

CEAT LIMITED

POLICY ON DETERMINATION OF MATERIALITY OF EVENTS

I. BACKGROUND

Regulation 30 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") requires the Company to frame a policy for determination of materiality of an events/information based on the criteria specified in Regulation 30 for disclosure to the Stock Exchanges and hosting of it on the website of the Company.

II. INTERPRETATION

The words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Listing Regulations, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

III. APPLICABILITY OF THE POLICY GUIDELINES

In terms of Regulation 30 of the Listing Regulations (as amended from time to time), the events requiring disclosure by the Company, are provided as under:

1. Events specified in Para A of Part A of Schedule III of the Listing Regulations and shall be deemed to be material and the Company is required to make disclosure of the same, as applicable from time-to-time. List of such events is attached as **Annexure 1** to this Policy.
2. Events specified in Para B of Part A of Schedule III of the Listing Regulations shall be disclosed by the Company based on the guidelines determining materiality of events or information as per Clause IV below. List of such events is attached as **Annexure 2** to this Policy.

IV. GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION

The Company shall consider the following criteria for determination of materiality of event/ information specified in Annexure 2 to this policy as and when they occur:

Where the omission of an event/ information, is likely to result in:

- a) discontinuity or alteration of event/ information already available publicly; or
- b) a significant market reaction if the said omission came to light at a later date.

Where it would be difficult to report the events/information based on criteria as stated in points a) and b) above, the same may be considered as material for disclosure, upon meeting materiality thresholds as mentioned herein below.

This Policy shall also apply to the events to which neither Para A nor Para B of Part A of Schedule III apply but have a material effect on the Company.

V. MATERIALITY THRESHOLDS

Materiality must be determined on a case to case basis depending on specific facts and circumstances relating to the event/information.

The qualitative criteria [as stated in points (a) and (b)] and quantitative criteria shall apply to events specified in Para B of Part A of Schedule III of the SEBI Regulations only. (Reproduced as an Annexure 2 to this Policy).

An event/information specified in the Annexure 2 to the Policy would be considered material if the impact of the event/information triggers the following materiality threshold:

- a) For event/information at Sr. No. 1 to Sr. no. 9, if the financial impact of such event or information would exceed or is likely to exceed 10% of the consolidated income, consolidated profit before tax or consolidated net worth, as may be applicable.;
- b) For Frauds/ defaults, etc. by directors or employees of the Company involving financial impact or monetary value of Rs. 5 crore or more.
- c) For Options to the employees to purchase securities such as any ESOP/ESPS Scheme or sweat equity shares etc. amounting to 2% of post-issue equity share capital.
- d) For giving of guarantees or indemnity or becoming a surety for any third party for a monetary value in excess 10% of the consolidated net worth of the Company.

The above thresholds shall be determined on the basis of the last annual audited consolidated financial statements of the Company.

VI. GUIDANCE ON TIMING OF OCCURANCE OF AN EVENT OR INFORMATION

The Company may be confronted with the question as to when an event/information can be said to have occurred.

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 Company became aware of the event/information.

In the former, the events/information (based on the facts and circumstances), can probably be said to have occurred upon receipt of approval of Board of Directors.

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.

In the later, the events/information can be said to have occurred when the Company 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.

Disclosure(s) as required under the Listing Regulations will be made within 30 minutes of the conclusion of the Board Meeting or within 24 hours from the time the event occurred or the officer(s) becomes aware of the event or information, as applicable.

VII. DISCLOSURE PROCESS

The Managing Director & CEO, Chief Financial Officer, Company Secretary are severally authorised to make the disclosure of material event/information to the Stock Exchanges. Subsequent to the disclosure to the Stock exchanges, material event/information should be hosted on the website of the Company.

VIII. MODIFICATION OF THE POLICY

In case of any amendments to the Regulations which makes any of the provisions in the Policy inconsistent, the provisions of the Regulations shall prevail. Further, in case there are any Regulatory changes, which require modifications to the Policy, the Policy shall be reviewed and amended with due approval from the Chairman or the Managing Director of the Company.

Mandatory Disclosure:

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. (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:
 - i. 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;
 - ii. any cancellation of dividend with reasons thereof;
 - iii. the decision on buyback of securities;
 - iv. the decision with respect to fund raising proposed to be undertaken
 - v. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - vi. 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;
 - vii. short particulars of any other alterations of capital, including calls;
 - viii. financial results;

5. Decision on voluntary delisting by the listed entity from stock exchange(s). 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;

Events which shall be disclosed upon application of materiality thresholds as set out above:

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. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
10. Fraud/defaults etc., by directors (other than key managerial personnel) or employees of the Company.
11. Options to purchase securities including any ESOP/ESPS Scheme.
12. Giving of guarantees or indemnity or becoming a surety for any third party.
