

AUTOMOTIVE AXLES LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS/INFORMATION

(Revised w.e.f. July 14, 2023)

Document Title	Policy For Determination Of Materiality Of Events/ Information
Originally Framed	October 29, 2015
Last Revision Date	April 1, 2019
Current Revision Date	July 14, 2023
Authority approving the Policy	Board of Directors

1. OBJECTIVE

The Company has equity shares listed and traded in India on BSE Limited as well as the National Stock Exchange of India Limited (collectively the “**Stock Exchanges**”). The Policy on Determination of Materiality of Events/Information and their Disclosures (“the **Policy**”) is framed in accordance with the requirements of the Securities and Exchange Board of India (“SEBI”) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Regulations**”) as amended from time-to-time and is intended to identify material events or information upon the occurrence of which the Company shall make appropriate disclosures to the Stock Exchanges.

This Policy covers the disclosures required by the Company, its shareholders, Promoters, Promoter Group entities, related parties, Directors, Key Managerial Personnel, Senior Management and employees and all other persons as may be applicable pursuant to the Regulations.

Any capitalized term used herein but not defined shall have the meaning assigned to such term under the Regulations or any other applicable law or regulations.

2. AUTHORISED PERSONS TO ASSESS THE MATERIALITY OF EVENTS

The Board has authorised the team consisting of the Company’s Wholetime Director, Chief Financial Officer and Company Secretary to determine the materiality of any event/ transaction/ information based on the criteria as provided in Clause 3 of this Policy. The Key Managerial Personnel (Wholetime Director, Company Secretary and Chief Financial Officer) are severally authorised to disclose the said information to the stock exchanges.

The contact details of all the Key Managerial Personnel (KMP) shall be placed on the Company’s website and any change in the same shall be disclosed to the stock exchanges.

3. GUIDELINES FOR ASSESSING MATERIALITY

- a. Materiality has to be determined on a case-to-case basis depending on specific facts and circumstances relating to the information/event.
- b. In order to determine whether a particular event/information is material in nature, the Company shall consider the criteria(s) mentioned below.
 - i. The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
 - ii. 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; or
 - iii. If in the opinion of the Board of Directors, the event / information is considered material.
- c. An event/information shall be considered material if its value or the expected impact in terms of value exceeds the thresholds provided under the Regulations as may be determined on the basis of the consolidated audited financial statements of the immediately preceding financial year.
An illustrative list of such events requiring disclosure on application of guidelines of materiality given above is provided in Exhibit I.
- d. Events/information specified in paragraph A of part A of Schedule III of the Regulations shall be disclosed to the Stock Exchanges without any application of materiality thresholds. An illustrative list of such deemed material events is provided in Exhibit II.

4. PROCEDURE FOR IDENTIFICATION, REPORTING AND DISCLOSURE OF EVENTS OR INFORMATION

- a. Who is responsible to identify and report occurrence of event/information:

The Senior Management of the Company in addition to such other persons as may be determined by the Wholetime Director from time to time (collectively referred as Key Management Officials) shall be the relevant stakeholders tasked with the responsibility of identifying and reporting of an event/information within the sphere of their functional roles to the KMP.

b. To whom to report:

Upon occurrence of any event/information, the concerned Key Management Official shall forthwith inform to the Company Secretary and the Chief Financial Officer of the Company with adequate supporting data/information, to facilitate a prompt and appropriate disclosure to the Stock Exchanges.

The concerned Key Management Official shall, at all times, ensure that the information of occurrence of any event/information is mandatorily brought to the attention to the Wholetime Director without any delay, in addition to that of the Company Secretary and the Chief Financial Officer.

c. Option to seek additional guidance:

Key Management Official may at any time consult the Company Secretary or in his/her absence any KMP, in case they are not able to identify or decide whether the particular event or information fall under the criteria specified under the Regulation or the Policy.

d. Details to be reported:

