POLICY ON

DETERMINATION OF MATERIALITY

OF

INFORMATION/EVENTS

OF

RICO AUTO INDUSTRIES LIMITED

1. Background

In an endeavour to promote transparent and effective communication with the shareholders, the Listing Regulations (*defined hereinafter*) requires that every Listed Company shall make disclosure of any Events or Information which, in the opinion of Board of the Listed Company, is Material.

Rico Auto Industries Limited (hereinafter referred as the 'Company') believes in the conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior and in complete compliance of laws.

2. Scope & Purpose

This Policy is framed in accordance with the requirements of Regulation 30 of Listing Regulations and shall be called as "Policy on determination of materiality of events" (*hereinafter referred to as "**Policy**"*). This Policy has been last updated based on the amendments made to Regulation 30 and Schedule III of the LODR Regulations, by way of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 ("LODR Amendments") and the SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123, dated July 13, 2023 ("SEBI Disclosure Circular").

Regulation 30(4)(ii) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015(the "Listing Regulations"), mandates a listing entity to frame a policy for determination of materiality, based on criteria specified therein and the policy needs to be approved by the Board.

The determination of materiality is for the purpose of determining the events and information which are material and Price sensitive for the purpose of making disclosure to the Stock Exchanges.

3. Objectives

The objectives of this Policy are as follows:

a) To ensure compliance with the disclosure requirements as provided under the Listing Regulations;

b) To ensure timely, transparent and continuous disclosure of material events or information in line with the provisions of Regulation 30 of the Listing Regulations;

c) To continuously update the disclosures made by the Company pursuant to this Policy in case of any material development in relation thereto along with relevant explanations;

d) To decide upon the instance when the material events have occurred and the time frame within which the information is to be disclosed; and

e) To provide a framework that supports and fosters confidence in the quality and integrity of information released by the Company.

4. Definitions

"**Act**" means the Companies Act, 2013 and includes any re-enactment and statutory modification thereof for the time being in force;

"**Board of Directors**" or "**Board**" means the Board of Directors of the Company, as constituted/ re-constituted from time to time;

"Key Managerial Personnel" means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013;

"**Company**" means Rico Auto Industries Limited;

"**Listing Regulations**" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

"**Policy**" means this Policy on Determination of Materiality of Events or Information;

"Subsidiary" means as defined under section 2 (87) of the Act;

"Material Event" or **"Material Information"** shall mean such event or information as set out in the Schedule. In the Policy, the words, "material" and "materiality" shall be construed accordingly;

"Schedule" means Schedule III of the Listing Regulations;

"Net Worth" shall have the meaning assigned to it in Section 2(57) of the Act;

All capitalised words and expressions used in this Policy, unless defined hereinafter, shall have meaning respectively assigned to them under the Listing Regulations andin the absence of its definition or explanation therein, as per the Act.

5. Events deemed to be Material Events

i) The Company shall make disclosures of any Events or Information which are material in nature to the Stock Exchange(s).

ii) All Events specified in Para A of Part A of Schedule III of the Listing Regulations and more specifically enlisted in **Annexure I** to this Policy shall mandatorily be considered as Material and the Company shall make all requisite disclosures in relation thereto as per the provisions of this Policy and Listing Regulations.

iii) All Events specified in Para B of Part A of Schedule III of the Listing Regulations and more specifically enlisted in **Annexure II** to this Policy, if conforms to the Materiality criteria as specified in Paragraph IV of this Policy, shall also be treated as Material for the purposes of this Policy, and the Company shall make all requisite disclosures in relation thereto as per the provisions of this Policy and Listing Regulations.

iv) In case where an Event occurs or an Information is available with the Company, which has not been indicated in **Annexure I and Annexure II**, but which may have material effect on it, the Company (including the ones specified in Para C of Part A of Schedule III of the Listing Regulations), subject to the decision of its authorized official, is required to make adequate disclosures in regard thereof.

6. Guidelines for Determining Materiality of Events or Information:

Quantitative criteria would be calculated based on audited consolidated financial statements and would mean the omission of an event/ information whose value involved or the expected impact in terms of value, exceeds the lower of the following:

i) 2% (Two per cent) of consolidated turnover, as per the last audited consolidated financial statements of the Company; or
ii) 2% (Two per cent) of consolidated net worth as per the last audited consolidated financial statements of the Company (except in case the arithmetic value of the net worth is negative); or
iii) 5% (Five percent) of average of absolute value of consolidated profit or loss after tax for last 3 years, as per the last 3 (three) audited consolidated financial statements of the Company.

