

SAL AUTOMOTIVE LIMITED

POLICY FOR DETERMINATION OF MATERIALITY FOR DISCLOSURE OF EVENTS OR INFORMATION

1. INTRODUCTION

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”), require a Company to disclose events or information which, in the opinion of the Board of the Company, are material.

These Listing Regulations have classified disclosure of such events, into the following categories:

- (i) Events which are considered to be **deemed material events**, and which need to be disclosed without application of the “materiality criteria”. These events as specified by SEBI are listed in **Annexure A** to this Policy.
- (ii) Events which need to be disclosed based on the application of the “materiality criteria”. These events as specified by SEBI are listed in **Annexure B** to this Policy.
- (iii) 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.

SEBI had also specified the information that needs to be provided whilst disclosing events mentioned in Annexures A and B, which is provided alongside each event/information in this Policy. In case the Company does not disclose any such specified details, it shall state appropriate reasoning for the same as part of the disclosure.

Revision History:

Version No.	Particulars	Effective date
1.	Initial policy formation	1 st December, 2015
2.	due “change of Name” only	1 st January, 2020
3.	In accordance with SEBI circular 13 th July, 2023	1 st November, 2023

2. TITLE

This Policy shall be called 'Policy for determination of materiality for disclosure of events or information'.

3. AUTHORITY

The Board has constituted a Disclosure Committee comprising of Shri Rama Kant Sharma, Managing Director, Smt. Namrata Jain, ED-Finance & CFO, Shri Gagan Kaushik, Company Secretary and Shri Kulvinder Singh, FC, being Key Managerial Personnel of the Company (hereinafter referred to as "Disclosure Committee"/ "Committee").

Specific contact details of such committee members are available on the website of the Company and can be accessed via. [www.salautomotive.in].

Whenever the relevant employees of the Company become aware of any event/information as outlined in this Policy, or as soon as or ought to have been reasonably come into possession of the information in course of performance of their duties, they shall identify potential material event or information in light of Listing Regulations read with this Policy and report the same to the above referred officials for the purpose of determining the materiality of the said event or information.

Based on the decision of the above-named officials, the Compliance Officer shall be responsible for making disclosure to the Stock Exchange. The contact details of the Compliance Officer shall be made available on the website of the Company.

4. DECISION MAKING OF THE DISCLOSURE COMMITTEE

The Disclosure Committee members may meet physically or may interact through e-mails or any other means as the members of the Committee may deem fit.

5. ROLES AND RESPONSIBILITIES

The Roles and Responsibilities of the Committee shall include the following:

1. To ensure compliance with the disclosure requirements under Regulation 30 of the Listing Regulations and such other Circulars as may be specified by SEBI in this regard;
2. To take a view on the materiality of an event or on the price sensitivity of an event that

- qualifies for disclosure under Regulation 30 of the Listing Regulations;
3. To determine the appropriate time at which the disclosures are to be made to the stock exchanges which shall be in adherence to the requirements of Regulation 30 of the Listing Regulations;
 4. To review and finalise the details to be disclosed. The contents of the disclosure shall be in line with the Listing Regulations and SEBI Circulars issued in this regard, and as may be amended from time to time. Provided that any confidential information which if disclosed is likely to put at risk, the business interest of the Company shall not be disclosed. The Company to that extent shall make qualified disclosure to the Stock Exchanges;
 5. To consider such other events that may require disclosure to be made to the stock exchanges which are not explicitly defined in any Annexures and determine the materiality, appropriate time and contents of disclosure for such matter;
 6. To review the information in respect of the above specified events on periodical basis, as may be necessary and inform the stock exchanges if there is a change in information after it has been disclosed to stock exchanges (including withdrawal / cancellation of event).
 7. To determine materiality thresholds of events/ information mentioned in Regulation 2(n) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, which is likely to materially affect the price of the securities (constituting UPSI).
 8. To make necessary amendment(s) to the Policy as may be required from time to time.

6. MATERIALITY CRITERIA OF THE EVENT OR INFORMATION

Materiality of an Event must be determined on a case to case basis depending on specific facts and circumstances relating to it. Such determination shall be done on both qualitative and quantitative grounds. The criteria given hereunder shall be used as a guide and/ or reference for determining materiality and arriving at the overall decision on whether to report the Event. These criteria shall apply to Events specified in Para B of Part A of Schedule III of the Listing Regulations.

- a. Qualitative Criteria:-** The Company shall apply the following qualitative criteria for materiality assessment as defined under Listing Regulations:
 - i. The omission of an event or information, which is likely to result in discontinuity or alteration of event/ information already available publicly; or
 - ii. The omission of an event or information, which is likely to result in significant market reaction if the said omission came to light at a later date;

iii. It is deemed to be material under applicable laws and regulations.

b. Quantitative Criteria:- The Company shall apply the following quantitative criteria for materiality assessment as defined under Listing Regulations:

❖ The omission of event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:-

- 2% of Turnover* (or)
- 2% of Net worth*, except in case the arithmetic value of the net worth is negative (or)
- 5% of the average of absolute value of profit or loss after tax as per the last three audited consolidated financial statements of the Company.

**As per the last Audited financial statements of the Company.*

In case where the criteria specified in sub-point (a) or (b) are not applicable, an event/ information may be treated as being material if it has a material effect on the Company or in the opinion of the Board and/ or Authorised Person of the Company, the event/ information is considered material.

7. TIMEFRAME FOR DISCLOSURE

- a. The listed entity shall first disclose to the stock exchange(s) all events or information which are material in terms of the this Policy as soon as reasonably possible and in any case not later than the following:
- i. 30 Minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken;
 - ii. 12 Hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
 - iii. 24 hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

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.