- Key Management Official sharing the information shall send email with the Title “Confidential material event/information marked as “High Priority”. The email shall contain the basic details such as:
 - i. Details/ Brief about the event/Information
 - ii. Whether the event/Information is in the ordinary course or otherwise
 - iii. Name of the Department/ Official from where the event/Information got generated.
 - iv. Names of the persons who are aware about the said event/Information and additions to the names shall be immediately informed.
 - v. Potential Impact of such event/Information
 - vi. Whether the event/Information is emanating from within or outside the Company
 - Key Managerial Official sharing the details of the event/ information shall be responsible to ensure that the email has reached the concerned KMP and necessary actions if any are initiated in this regard.
- e. Key Managerial Official shall participate in a discussion with the concerned KMP and provide all assistance/facts/details required for the purpose of identifying whether the subject event or information may result in potential material event or information requiring disclosure to the stock exchanges as per the Policy or Regulations.

f. Materiality assessment:

The team of authorised persons specified in Clause 2 above will then ascertain the materiality of such event(s) or information based on the guidelines specified in Clause 3.

g. Disclosure to the Stock Exchanges:

On completion of the assessment, where it is established that any event or information has an impact or whose expected impact is in excess of the prescribed thresholds as provided in the Regulations, the KMP(s) shall disseminate the event/information to the Stock Exchanges within the stipulated time period.

h. Additional compliance with Insider Trading Code:

Wherever applicable, Key Management Officials shall also ensure compliance with the provisions of Insider Trading Code of the Company and shall not deal in the securities of the Company till such

time the said event or information becomes Public and or is considered as not material to be disclosed to the stock exchanges.

5. DISCLOSURE AND TIMELINES

The Company shall make disclosure of all such events/information within the specified timelines listed out in the Regulations as well as any other circulars issued by SEBI from time-to-time.

The Company shall disclose this Policy on its website.

Further, the Company shall also disclose on its website all such events/information which has been disclosed to Stock Exchanges under this Policy, and such disclosures shall be hosted on the website of the Company for a minimum period of five (5) years and thereafter as per the archival policy of the Company, as disclosed on its website.

6. LIMITATION

In the event of any conflict between the provisions of this Policy and the Regulations or any other statutory enactments, the provisions contained in the Regulations or statutory enactments shall prevail over this Policy.

7. AMENDMENTS

The Board shall review periodically this Policy and also have the power to amend any of the provisions of this Policy, substitute any of the provisions with a new provision or replace this Policy entirely with a new Policy. The Board may also establish further rules and procedures, from time- to- time, to give effect to the intent of this Policy in furtherance of the objective of good corporate governance.

This Policy in whole or in part, shall stand modified / amended from time-to-time, without any further act on the part of the Company, should there be any statutory modification(s) / amendment(s) / revision(s) to the applicable provisions of the Regulations or any other enactments, as the case may be.

For Automotive Axles Limited

Sd/-

**Dr. B.N. Kalyani
Chairman**

Illustrative list of such events requiring disclosure on application of guidelines 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 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. Any other information / event viz. major development that is likely to affect the 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 securities holders of the Company to appraise its position and to avoid the establishment of a false market in the securities of the Company.
15. Occurrence of any event or availability of information which is not specified pursuant to the Regulation 30 of the Regulations, but which may have material effect on the Company.

Illustrative list of deemed material events

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.
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 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. re-issue 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 de-listing 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.
6. 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 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 these regulations.

7. 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.
8. Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, etc. Senior Management, Auditor and Compliance Officer.
9. In case the Managing Director or Chief Executive Officer of the listed entity 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).
10. Appointment or discontinuation of share transfer agent.
11. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions.
12. One time settlement with a bank.
13. winding-up petition filed by any party / creditors.
14. Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of intimation and the date of the meet) and presentations made by the Company to analysts or institutional investors.
15. 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. Initiation of Forensic audit
17. Announcement or communication through social media intermediaries or mainstream media of any event or information which is material for the Company in terms these Regulations and is not already made available in the public domain by the listed entity.

18. 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 listed entity in terms of regulation 30 of the regulation and is not already made available in the public domain by the Company.
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;
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 listed entity, 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;
20. Voluntary revision of financial statements or the report of the board of directors of the Company under section 131 of the Act.