Any Event or Information shall, for the purpose of disclosure in terms of this Policy and the Listing Regulations, be considered as Material if: (Qualitative criteria would mean an event/information):

i) the omission of an Event or Information, which is likely to result in discontinuity or alteration of Event or Information which is already available publicly;

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;

iii) in case, where the criteria specified in point 1 and 2 above are not applicable, an Event or Information may still be treated as material for the purposes hereof, if the Board of Directors, in their opinion, consider that particular Event/ Information to be material;

iv) the Materiality of an Event or Information can only be said to have occurred upon receipt of approval of Board of Directors. Any kind of generaldiscussions/ negotiations *simplicitor* on any aspect (which may or may not materialise at a later stage) in the ordinary course of Business of the Company may not be considered as Material for the purposes of this Policy, unless the Board of Directors decides otherwise.

7. Identification of Material Event or Information by the Authorized Person:

i) Unless otherwise resolved by the Board, for the purposes of Regulation 30(5) of the Listing Regulations, the Managing Director of the Company shall be authorized to determine the Materiality of an Event or Information and making disclosures to the stock exchange(s) in relation thereto.

ii) The Managing Director may also be guided by previous guidance/ instructions of Securities and Exchange Board of India and/or authorities and/or any other comparable international regulator while determining the Materiality of an Event/Information.

iii) The Managing Director shall take into consideration all relevant factors surrounding the particular Event/Information to make a considered view regarding its Materiality or otherwise for the purposes of this Policy.

iv) The Managing Director may seek advice of an Expert and/or any agency, if need be, to determine the materiality of any event/information or may even take suggestions/ advice from the members of the Board.

8. Timelines for disclosure of material event/information

As per Regulation 30 (6) of SEBI LODR 2015 All events/information identified as material in line with the regulation and under this Policy shall be disclosed as soon as reasonably possible and in any case not later than the following:

i) For all material events/information for which decision is taken in a Board meeting within 30 (thirty) minutes from the closure of the board meeting;

ii) For all material events/information emanating from within the Company within 12 (twelve) hours from the occurrence of the event or information;

iii) For all material events/information relating to the Company but emanating from outside the Company within 24 (Twenty four) hours from the occurrence of the event or information.

a) In case the disclosure is made after the stipulated timeline, the Company shall provide an explanation for the delay along with the disclosure.

b) The Company shall disclose all further material developments with respect to the disclosures referred to in this Policy on a regular basis, till the event is resolved/closed, with relevant explanations.

iv) The details with regard to any fraud/ default by Directors, Promoter or Key Managerial Personnel or employee or by the Company shall be disclosed after the investigation in relation to the matter is concluded and the fraud/ default is established/ proven.

v) The Company shall make disclosures of any material development on a regular basis of any event, till the time the event is resolved/closed, with relevant explanations.

vi) All the disclosures made to the stock exchange under this Policy shall also be disclosed on the website of the Company and the same shall be hosted for a minimum period of 5 (five) years and thereafter as per the archival policy of the Company.

vii) The Company shall also disclose all the events or information with respect to its subsidiaries which are material for the Company.

vii) In case an event or information is required to be disclosed by the listed entity in terms of the provisions of this regulation, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the listed entity shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

9. Disclosure requirements for certain types of agreements binding listed entities

As per Regulation 30 A of SEBI LODR 2015

i) All the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of a listed entity or of its holding, subsidiary and associate company, who are parties to the agreements specified in clause 5A of para A of part A of schedule III to these regulations, shall inform the listed entity about the agreement to which such a listed entity is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements: Provided that for the agreements that subsist as on the date of notification of clause 5A to para A of part A of schedule III, the parties to the agreements shall inform the listed entity, about the agreement to which such a listed entity is not a party and the listed entity shall in turn disclose all such subsisting agreements to the Stock Exchanges and on its website within the timelines as specified by the Board.

ii) The listed entity shall disclose the number of agreements that subsist as on the date of notification of clause 5A to para A of part A of schedule III, their salient features, including the link to the webpage where the complete details of such agreements are available, in the Annual Report for the financial year 2022-23 or for the financial year 2023-24.

