

SCHAEFFLER INDIA LIMITED

Policy on Determination of Materiality for Disclosure of Events / Information



1. PREAMBLE

The purpose of this Policy is to establish criteria for determination of Events / Information, which could be considered as 'Material' for Disclosure to the Stock Exchanges.

The process of determination of an event or information 'as Material' is to be considered in the context of size of the operations and its impact on individual market participants. The duties under securities laws and in particular the disclosure obligations are intended to prevent any information advantage for individual market participants and to ensure that at all times there is transparency which assists in the development of reasonable prices on the stock exchange. Thus, both the capital markets as institutions as well as the individual investors are protected in terms of their investment decisions.

Guided by the principles laid down in terms of Regulation 30 and 30A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations '), the Company is required to formulate criteria, based upon which an event or information can be considered as 'Material' for the purpose of disclosure to the Stock Exchanges.

2. SCOPE & APPLICABLE REGULATIONS

The scope of disclosure under this Policy is restricted to the events or information prescribed under the Listing Regulations.

This Policy shall be deemed to have come into force with retrospective effect from December 1, 2015.

In the event of any conflict between the provisions of this Policy and the Regulations or any other statutory enactments, the statutory enactments shall prevail over this Policy.

3. POLICY FOR DETERMINATION OF MATERIALITY

3.1 The Company considers the following criteria for determination of materiality of events/ information:

- 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; or

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- c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - (1) two percent of turnover, as per the last audited consolidated financial statements of the Company;
 - (2) two percent of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
 - (3) 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 Company;]
- d) In case where the criteria specified in sub-clauses (a), (b) and (c) are not applicable, an event/information may be treated as being material if in the opinion of the Board of Directors of the Company, the event / information is considered material.

3.2 The following events or information shall be considered as material;

- a) Events / information specified in Annexure A of the Policy shall deemed to be material events.
- b) Events / information specified in Annexure B of the Policy shall deemed to be material if they satisfy any of the criteria specified in clause 3.1 sub clause (a) to (c) of this Policy.
- c) Events / information, which in the opinion of the Board of Directors is material as specified in para 3.1 (d) above

3.3 Save as otherwise provided in Annexure B of this Policy, any of the Company's Key Managerial Personnel (as defined under the Companies Act, 2013) (KMPs) is authorised to determine the materiality of an event or information and the Compliance Officer of the Company is authorised to make the necessary disclosure to the Stock Exchanges under Listing Regulations.

4 DISCLOSURE OF EVENTS / INFORMATION

- 4.1 The Company shall first disclose to the stock exchange(s) all events or information which are material in terms of the provisions of this Policy as soon as reasonably possible and in any case not later than the following:
- (i) thirty minutes from the closure of the meeting of the Board of Directors in which the decision pertaining to the event or information as identified in clause 4 of Annexure – A to this Policy have been taken;

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- (ii) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company as identified against the respective material events in Annexure –A and B of this Policy;
 - (iii) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company as identified against the respective material events in Annexure –A and B of this Policy;
- 4.2 All aforesaid disclosure shall be made in the formats prescribed in the Listing Regulations or where no format is prescribed, in the format developed by the Company covering all relevant details pertaining the aforesaid event / information.
- 4.3 With respect to disclosures referred to in the Listing Regulations, the Company shall make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- 4.4 All disclosures made under the Listing Regulations, shall also be hosted on the Company's website for a period of 5 years and thereafter as per the Archival Policy of the Company.
- 4.5 The Company shall also make disclosure of all events or information under the Listing Regulations pertaining to its subsidiary and which are material for the Company in terms of clause 3.1 above.
- 4.6
 - a) The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).
 - b) The Company shall, as and when applicable as per SEBI Regulations, confirm, deny or clarify any reported event or information in the mainstream media which is not general in nature and which indicates that rumors of an impending specific material event or information in terms of the provisions of this Policy or Listing Regulations, are circulating amongst the investing public, as soon as reasonably possible and not later than twenty four hours from the reporting of the event or information, as applicable.
 - c) If the Company confirms the reported event or information, it shall also provide the current status of such event or information.
- 4.7 In case an event or information is required to be disclosed by the Company as per the materiality threshold in terms of the provisions of this regulation, pursuant to the 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.

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The Company Secretary of the Company shall act as Compliance Officer of the Company for the purpose of this Policy.

6 AMENDMENTS**6.1 Statutory Updates**

This Policy is designed particularly in line with provisions of the Listing Regulations and shall be considered as updated automatically, without any formal approval, to the extent it needs to be aligned with any changes notified in the aforesaid Listing Regulations. An update thereon would be reported to the Board of Directors.

6.2 Other updates

All major procedural updates, shall be effective only, if those are carried out after the review and approval of the Board of Directors.

