Autoline Industries Limited

Policy on the Determination of Materiality for Disclosure of Events or Intimation

Background:

As per Regulation 30 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations), a listed entity is required to frame a policy for the Determination of Materiality for Disclosure of Events or Information to Stock Exchanges, based on the criteria specified in Regulation 30 of the said Regulations and the same is also required to be disclosed on the company's website.

On June 14, 2023, SEBI notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 ("LODR 2023 Amendment") which shall come into force on July 14, 2023. Under the said LODR 2023 Amendment, SEBI has inter alia amended Regulation 30 of the Listing Regulations that deal with the disclosure of events or information by a listed entity.

Under the LODR 2023 Amendment, Regulation 30(4)(i) that sets out the criteria for determination of materiality of events/ information specified in Para B of Part A of Schedule III, has been amended.

In view of the aforesaid, this Policy has been amended by the Board of Directors of the Company in accordance with the provisions of LODR 2023 Amendment.

This amended Policy will be effective from 14th July 2023.

Any continuing event or information which becomes material pursuant to LODR 2023 Amendment shall be disclosed by the listed entity within thirty days from the date of coming into effect of this policy

This policy is not intended to dilute any requirement specified under the SEBI Listing regulations. In the event of any conflict between the terms of this Policy and the Listing Regulations (as amended by the LODR 2023 Amendment or any other amendments thereafter), the provisions of the SEBI Listing Regulations shall prevail.

Policy:

Taking into account the aforesaid provisions & other applicable legal provisions, the policy on the determination of materiality for disclosures of events or information is being made as under:

1. DISCLOSURE OF EVENTS OR INFORMATION:

The Company shall make disclosures of any events or information which, in the opinion of the board of directors of the listed company, is material.

The events or information specified in Para A of Part A of Schedule III of the SEBI Listing Regulations are deemed to be material and shall be disclosed by the Company to the Stock Exchanges, without the application of any materiality thresholds specified in this Policy.

The events or information specified in Para B of Part A of Schedule III of the Listing Regulations shall be disclosed to the Stock Exchanges based on the application of the materiality criteria, as laid out in Clause 3 of this Policy.

Any other event or information *viz*. major development that is likely to affect the business of the Company significantly, in the opinion of the Board of the Company, shall be disclosed to the Stock Exchanges, such as:

a) Emergence of new technologies;
b) expiry of patents;
c) any change of accounting policies that may have a significant impact on the accounts of the Company and brief details thereof; and
d) 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.

2. CRITERIA 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; 176[or]
c) The omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
    i. two per cent of turnover, as per the last audited consolidated financial statements of the listed entity;
    ii. two per cent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
    iii. five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity;]
d) In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the Company, the event or information is considered material.

In case an event or information is required to be disclosed by the Company in terms of the provisions of the SEBI Listing Regulations, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

The Company Secretary of the Company shall, upon completion of audit of the Company's Financial Statements for each financial year, intimate the Relevant Employees, Relevant Persons and the Authorised KMPs, of the aforesaid values for each financial year.

The Board of the Company has authorized the Authorised KMPs for the purpose of determining the materiality of an event or information and for the purpose of making disclosures to Stock Exchange(s) under Regulation 30 and the contact details of such personnel shall be also disclosed to the Stock Exchange(s) and as well as on the Company's website.

3. TIMELINES FOR DISCLOSURES TO THE STOCK EXCHANGES:

1) The Company shall first disclose to the Stock Exchange(s) all events or information which are material in terms of the provisions of this Policy and SEBI Listing Regulations as soon as reasonably possible and in any case not later than the following:

   a) 30 (thirty) minutes from the closure of the Board meeting in which the decision pertaining to the event or information has been taken;
   b) 12 (twelve) hours from the occurrence of event or information, where the event or information is emanating from within the Company;
   c) 24 (twenty-four) hours from the occurrence of event or information, where the event or information is not emanating from within the Company. Other disclosures with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines.

   Provided that disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines.

In case the disclosure is made after the timelines specified under SEBI Listing Regulation, the Company shall, along with such disclosure provide the explanation for the delay.

4. AUTHORIZATION FOR THE PURPOSE OF DETERMINING THE MATERIALITY OF AN EVENT OR THE INFORMATION:

Managing Director & Chief Executive Officer in consultation with Chief Financial Officer (CFO) and the Company Secretary (CS) be authorised to determine the materiality of an event or information on the basis of the information available to them or made available to them by the concerned department HOD, for the purpose of making disclosure to the Stock Exchange(s) under the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

5. RESPONSIBILITY ON BOARD MEMBERS AND RELEVANT EMPLOYEES OTHER THAN AUTHORISED PERSONNEL

The Board members and the Employees of the Company including Head of the departments shall be under an obligation, to disclose to the Authorised Personnel mentioned above, any event or information, for which they have knowledge, and which may be deemed to be material in terms of this policy.
The Authorised personnel shall, in turn, determine the materiality of such event or information, according to provisions of this Policy and SEBI Listing Regulations, make necessary disclosures to the Stock Exchange, if required.

An indicative list of events which shall mandatorily be disclosed by the Department Head are as per Schedule III of LODR (as amended).

6. DISCLOSURE OF CERTAIN AGREEMENTS TO WHICH LISTED ENTITY IS NOT A PARTY:

All the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of Company, who are parties to the ***Specified Agreements***, shall inform the Company about the agreement to which Company is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements, and the Company shall in turn disclose all such agreements to the Stock Exchanges and on its website.

Specified Agreements:

Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, including any rescission, amendment or alteration of such agreements, whether or not the Company is a party to such agreements:

Provided that such agreements entered into by Company in the normal course of business shall not be included in above definition, unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company.

7. MISCELLANEOUS:

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

All events or information which have been disclosed to the Stock Exchanges in accordance with this Policy shall be disclosed on the website of the Company and such disclosures shall be hosted on the website of the Company for a minimum period of 5 (five) financial years and thereafter as per the 'Archival Policy' of the Company.

The Company shall disclose all events or information with respect to its subsidiaries which are material for the Company as per the terms of this Policy.

The Managing Director, Chief Executive officer, Chief Financial Officer and the Company Secretary are severally authorised to disseminate any material event or information to the Stock Exchanges.

The Board shall be entitled to amend or modify this Policy in whole or in part, at any time, when it deem to appropriate or pursuant to any amendment to the applicable provisions of the Listing Regulations. Any subsequent amendment/modification in the Act and the SEBI Regulations and/or any other laws in this regard shall automatically apply to this Policy.

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Schedule I

SOP for Employees for identifying potential material events or information and reporting the same to Key managerial Personnel for making necessary disclosure to Stock Exchanges.