10. Non-compliance

Non-compliance of the Act, read together with the Rules and the Regulations will attract the penal provisions as per the respective laws.

11. General

a. Review

This Policy shall be reviewed by the Board as and when any changes are to be incorporated in this Policy, due to change in Listing Regulations or the Act. Any change(s) or modification(s) in this Policy shall be presented for approval of the Board of Directors. The Board of Directors of the Company may, subject to the applicable law, is entitled to amend, modify, suspend or rescind this Policy, at any time.

b. Disclosure of the policy

The Company will disclose on its website all such events or information which have been disclosed to Stock Exchange(s). Further, the policy shall be displayed on the Company's website.

ANNEXURE I
(Pursuant to Regulation 30 of the Listing Regulations)

Para A [Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of Regulation (30)] [In terms of Paragraph III (2) of this Policy]

The Company shall be under an obligation to make the following event based disclosures without applying the criteria for determining materiality as provided in Paragraph IV of this Policy:

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 whole or substantially the whole of the undertaking(s), sale of stake in associate company of the listed Subsidiary 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 listed entity 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.

   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 listed entity; 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 sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation (3)- For the purpose of this sub-paragraph, "undertaking" and "substantially the whole of the undertaking" shall have the same meaning as given under section 180 of the Companies Act, 2013.

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 Ratings or Revision in rating(s) obtained by the Company in relation to any of its Securities or otherwise.

4. Outcome of meetings of the Board of Directors: The Company shall intimate to the Stock Exchange(s) about 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 shall inter alia includes issue of equity shares, preference shares and debentures.
e) Increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares would 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).

The intimation of outcome of meeting of the Board of Directors shall also contain the time of commencement and conclusion of the meeting.

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 mediacompanies) 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 listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity 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 listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:

Provided that such agreements entered into by a listed entity 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 listed entity or they are required to be disclosed in terms of any other provisions of these 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 listed entity shall or shall not act in a particular manner.

6. Fraud/defaults by its Promoter, Director or Key Managerial Personnel senior management or subsidiary or by the Company or arrest of Key Managerial Personnel or Promoter.

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, subsidiary shall mean default which has or may have an impact on the listed entity.

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 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 listed entities within seven days from the date that such resignation comes into effect.

7B. 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).

8. Appointment or discontinuation of share transfer agent.

9. Corporate Debt Restructuring, any one time settlement with a bank, winding-up petition filed by any party/creditors on the Company.

10. Issuance of notices, call letters, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the mediaby the Company.

11. Proceedings of Annual and Extraordinary General Meetings of the Company.

12. Amendments to Memorandum and Articles of Association of Company.

13. 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 on financial results made by the Company to analysts or institutional investors.

14. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.

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

15. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, 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 listed entity, quantifiable in monetary terms to the extent possible.

16. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity 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

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 listed entity, quantifiable in monetary terms to the extent possible.

17. Voluntary revision of financial statements or the report of the Board of Directors of the listed entity under section 131 of the Companies Act, 2013.

ANNEXURE II
(Pursuant to Regulation 30)

Para B [Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of Regulation (30)]
[In terms of Paragraph III (3) of this Policy]

The Company shall make disclosure of events mentioned below after determining itsmateriality based on the criteria prescribed in Paragraph IV of this Policy.

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division of the Company;

2. Any of the following events pertaining to the listed entity:

   a) arrangements for strategic, technical, manufacturing, or marketing tie-up,
   b) adoption of new line(s) of business, or
   c) closure of operations of any unit/divisionof the Company either in its entirety or in part.

3. Diversification of the business of the Company which *inter alia* include any enhancement of existing manufacturing/production capacity either by way of production line improvements/technological improvements or otherwise or any addition to the product portfolio of the Company;

4. Procuring any contract/orders etc. including any amendment, revocation or termination of such contracts or orders, which are not in the normal course of business;

5. Entering into any agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business, revision(s) or amendment(s) and 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. Any material effect on the Company and its operations on account 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 Listed Company;

9. Subject to the provisions of this Policy, details of frauds or defaults employees of the Company; which has or may have an impact on the listed entity;

10. Options to purchase securities (including any share based employee benefit scheme);

11. Issuance of guarantees or indemnity or acting 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.