

**ELECTROSTEEL CASTINGS  
LIMITED**

Policy for determination of materiality of Events/Information for disclosures is formulated to determine the materiality of an event/information to be disclosed to the Stock Exchanges

## **Policy for determination of Materiality of Events/Information for disclosures**

Effective Date: 01.12.2015

Approval Date: 05.11.2015

Version No.: 1.0

Approved By: Board of Directors

Subject: Policy for determination of materiality of event/information for disclosures	Original Issue Date: 05.11.2015	Effective Date: 01.12.2015
	Revision Dates:	Version: 1.0
<b>Governing Guideline:</b> Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015		

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### **1. Introduction**

The Board of Directors (the “Board”) of Electrosteel Castings Limited (the “Company” or “ECL”), at its meeting held on 5 November 2015, has approved the Policy for determination of Materiality of event/information for Disclosures in compliance with the provisions of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) as prescribed by Securities & Exchange Board of India (SEBI) vide its circular no. SEBI/LAD-NRO/GN/2015-16/013 dated 2 September 2015 read together with circular no. CIR/CFD/CMD/4/2015 dated 9 September 2015.

The Policy will be applicable to the Company with effect from 1 December 2015.

This policy may be modified/amended/alterd by the Board of Directors of the Company from time to time except in case of any statutory modification/amendment/alteration of the provisions of LODR by SEBI or any other statutory authority, which shall be deemed to be implemented in the Policy immediately on such notification for modification/ amendment/ alteration etc. coming into effect. In case there are any provisions/requirements in this Policy which are inconsistent with the provisions/requirements carried by LODR (as applicable from time to time), then the provisions/requirements of LODR shall prevail over those carried by this Policy.

### **2. Purpose**

The provisions of LODR mandate that every listed entity shall make disclosures of any event or information which, in the opinion of the Board of Directors of the listed entity is material. LODR divides such events/information that need to be disclosed broadly into the following categories –

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- Event/information that have to be necessarily disclosed without application of any test of materiality and such events have already been specified by SEBI as such in LODR and
- Event/information that should be disclosed by the listed entity, if considered material i.e. upon the applicability of the test of materiality and as indicated by SEBI in LODR.
- Events/information that have to be disclosed if the event/information viz. major development etc. which is likely to affect business.

The purpose of this Policy is to determine the materiality of any event or information or to identify such event or information which may not be material but sensitive enough requiring its disclosure to the Stock Exchanges in terms of the requirements of Regulation 30 read with Schedule III of LODR.

### 3. Criteria for determining Materiality

For the purpose of this Policy, any of the following individual event or information shall be considered significant to the operations and performance of the Company and be deemed to be material and hence need disclosure to Stock Exchanges as per details given below.

- A) Events/information as specified in Annexure 1 are deemed to be material events/information and shall be disclosed to Stock Exchanges without application of materiality.
- B) Events/information as specified in Annexure 2, which shall be disclosed to the Stock exchanges upon application of guidelines for materiality as follows:

#### GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION:

- I) Event/information based on Qualitative Impact –
  - 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) any other 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.

#### II) Event/information based on Quantitative Criteria–

Any event/information that has a financial impact or is likely to have a financial impact of 10% or more on the consolidated turnover of the Company, in the immediately preceding financial year.

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The quantitative criteria shall be read in conjunction with the qualitative criteria for determining materiality and arriving at the overall decision on the event to be reported.

Without prejudice to the generality of the foregoing, the Company may make disclosures of any event/information as specified by SEBI from time to time. In case any event/information is available with the Company, which has not been indicated above but which may have material effect on the Company then the Company is required to make adequate disclosure to the Stock Exchanges in this regard.

#### **4. Disclosure of events/ information relating to subsidiary(ies)**

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

#### **5. Disclosure of any other event/information**

The Company shall also disclose the following events / information to the Stock Exchanges –

a) Event/information 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.

b) Any event/information as may be specified by SEBI from time to time.

#### **6. Authorisation to the Key Managerial Personnel (KMP) for the purpose of determining materiality of an event or information**

The Key Managerial Personnel (KMP) shall be authorised by the Board of Directors of the Company for the following purpose:

- a) of determining materiality of an event or information that qualifies for disclosure under Regulation 30 of LODR and this Policy and;
- b) of making disclosures to the Stock Exchange(s) of any material event or information.

#### **7. Timing of disclosure of material events or information**

- (i) Event/information with respect to outcome of meetings of the Board of Directors shall be disclosed within 30 minutes of the conclusion of Board Meeting.

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- (ii) All other events that are required to be disclosed as per this Policy and SEBI LODR shall be disclosed as soon as reasonably possible and not later than twenty four hours from the occurrence of the event or information.

#### **8. Disclosures updating materials developments**

The Company shall, with respect to the disclosures referred to above, make disclosures updating material developments on a regular basis, with relevant explanations, till such time the concerned event is resolved/closed.

#### **9. Uploading of the disclosures made to Stock Exchange(s) on the Website of the Company**

The Company shall disclose on its website all such events or information which has been disclosed to Stock Exchange(s) under this Policy and such disclosure shall remain hosted on the website of the Company for a minimum period of five years and thereafter the same shall be treated as per the Company's Policy for Preservation of Documents and Archival.

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Annexure - 1

**Events or Information and its details which shall be disclosed to the Stock Exchange(s) without any application of guidelines for materiality**

- 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 listed entity 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 listed entity 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 listed entity 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 listed entity from stock exchange(s).

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- 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 listed entity), 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 listed entity 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 listed entity.
- 13) Proceedings of Annual and extraordinary general meetings of the listed entity.
- 14) Amendments to memorandum and articles of association of listed entity, in brief.
- 15) Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;

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Annexure - 2

**Events or Information which shall be disclosed subject to the application of the guidelines for materiality:**

- 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 listed entity 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 listed entity
- 8) Litigation(s) / dispute(s) / regulatory action(s) with impact.
- 9) Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
- 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.