



Policy on determination of Materiality for Disclosures



1. OBJECTIVE

The Securities and Exchange Board of India (“SEBI”) vide its Notification dated September 02, 2015 has issued SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Regulations”) which will be effective from December 01, 2015. In terms of the above Regulations, every Listed Company is now required to disclose events or information which, in the opinion of the Board of Directors of the Company, are material. The Board of Directors 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 for the purpose of proper, sufficient and timely disclosure of the same to the Stock Exchange(s).

This Policy shall be called ‘Policy on Determination of Materiality for Disclosures’ (the “Policy”), which *inter-alia* sets out the guidelines for identification of events / information which are deemed to be material in the opinion of the Board of Directors.

2. DEFINITIONS

3.1 “Acquisition” shall mean-

- a. acquiring control, whether directly or indirectly; or
- b. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –
 - i. 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
 - 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 two per cent of the total shareholding or voting rights in the said company.

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.
- 2.7 **“Officer”** means as assigned to the term in clause (59) of Section 2 of the Companies Act, 2013 and shall include Promoters of the Company.
- 2.8 **“Policy”** means Policy for Determination of Materiality for Disclosures.
- 2.9 **“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;
- 2.10 **“Stock exchange”** means a recognised stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956;
- 2.11 **“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;
- 2.12 **“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 Agreements, the Regulations, Rules thereunder, circulars and notifications issued thereto or any other applicable law or regulation to the extent applicable to the Company.

3. AUTHORISED PERSONS

- 3.1 Pursuant to Regulation 30(5), the Board of Directors have authorised Key Managerial Personnel of the Company who presently are the CEO & Managing Director, all Whole Time Directors including Director-Finance & Chief Financial Officer and the Company Secretary (“Authorised Persons”) for the purpose of determining materiality of an event or information and making disclosure to stock exchanges. The materiality of the event or information will be decided in consultation with Plant Heads, Divisional Heads and Senior Management Personnel or persons connected with the event or information.\
- 3.2 The Authorised Persons may meet physically or may interact through e-mails or any other means as they may deem fit.
- 3.3 The 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 Authorised Persons promptly or as soon as practicable to enable its disclosure to the stock exchanges.
 - (ii) 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..
 - (iii) To review and finalise the disclosures to be made.
 - (iv) To disclose material developments on a regular basis, till such time the event or transaction is resolved/closed, with relevant explanations.
 - (v) 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 SEBI Regulations and determine the materiality, appropriate time and contents of disclosure for such matters.
 - (vi) To disclose material events or information with respect to the subsidiaries of the Company.
 - (vii) To seek expert advice of legal counsel and other expert advisors, as it consider necessary in connection with matters related to this Policy.

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

- 4.1 Certain events or information, as specified in Para A of Part A of Schedule III of the Regulations, would be *per se* Material. These are required to be disclosed to stock exchanges irrespective of application of any materiality test as these are “deemed to be material”.

The applicable *per se* Material events under this category are given at **Annexure – A**.

- 4.2 Besides *per se* Material events or information, Materiality criteria have to be determined on a case-to-case basis depending on specific facts and circumstances pertaining to the event or information mentioned at **Annexure ‘B’** or **‘C’** and would be determined based on qualitative judgement to be exercised by the Authorised Persons.

The Authorised Persons shall follow the criteria given below to determine whether a particular event or information is material in nature:

- 4.2.1 Any event or information having a significant impact on the reputation of the Company;
- 4.2.2 The omission of an event or information would likely to:
- i. result in discontinuity or alteration of event or information already available publicly;
 - ii. result in significant market reaction if the said omission came to light at a later date;

In case where the criteria specified under the first two categories (i) and (ii) above 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.

- 4.3 Only such impact which is direct, reasonably perceivable and quantifiable shall be considered.
- 4.4 The criteria mentioned above shall also be applied with respect to events or information pertaining to subsidiaries.

5. GUIDANCE ON WHEN AN EVENT OR INFORMATION IS DEEMED TO BE OCCURRED

5.1 The 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 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.

5.2.2 In the latter, the events/information can be said to have occurred when the Authorised Persons 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.

In case an Officer of the Company becomes aware of or comes into possession of the information in the course of the performance of his duties, he shall immediately report the same to the Authorised Persons.

6. DISCLOSURE

6.1 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 manner prescribed under Regulation 30 of the Regulations.

6.2 The said disclosures need to be intimated within 24 hours from the occurrence of information or event (except certain events arising out of the Meetings of the Board of Directors mentioned at point 4 of Para A of Part A of Schedule III of the Regulations and also in point 4 of Annexure 'A' of this Policy, which are required to be disclosed to the Exchange(s) within 30 minutes of the closure of

the meeting). Beyond 24 hours, explanation for delay will also need to be provided.

7. ACCEPTANCE / DENIAL OF REPORTED EVENT OR INFORMATION

The Authorised Persons are authorised to accept / deny any reported event or information, which has been unauthorisedly made public by media or by any other means including but not limited to electronic means. They are further authorised to respond to the rumours amongst the general public, which has no basis or documentation, in a way which best protects the interests of the Company.

8. 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 Authorised Persons shall be disclosed to the Stock Exchanges and also be placed on the website of the Company.

9. EFFECTIVE DATE

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

10. AUTHORITY TO MAKE ALTERATIONS

The Board is authorized to make such alterations to this Policy as considered appropriate, subject, however, to the condition that such alterations shall not be inconsistent with the provisions of the Regulations.

11. INTERPRETATION

In any circumstance, where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the law, rule, regulation or standard.

ANNEXURE A

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;
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 the meetings of the board of directors:

The Company shall intimate to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider or decide the following:

- 4.1. 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;
- 4.2. any cancellation of dividend with reasons thereof;
- 4.3. the decision on buyback of securities;
- 4.4. the decision with respect to fund raising proposed to be undertaken;
- 4.5. increase in capital by issue of bonus shares through capitalisation including the date on which such bonus shares would be credited/dispatched;
- 4.6. 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;
- 4.7. short particulars of any other alterations of capital, including calls;
- 4.8. financial results;

- 4.9. 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 KMP or by the Company or arrest of KMP or Promoter;
7. Change in directors, KMP, 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 Board of Industrial and Financial Reconstruction 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;

ANNEXURE - B

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.

ANNEXURE C

ANY OTHER EVENT / INFORMATION VIZ. MAJOR DEVELOPMENT THAT IS LIKELY TO AFFECT BUSINESS:

Events/ Information that may include but are not restricted to-

- a. Emergence of new technologies;
- b. Expiry of patents;
- c. Any change of accounting policy that may have a significant impact on the accounts, etc.;
- d. 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;
- e. Any Market Sensitive Information as may be determined the Authorized Persons / Board from time to time;
- f. Any event which in the view of the Securities and Exchange Board of India is material.

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