

# DCM SHRIRAM LIMITED: NEW DELHI

## *Policy on Determination of Materiality*

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### **1. PREAMBLE:**

In terms of Regulation 30 (4) (ii) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), DCM Shriram Limited (“the Company”) is required to formulate a policy for determination of materiality (“Policy”).

### **2. DISCLOSURE OF MATERIAL EVENTS**

- A) Events or information as specified in para B of Part A of Schedule III of the Listing Regulations (as reproduced in Annexure- 1 to this Policy) shall be considered for disclosure if:
- I) it satisfies the following criteria:
    - i) The omission of an event or information which is likely to result in discontinuity or alteration of event or information already available publicly;
    - or
    - ii) The omission of an event or information is likely to result in significant market reaction if the said omission comes to light at a later date.; AND
  - II) The impact of the relevant event or information exceeds the corresponding Materiality Threshold (as provided in Annexure-1 to this Policy).
- B) Any other event/ information which the board of directors of the Company may decide to disclose.

### **3. OTHER MANDATORY DISCLOSURES**

In addition to the events for which the determination of materiality shall apply as per this Policy, the following shall be disclosed as mandatorily required by the Listing Regulations:

- a. Events specified in para A of Part A of Schedule III of Listing Regulations ( as reproduced in Annexure 2 to this Policy) which are presently deemed to be material events as per Regulations, with such modifications as may apply from time to time in the corresponding Regulation;
- b. Information/Event specified in para C of Part A of Schedule III of Listing Regulations ( presently being any other information/event 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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities)
- c. Information/Event specified in para D of Part A of Schedule III of Listing Regulations (i.e. any event or information as may be specified by SEBI from time to time).

### **4. DISCLOSURE OBLIGATIONS**

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- a. The CFO and Company Secretary shall jointly determine the materiality of the event or information as per 2 above and/or if the event or information is covered under Other Mandatory Disclosures as per 3 above.
- b. In case the materiality is so determined or Mandatory Disclosure is to be made, the Company Secretary shall make the disclosure(s) to the stock exchange(s).
- c. As per the Regulations the contact details of the CFO and Company Secretary shall be made available on the website of Stock Exchange(s) and the Company.
- d. All disclosures shall be made in a manner compliant with the Listing Regulations as amended from time to time.

### **5. GENERAL**

- a. It is clarified that in case an event or information is made publicly available pursuant to disclosure requirements under this Policy i.e. either under para 2, or 3 above (“Disclosed Event or Information”), then any subsequent event or information, which is likely to result in discontinuity or alteration of the already Disclosed Event or Information, shall also be disclosed.
- b. The applicable disclosure requirements herein are based on SEBI Regulations, and the same shall stand modified, if and to the extent, corresponding disclosure requirements are modified/clarified/re-enacted by SEBI, from time to time, and the modified requirements, if any, shall apply accordingly.
- c. The Board of directors of the Company may also review and amend this Policy from time to time.

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#### Annexure-1

#### **Events as specified in para B of Part A of Schedule III of the Listing Regulations and Materiality Thresholds**

| <b>S. No.</b> | <b>Events as specified in para B of Part A of Schedule III of Listing Regulations</b>  | <b>Materiality Threshold</b>   |
|---------------|--|--|
| 1             | Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.   | Where the impact is likely to exceed 10% of the consolidated annual turnover as per latest audited consolidated balance sheet  |
| 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             | Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.  |  |
| 4             | Capacity addition or product launch.   |  |
| 5             | 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.  |  |
| 6             | 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.  | <b>For loan agreements</b> – Where the loan amount exceeds 10% of the consolidated net worth of the Company as per latest audited consolidated balance sheet<br><b>Any other agreements</b> – Where the impact is likely to exceed 10% of the consolidated annual turnover as per latest audited consolidated balance sheet. |
| 7             | Effect(s) arising out of change in the regulatory framework applicable to the listed entity.   | Where the impact is likely to exceed 10% of the consolidated Net Worth of the Company as per latest audited consolidated balance sheet.  |
| 8             | Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.   |  |

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| 9  | Litigation(s) / dispute(s) / regulatory action(s) with impact.  | <p>I. With regard to litigations/ disputes/ regulatory actions - only those cases shall be covered where there is an order of a Court or the concerned regulator which has an impact exceeding or likely to exceed 5% of the consolidated Net Worth of the Company as per latest audited consolidated balance sheet.</p> <p>II. With regard to a show cause notice received by the Company or there is a likely litigation against the Company, the disclosure shall be made only if:</p> <p>a) there is a view from the counsel of the Company that the Company is likely to lose the said litigation/ proceedings; and</p> <p>b) the impact exceeding or likely to exceed 5% of the consolidated Net Worth of the Company as per latest audited consolidated balance sheet.</p> |
| 10 | Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity. | Fraud/default which involves or is expected to involve individually an amount of rupees one crore or above.   |
| 11 | Options to purchase securities including any ESOP/ESPS Scheme.  | Where the one time grant to one person is equal to or exceeds 1% of the issued share capital of the Company on date of grant.   |
| 12 | Giving of guarantees or indemnity or becoming a surety for any third party.                           | Where single transaction exceeds 5% of the consolidated Net Worth of the Company as per latest audited consolidated balance sheet.<br>(Excluding giving of guarantees or indemnity or becoming surety for subsidiaries, affiliates, group companies and joint ventures).  |

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**Annexure-2**

**Mandatory Disclosures - Deemed to be material information**

(para A of Part A of Schedule III of Listing Regulations)

- 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).
- 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.

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- 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;