

SUNDARAM-CLAYTON LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT

SUNDARAM-CLAYTON LIMITED

1. Introduction:

Regulation 30 of the Listing Regulations mandates listed companies to make disclosures with respect to any event or information which, in the opinion of the board of directors of the Company, is material.

Regulation 30(4)(ii) of the Listing Regulations requires the board of directors of a listed company to frame a policy for determination of materiality, based on the criteria specified therein. Accordingly, the Board has formulated the policy for determination of materiality of an event ("**Policy**").

2. Objective:

The objective of this Policy is to serve as a guiding charter to the management of the Company to, *inter alia*, ensure that: (a) the Company complies with its disclosure obligations as specified under the Listing Regulations; and (b) the information disclosed by the Company is adequate, accurate, timely and transparent.

3. Definitions:

"**Board**" means the board of directors of the Company.

"**Company**" means Sundaram-Clayton Limited.

"**Listing Regulations**" means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

"**Key Managerial Personnel**" or "**KMP**" shall have the same meaning as defined under Section 2(51) of the Companies Act, 2013.

"**Officer**" shall have the same meaning as defined under Section 2(59) of the Companies Act, 2013.

"**SEBI**" means the Securities and Exchange Board of India.

"**Stock Exchanges**" means BSE Limited and National Stock Exchange of India Limited, where the equity shares of the Company are listed.

"**Subsidiary**" shall have the same meaning as defined under Section 2(87) of the Companies Act, 2013.

Words and expressions used herein but not defined shall have the same meaning as defined in the Listing Regulations, Securities and Exchange Board of India Act, 1992, Securities Contracts (Regulation) Act 1956, the Companies Act, 2013 and the rules/regulations made thereunder and any statutory modification or re-enactment thereto.

SUNDARAM-CLAYTON LIMITED

4. Events which are deemed to be material events:

The events specified in Para A of Part A of Schedule III of the Listing Regulations are deemed to be material events and the Company shall make disclosures with respect to such events within the specified time period.

5. Events which require application of guidelines of materiality:

The Company shall disclose all such material events as specified in Para B of Part A of Schedule III of the Listing Regulations within the specified time period subject to the application of the guidelines of materiality as specified in this Policy.

6. Determination of Materiality:

In order to determine whether a particular event/ information is material in nature or not, the following criteria will be considered:

6.1. **Quantitative criteria:** The omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:

- (i) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
- (ii) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
- (iii) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity.

6.2. **Qualitative criteria** would mean an event / information:

- (a) The omission of which is likely to result in:
 - i. discontinuity or alteration of event or information already available publicly; or
 - ii. significant market reaction if the said omission came to light at a later date.

6.3. Where the criteria specified in 6.1 and 6.2 above are not applicable, an event/ information may be treated as being material if in the opinion of the Board, the event/ information is considered material.

In circumstances where 'quantitative' test may not be applicable, 'qualitative, test may be applied to determine materiality.

SUNDARAM-CLAYTON LIMITED

7. Any other information/ event which is to be disclosed by the Company:

- 7.1. The Company shall disclose major developments that are 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.
- 7.2. The Company shall, also disclose the material developments, on a regular basis of the event till such time the specific event is resolved/ closed, with relevant explanations.
- 7.3. In case an event or information is required to be disclosed by the Company pursuant to receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

8. Disclosure of information/ event pertaining to the subsidiaries which is material:

The Company shall disclose all events or information with respect to its subsidiaries which are material for the Company.

In case of a listed subsidiary, the Company shall only disclose the impact of such material events/ information on its operations or performance, if any, along with a reference to the link on Stock Exchanges' website where announcement made by listed subsidiary is available.

In case of an unlisted subsidiary, the Company shall make disclosures relating to the material events/ information to the Stock Exchanges.

9. Guidelines on occurrence of an event/ information:

- 9.1. The disclosure would depend upon the timing when the Company became aware of the event / information. Certain disclosure depends upon the facts of each case, ie.:
 - (a) at the stage of discussion, negotiation or approval, wherever required; and
 - (b) upon occurrence of natural calamities, disruptions etc. where there is no such discussion, negotiation or approval required.

SUNDARAM-CLAYTON LIMITED

- 9.2. In the case of 9.1 (a), the events/ information can be said to have occurred upon receipt of approval of the Board, for instance, further issue of capital by rights issuance, and in certain events/information after receipt of approval of both i.e., Board and shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends, disclosure shall be made on receipt of approval of Board pending shareholder's approval.

- 9.3. In the case of 9.1 (b), the events/ information can be said to have occurred when the Company becomes aware of the events/ information, or as soon as, the Officers of the Company have, or ought to have reasonably come into possession of the information in the course of the performance of their duties.
- 9.4. At times, the preliminary information about an event is such that the Committee cannot reasonably determine whether the information is material 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 Committee or the Officers of the Company 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% (seventy five percent) of materiality threshold and not when the impact is finally and accurately assessed.
- 9.5. Events such as natural calamities or disruption of operations can be said to have occurred when any of the Authorised Persons becomes aware of the event/ information.

10. Authority

- 10.1. The following KMPs are hereby severally authorized by the Board for the purpose of determining materiality of an event or information and for the purpose of making disclosures to Stock Exchanges ("**Authorized Persons**"):

- (a) Managing Director;
- (b) Chief Executive Officer;
- (c) Chief Financial Officer.

The materiality of events outlined above are 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 relevant Authorized Person should exercise its judgement while assessing the materiality of events associated with the Company. The Authorised Persons are empowered to seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders as they may deem fit. In case the relevant Authorized Person perceives any doubt or ambiguity regarding materiality he/ she may consult the chairman of the Company before disclosing the information to the Stock Exchanges.

SUNDARAM-CLAYTON LIMITED

- 10.2. The names of the Authorized Person shall be disclosed to the Stock Exchanges and as well as on the Company's website.
- 10.3. Information for disclosure/ dissemination is required to be approved by any of the Authorised Persons.

11. Medium of disclosure/ dissemination

- 11.1. The Company shall ensure that disclosures are made to the Stock Exchanges within the specified time period.
- 11.2. The information filed by the Company with the Stock Exchanges in compliance with Regulation 30 of the Listing Regulations will also be made available on the Company's website. Such disclosures shall be hosted on the Company's website for a minimum period of 5 (five) years.
- 11.3. The Company shall, with respect to disclosures made in compliance with Regulation 30 of the Listing Regulations, specify the requisite particulars of information as prescribed by SEBI from time to time.

12. Amendments to the Policy

The Authorised Persons are authorized to amend this Policy as may be required from time to time. All such amendments will be informed to the Board and the approval of the Board will be sought to align this Policy in line with the Listing Regulations.

13. Scope and limitation

In the event of any conflict between the provisions of this Policy and the Companies Act, 2013 and/ or Listing Regulations or any other statutory enactments or rules etc., the provisions of Companies Act, 2013 and/ or Listing Regulations or any other statutory enactments or rules etc. shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

This Policy shall be hosted on the Company's website.

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