

Fedders Electric and Engineering Limited
(Formerly Fedders Lloyd Corporation Limited)

**POLICY FOR DETERMINATION OF MATERIALITY
OF EVENTS OR INFORMATION**

OBJECTIVE

Pursuant to the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations), every listed entity is required to frame a policy for determination of materiality for disclosure of events or information to Stock Exchanges, on the basis of the criteria specified in sub regulation (4) of aforesaid Regulation. Therefore, the Board of Directors of Fedders Electric and Engineering Limited in its meeting held on 12 February, 2016 has approved and adopted this policy in compliance with the aforesaid Regulations.

The objectives of this Policy are:

- ❖ to determine materiality of events or information of the Company
- ❖ to ensure that such information is adequately and promptly disseminated in accordance with provisions of the aforesaid Regulation
- ❖ to serve as a guiding charter to the management to ensure that timely and adequate disclosure of events or information are made to the investor community by the Company under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- ❖ to enable investors to take well informed investment decisions with regards to the securities of the Company.
- ❖ to provide an overall governance framework for such determination of materiality.

DEFINITIONS

Act shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.

Board of Directors or Board refers to the Board of Directors of the Company, as constituted from time to time.

Company means Fedders Electric and Engineering Limited.

Material Event/ Information refers to such event or information as set out in the Schedule or as may be determined in terms of the Policy. The words material and materiality in the Policy shall be construed accordingly.

Regulations shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modifications, clarifications, circulars or re-enactment thereof.

Schedule shall mean Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, Regulations or any other applicable law or regulation to the extent applicable to the Company.

TYPES OF EVENTS/ INFORMATION

Determination of materiality of any information/ event related to the Company's operations shall be made on individual basis.

Annexure A delineates the list of information as defined in the Regulations which are to be disclosed without application of the guidelines of materiality.

Annexure B delineates list of information which are to be disclosed based on materiality guidelines.

DETERMINATION OF MATERIALITY OF EVENTS/ INFORMATION

Following criteria shall be considered 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;
- (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the Board of the Company, the event / information is considered material.

AUTHORIZED KEY MANAGERIAL PERSONNEL (KMP) FOR THE PURPOSE OF DETERMINING MATERIALITY OF AN EVENT OR INFORMATION AND FOR THE PURPOSE OF MAKING DISCLOSURES TO THE STOCK EXCHANGES

The following KMPs are hereby severally authorized severally/ individually by Board of Directors for the purpose of determining materiality of an event or information and for the purpose of making disclosures to Stock Exchange(s) (“Authorized Person(s)”):

- a. Managing Director
- b. Chief Financial Officer
- c. Company Secretary

The Authorized KMP’s shall-

- Assess the ‘materiality’ factor of any information based on the prevailing circumstances
- Determine the time for disclosure of the available information considered material
- Provide updates of material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations
- Disclose all events or information with respect to subsidiaries which are material
- Provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information

The materiality of events outlined above is 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 KMP’s should exercise his/her own judgement while assessing the materiality of events associated with the Company. In case the relevant Authorized Person(s) perceives any doubt regarding materiality he/she may consult Chairman or any other Director before disclosing the information to the Stock Exchange(s).

Details of above KMPs shall be also disclosed to the Stock Exchange(s) and as well as on Company’s website.

SCOPE AND LIMITATION

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

DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company Make adequate disclosures relating to any event occurs or an information which has not been indicated in Annexure A or B, but which may be deemed/ considered to have material effect on the Company.

Annexure "A"

Events which shall be disclosed 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 Company 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
 - ii) acquire shares or voting rights in a Company, whether directly or indirectly, such that
 - (a) the Company 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 percent 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 Company 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 Company 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 Company), 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 the Company or arrest of key managerial personnel or promoter.
7. Change in directors, key managerial personnel, 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 Company.
13. Proceedings of Annual and extraordinary general meetings of the Company.
14. Amendments to memorandum and articles of association of the Company, in brief.
15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.

Annexure B

Events which shall be disclosed upon application of 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 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. Fraud/defaults etc. by Directors (other than key managerial personnel) or employees of the Company.
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.
13. Any other events / information which is exclusively known to the Company and 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.