Provided further that in case the disclosure is made after the timelines specified under the Listing Regulations, then, along with such disclosure, Company shall provide the explanation for the delay.

- b. The Company shall, with respect to disclosures mentioned in Annexure 1 & 2, make disclosures updating material developments on a regular basis, till such time the event is resolved/ closed, with relevant explanations.
- c. The Company shall disclose all events or information with respect to subsidiaries which are material for the Company.
- d. The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.
- e. The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange.

All the above disclosures will be hosted on the website of the Company for a minimum period of five years and thereafter archived in accordance with the Company's Preservation and Archival Policy.

8. GUIDANCE ON TIMING OF OCCURRENCE 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 for making disclosure under this Policy read with Regulation 30 and Schedule III of Listing Regulations.

- i. 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.
 - a. In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

11. DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company.

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Events to be disclosed without applying any test of materiality:

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the Company, sale of stake in associate company of the Company or any other restructuring.

Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-

- (i) acquiring control, whether directly or indirectly; or
- (ii) acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, 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-paragraph and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
 - (c) the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30 of Listing Regulation.

Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include:

- (i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the Company; or
- (ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in subclause (c) of clause (i) of sub-regulation (4) of regulation 30 of Listing Regulations.

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. New Rating(s) or Revision in Rating(s);

4. Outcome of Meetings of the Board of the Company: 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).

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

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;

5A. 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, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements:

Provided that such agreements entered into by the Company in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or they are required to be disclosed in terms of any other provisions of Listing Regulations.

Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that the Company shall or shall not act in a particular manner.”

6. Fraud or defaults by the Company, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the Company, whether occurred within India or abroad:

For the purpose of this sub-paragraph:

- (i) ‘Fraud’ shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- (ii) ‘Default’ shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in ‘default’ if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, and subsidiary shall mean default which has or may have an impact on the Company.

7. Change in directors, Key Managerial Personnel(Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Senior Management, auditor and Compliance Officer;(7A) In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Company to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.

(7B) Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the Company:

- (i) The letter of resignation along with detailed reasons for the resignation as given by the said director.
 - (ia) Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.

- (ii) The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided
- (iii) The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.

(7C) In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the Company within seven days from the date that such resignation comes into effect.

(7D) In case the Managing Director or Chief Executive Officer of the Company was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).

8. Appointment or discontinuation of share transfer agent;

9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:

- (i) Decision to initiate resolution of loans/ borrowings;
- (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
- (iii) Finalization of Resolution Plan;
- (iv) Implementation of Resolution Plan;
- (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders

10. One time settlement with a bank;

11. 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 Company, in brief;

15. Schedule of analyst or institutional investor meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the Company to analysts or institutional investors;

Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:

(i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;

(ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:

16. The following events in relation to the corporate insolvency resolution process (CIRP) of the Company as a corporate debtor under the Insolvency Code:

- a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
- b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
- c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable ;
- d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
- e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
- f) Appointment/ Replacement of the Resolution Professional;
- g) Prior or post-facto intimation of the meetings of Committee of Creditors;
- h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
- i) Number of resolution plans received by Resolution Professional;
- j) Filing of resolution plan with the Tribunal;
- k) Approval of resolution plan by the Tribunal or rejection, if applicable;

l) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:

- (i) Pre and Post net-worth of the company;
- (ii) Details of assets of the company post CIRP;
- (iii) Details of securities continuing to be imposed on the companies' assets;
- (iv) Other material liabilities imposed on the company;
- (v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
- (vi) Details of funds infused in the company, creditors paid-off;
- (vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;
- (viii) Impact on the investor – revised P/E, RONW ratios etc.;
- (ix) Names of the new promoters, KMP [key managerial personnel], if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
- (x) Brief description of business strategy.]

m) Any other material information not involving commercial secrets.}

n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;

o) Quarterly disclosure of the status of achieving the MPS;

p) The details as to the delisting plans, if any approved in the resolution plan.]

17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by the Company:

a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;

b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Company along with comments of the management, if any.]

18. Subject to the applicability of the relevant provisions of the Listing Regulations, Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of the Company, in relation to any event or information which is material for the Company in terms of Regulation 30 of Listing Regulations and is not already made available in the public domain by the Company.

Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following:

- (a) search or seizure; or
- (b) re-opening of accounts under section 130 of the Companies Act, 2013; or
- (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - i. name of the authority;
 - ii. nature and details of the action(s) taken, initiated or order(s) passed;
 - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
 - iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
 - v. impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.

20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following:

- (a) suspension;
- (b) imposition of fine or penalty;
- (c) settlement of proceedings;
- (d) debarment;
- (e) disqualification;
- (f) closure of operations;
- (g) sanctions imposed;
- (h) warning or caution; or
- (i) any other similar action(s) by whatever name called; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - i. name of the authority;
 - ii. nature and details of the action(s) taken, initiated or order(s) passed;
 - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;

- iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
- v. impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.

21. Voluntary revision of financial statements or the report of the board of directors of the Company under section 131 of the Companies Act, 2013.”

22. Such other events as may be provided Para A of Part A of Schedule III of Listing Regulations.

Events to be disclosed after applying any test of materiality:

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division;
2. Any of the following events pertaining to the Company:
 - (a) arrangements for strategic, technical, manufacturing, or marketing tie-up; or
 - (b) adoption of new line(s) of business; or
 - (c) closure of operation of any unit, division or subsidiary (in entirety or in 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) 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. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
9. Frauds or defaults by employees of the listed entity which has or may have an impact on the listed Company.
10. Options to purchase securities including any ESOP/ESPS Scheme;
11. Giving of guarantees or indemnity or becoming a surety by whatever named called for any third party;
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.

14. Such other events as may be provided Para B of Part A of Schedule III of Listing Regulations.