

POLICY ON DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION

Revised on: 29th May, 2018

I. BACKGROUND

SEBI has vide its notification dated 2nd September, 2015 introduced SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which will be effective from 1st December 2015.

As provided in Regulation 30 (3) of the said Regulations, the listed entity shall make disclosure of events specified in Para B of Part A of Schedule III, based on application of the guidelines for Materiality as specified in Regulation 30(4). It further provides that the listed entity shall frame a policy for determination of materiality, based on criteria specified in Regulation 30 (3), duly approved by its board of directors, which shall be disclosed on its website.

II. OBJECTIVE

Torrent Power Limited has adopted this Policy on Materiality of Events or information (the “Policy”) to determine the materiality of events or information and to set forth the threshold against those Events or Information for disclosure to stock exchange in accordance with Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.¹

The Policy shall be effective from 1st December 2015.

III. DEFINITIONS & INTERPRETATIONS

In this Policy, unless the context otherwise requires:

- (a) “Act” means the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (b) “Board” shall mean the Board of Directors of Torrent Power Limited.
- (c) “Company” shall mean Torrent Power Limited.

¹ The Policy has been prepared in accordance with the applicable provisions of Listing Regulations and Companies Act, 2013 and rules made thereunder. Any subsequent amendment/modification in this regards under any of the provisions shall automatically apply to this Policy.

- (d) "Events or Information" means events or information as prescribed under Para B of Part A of SCHEDULE III to the Listing Regulations.
- (e) "Listing Regulations" shall mean the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, amendments, clarifications, circulars or re-enactment thereof.
- (f) "Other Information" means as prescribed under Para C of Part A of SCHEDULE III to the Listing Regulations.
- (g) "SEBI Regulations" would include all the acts, regulations, circular, notifications etc. issued by the Securities Exchange Board of India from time to time.
- (h) "Stock Exchange" means a recognised stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956 on which Equity shares of the Company are listed.
- (i) "Subsidiary" shall mean a company shall be considered as Subsidiary if it falls within the criteria defined under Section 2(87) of the Act.

Any word used in this policy but not defined herein shall have the same meaning ascribed to it in the Act, SEBI Act or Rules and Regulations made thereunder, Listing Agreement, Accounting Standards or any other relevant legislation / law applicable to the Company. In case of any dispute or differences between this Policy and provisions of Act / Listing Agreement, the latter shall apply.

IV. CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION

The following criteria, as per Regulation 30(4)(i) of the Listing Regulations, shall be considered based on which materiality of Events or Information will be determined:

- (a) Event or Information, the omission of which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) Event or Information, the omission of which 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 or Information, which in the opinion of the Board is considered material.

V. MATERIALITY THRESHOLD FOR DETERMINATION OF MATERIAL EVENTS OR INFORMATION

Keeping in view the criteria for determination of materiality of Events or Information as mentioned in Clause IV above, materiality threshold has been defined as follows for Events or Information specified in Para B of Part A of Schedule III to the Listing regulations:

‘Such Events or Information shall be considered material:

- where the value involved in it exceeds 10% of the gross turnover or total revenue or total income or net worth
- OR
- where the impact of it exceeds 5% of the gross turnover or total revenue or total income or net worth;’

Only such impact which is direct and reasonably quantifiable shall be considered.

The above threshold shall be determined on the basis of audited consolidated financial statements of last audited financial year.’

VI. DETERMINATION OF OTHER INFORMATION WHICH IS MATERIAL

CFO of the Company, in consultation with Chairman of the Company is authorised to take a view on the materiality of Other 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 listed entity to appraise its position and to avoid the establishment of a false market in such securities.

VII. MATERIALITY THRESHOLD FOR DETERMINATION OF MATERIAL EVENTS OR INFORMATION OR OTHER INFORMATION OF SUBSIDIARIES OF THE COMPANY

In case the Events or Information relates to the Subsidiary of the Company, the materiality threshold as defined in Clause V of the Policy should be determined based on the consolidated figures of the Company. In case of Other Information, the CFO of the Company, in consultation with Chairman of the Company is authorised to take a view on the materiality of such Other Information that qualifies for disclosure.

VIII. GENERAL

- (a) The Chief Financial Officer of the Company is authorised to take a view on whether the Events or Information falls within the materiality threshold as mentioned under Para V of this Policy which qualifies for disclosure under Regulation 30(5) of the Listing Regulations.
- (b) CFO, in consultation with Chairman of the Company may, at his option, also disclose to the Stock Exchanges the Events or Information, which is below the materiality threshold as defined in Clause V of the Policy.
- (c) This Policy shall be disclosed on the website of the Company www.torrentpower.com.
- (d) The Chairman of the Company is authorized to make such changes to the Policy:
 - (i) as are not changing the substance of the said Policy, or
 - (ii) as may be required for the purpose of resolving any doubts or difficulties that may arise in carrying out and/or implementing the said Policy
