the events/information can be said to have occurred when the Committee of Authorised Persons becomes aware of the events/information, or as soon as, Relevant Employee of the Company has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

#### **5 DISCLOSURE**

All material events or information after its proper assessment and evaluation, need to be reported to the Stock Exchanges by any of the Authorised Persons in the Committee in the manner prescribed under Regulation 30 and the circulars/master circulars issued by SEBI from time to time.

## **6 ACCEPTANCE / DENIAL OF REPORTED EVENT OR INFORMATION**

The Committee of Authorised Persons are authorised to accept / deny any reported event or information, which has been unauthorisedly made public in the mainstream media and has caused material price movement in the security(s) of the Company in the manner as specified by the stock exchanges, from time to time. They are further authorised to respond to such rumours and make suitable disclosure to the stock exchanges.

The Committee of Authorised Persons, while responding to such rumours, may refer to the provisions of regulation 30(11) of the Listing Regulations, as amended, various circulars/ notifications issued by SEBI/ stock exchanges in this regard and in accordance with Industry Standard Note (ISN) on verification of market rumours under Regulation 30(11) issued by Industry Standard Forum ('ISF').

The promoter, director, key managerial personnel or senior management of the Company shall provide adequate, accurate and timely response to queries raised or explanation sought by the Company in order to ensure compliance with the requirements under Regulation 30(11) of Listing Regulations and the Company shall disseminate the response received from such individual(s) promptly to the stock exchanges.

The Company shall also confirm, deny or clarify any rumour published in any English business / financial newspaper (in print form) having circulation of one lakh or more copies per publishing day in such country(ies) where the company has "material business operations", if any, coinciding with Material Price Movement in the Company securities on the stock exchanges as prescribed under Listing Regulations.

For the aforesaid purpose, any country from where the Company generates 10% or more of its total annual consolidated revenue from operations as per its last audited financial statements will be considered as country in which the Company has material business operations.

## **7 DISCLOSURE ON WEBSITE**

All the disclosures made to the Stock Exchange under this Policy shall also be disclosed on the website of the Company and the same shall be hosted for a minimum period of five years.

The contact details of the Committee of Authorised Persons shall be disclosed to the Stock Exchanges and also be placed on the website of the Company.





**8 EFFECTIVE DATE**

The effective date of the Policy is December 01, 2015.

**9 LIMITATION, REVIEW AND AMENDMENT**

In the event of any conflict between the provisions of this Policy and of the Listing Regulations or any other legal requirement (“Applicable Law”), the provisions of Applicable Law shall prevail over this Policy. Any subsequent amendment / modification to the Applicable Law shall automatically apply to this Policy.

The Board may review and amend this Policy from time to time, as may be deemed necessary.

**10 VERSION HISTORY**

This policy was initially approved by the Board of Directors at its meeting held on 21<sup>st</sup> January 2016 (V1.0) and subsequently amended on following dates:

1st amendment (V2.0) – 28<sup>th</sup> July 2023

2<sup>nd</sup> amendment (V3.0) – 28<sup>th</sup> January 2025

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