Annexure A

**The timelines for the disclosure of the events specified in Part A of Schedule III
of the LODR Regulations:**

Sr.No.	Event	Timeline for Disclosure
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), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the Company, sale of stake in the associate company of the listed entity or any other restructuring	Within 12 hours*
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.	Within 12 hours*
3.	New Ratings(s) or Revision in Rating(s).	Within 24 hours
4.	Outcome of Meetings of the Board of Directors - 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 listed entity from stock exchange(s): Provided that in case of Board Meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.	30 minutes of the closure of the Board meeting
5.	(i) Agreements that it impacts management and control of the Company (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s), (ii) 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	Within 12 hours* (for agreements where listed entity is a party); Within 24 hours (for agreements where listed Entity is not a party)
5A.	Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements: Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations.	Within 12 hours (for agreements where listed entity is a party) Within 24 hours (for agreements where listed Entity is not a party) from receipt of such information as specified in clause 3.3.(b) of this Policy.
6.	Fraud or defaults by the Company, its Promoter, Director, Key Managerial Personnel, Senior Management or subsidiary or arrest of Key Managerial Personnel, Senior Management, Promoter or Director whether occurred within India or abroad	Within 24 hours
7.	Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Senior Management Auditor and Compliance Officer	Within 12 hours (except in case resignation)

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		Within 24 hours (in case of resignation)
7A.	In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor.	As soon as possible but not later than twenty four hours of receipt of such reasons from the auditor
7B.	Resignation of independent director including reasons for resignation	Within seven days from the date of resignation
7C.	Letter of resignation along with detailed reasons for the resignation as given by the Key Managerial Personnel, Senior Management, Compliance Officer or Director.	Within seven days from the date that such resignation comes into effect
7D.	In case the Managing Director or Chief Executive Officer of the Company was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s)	Within 12 hours*
8.	Appointment or discontinuation of share transfer agent.	Within 12 hours
9.	Resolution plan / Restructuring in relation to loans/borrowings from banks/financial institutions	Within 24 hours
10.	One time settlement with a bank	Within 24 hours
11.	Winding-up petition filed by any party / creditors	Within 24 hours
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	Within 12 hours*
13.	Proceedings of annual and extraordinary general meetings of the Company	Within 12 hours*
14.	Amendments to memorandum and articles of association of the Company, in brief	Within 12 hours*
15.	(a) Schedule of analysts or institutional investors meet and presentations made by the Company to analysts or institutional investors. (b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means.	Timeline as specified in sub-para 15 of Para A of Schedule III
16.	Events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code.	Within 24 hours
17.	Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by the Company: (a) The fact of initiation of forensic audit along with name of entity initiating the audit and reasons for the same, if available; (b) Final forensic report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Company along with comments of the management, if any.	Within 12 hours * (if initiated by the Company) Within 24 hours (if initiated by external agency)
18.	Announcement or communication through social media intermediaries or mainstream by Directors, Promoters, Key Managerial Personnel or Senior Management of the Company, in relation to any event or information which is material for the Company in terms of regulation 30 of these regulations and is not already made available in the public domain by the Company.	Within 24 hours
19.	Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its Directors, Key Managerial Personnel, Senior Management, Promoter or subsidiary, in relation to the Company, in respect of the following: (a) search or seizure; or (b) re-opening of accounts under (c) Section 130 of the Companies Act, 2013; or (d) (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013	Within 24 hours

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<p>20.</p>	<p>Action(s) taken or orders passed by any regulator, statutory, enforcement authority or judicial body against the listed entity or its directors, Key Managerial Personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following: (a) suspension; (b) Imposition of fine or penalty; (c) settlement of proceedings; (d) debarment; (e) disqualification; (f) closure of operations; (g) sanctions imposed; (h) warning or caution; or (i) any other similar action(s) by whatever name called;</p>	<p>Within 24 hours</p>
<p>21.</p>	<p>Voluntary revision of financial statements or the report of the Board of Directors of the Company under section 131 of the Companies Act, 2013</p>	<p>Within 12 hours*</p>

Annexure B

Events / information that shall be deemed to be material if they satisfy the criteria specified in Clause 3.1 in this Policy

Sr. No.	Event	Timeline for Disclosure
1.	Commencement or any postponement in the date of commencement of Commercial Production or Commercial Operations of any unit / division.	Within 12 hours*
2.	Any of the following events pertaining to the Company: (i) arrangements for strategic, technical, manufacturing, or marketing tie- up, (ii) adoption of new line(s) of business or (iii) closure of operations of any unit/division or subsidiary (entirety or piecemeal).	Within 12 hours*
3.	Capacity addition or product launch.	Within 12 hours*
4.	Awarding, bagging/ receiving, amendment or termination of awarded /bagged orders/ contracts not in the normal course of business.	Within 24 hours
5.	Agreements (viz.loan agreement(s) 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.	Within 12 hours* (for agreements where the Company is a party); Within 24 hours (for agreements where the Company is not a party)
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.	Within 24 hours
7.	Effect(s) arising out of change in the regulatory framework applicable to the Company	Within 24 hours
8.	Pendency of any Litigation(s) / dispute(s) or the outcome thereof which may have an impact on the Company.	Within 24 hours
9.	Fraud or defaults by employees of the Company which has or may have an impact on the Company	Within 24 hours
10.	Options to purchase securities including any ESOP/ESPS Scheme.	Within 12 hours*
11.	Giving of guarantees or indemnity or becoming a surety for any third party.	Within 12 hours*
12.	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Within 24 hours
13.	Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority	Within 12 hours*
C.	Any other information / event as may be considered material as per clause 3.1 (d) above which may include 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 the Company to appraise its position and to avoid the establishment of a false market in such shares.	Within 24 hours
D.	Without prejudice to the generality of para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.	Timeline as specified by the Board

* Note - In case the event or information emanates from a decision taken in a meeting of Board of Directors, the same shall be disclosed within thirty minutes from the closure of such meeting as against the timeline indicated in the table above.