

# MATERIALITY POLICY - AFCOM HOLDINGS LIMITED

## LEGAL FRAMEWORK

The Policy has been framed pursuant to the requirements of the Regulation 30 (4)(ii) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Regulations**"), with respect to disclosure of material events and information. This Policy was approved by the Board of Directors of the Company as on 12<sup>th</sup> February 2024 ("**Effective Date**").

## DEFINITIONS

The words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and other applicable laws, and/ or the rules and regulations made there under shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

## OBJECTIVE OF THE POLICY

The Company has framed this Policy:

- a. To ensure that we comply with the disclosure obligations applicable to us as a publicly traded company and as laid down by the Listing Regulations, various securities laws and any other legislations;
- b. To ensure that the information required to be disclosed by us under the Regulations is timely and transparent.
- c. To ensure that corporate documents and public statements forming part of such disclosures are accurate and do not contain any misrepresentations to the best extent possible;
- d. To protect the confidentiality of material/ price sensitive information within the context of our disclosure obligations
- e. To provide a framework that supports and fosters confidence in the quality and integrity of information disclosed by us pursuant to the Regulations and under other applicable laws.
- f. To ensure uniformity in our approach to disclosures, raise awareness and reduce the risk of selective disclosures.

## PURPOSE OF THE POLICY

The purpose of this Policy is to determine materiality of events and information based on criteria specified under Clause (i) of sub-regulation (4) of Regulation 30 of the Listing Regulations and to ensure that we make disclosure of events/ information specified in para A and B of Part A of Schedule III of the Regulations to the Stock Exchanges and to provide guidance to our executives and officers to make disclosures that are appropriate and would be consistent with the facts of each event.

### **CRITERIA FOR DETERMINING MATERIALITY OF EVENTS**

We shall consider the following criteria for determining the materiality of events / information:

**(i) Quantitative criteria:**

We shall make appropriate disclosures under the Regulations where an event/ information involves or the causes an impact on such value (*such value calculated on the basis of the latest audited financial statements*):

- exceeding 20% (twenty per cent) of the consolidated turnover, or
- exceeding 30% (thirty per cent) of the net worth on consolidated basis; whichever is lower.

**(ii) Qualitative criteria:**

We shall also make appropriate disclosures under the Regulations where:

- disclosing such event or information is likely to result in discontinuity or alteration of event or information already available publicly pursuant to a prior disclosure made by us; or
- omitting the disclosure of such event or information is likely to result in significant market reaction if the said omission came to light at a later date; or
- in the opinion of the Board of Directors of Company, the event / information is considered material.

### **DISCLOSURE OF EVENTS OR INFORMATION**

**A. The following events / information specified in para A of Part A of Schedule III to the Listing Regulations upon occurrence of which the Company shall make disclosure to the Stock Exchanges without any application of the guidelines for materiality:**

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 subsidiary of the listed entity or any other restructuring.

Explanation: For the purpose of this sub-para, the word 'acquisition' shall mean (i) acquiring control, whether directly or indirectly; or, (ii) acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that -

- a) the listed entity holds shares or voting rights aggregating to five (5) percent 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-para and such change exceeds two (2) percent of the total shareholding or voting rights in the said company.

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. Revision in Rating(s).
4. Outcome of meetings of the board of directors: The listed entity shall disclose to the Stock Exchange(s), within thirty (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 listed entity 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 listed entity), 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. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, etc.), Auditor and Compliance Officer:
  - a. In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the Stock Exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.
  - b. Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the Stock Exchanges by the listed entities:
    - i. The letter of resignation along with detailed reasons for the resignation as given by the said director
    - ii. The names of listed entities in which the resigning independent director holds directorships, indicating the category of directorship and membership of board committees, if any, shall be disclosed by the listed entities to the Stock Exchanges.
    - iii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
    - iv. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the Stock Exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.
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
  - iii. Finalisation of Resolution Plan
  - iv. Implementation of Resolution Plan
  - v. Salient features, not involving commercial aspects, of the resolution / restructuring plan as decided by lenders
10. time settlement with a bank.
11. Reference to BIFR and 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 listed entity.
13. Proceedings of Annual and Extraordinary General Meetings of the listed entity.
14. Amendments to memorandum and articles of association of listed entity, in brief.
15. Schedule of analysts or institutional investors meet and presentations made by the listed entity 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.
16. 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.

17. Default in payment of interest / instalment obligations on loans, including revolving facilities like cash credit, from banks / financial institutions and unlisted debt securities.

**B. The following events/ information specified in para B of Part A of Schedule III to the Listing Regulations upon occurrence based on application of guidelines on materiality:**

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or 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) (as a borrower) 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 listed entity 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 listed entity.
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.

12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- C. 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.
- D. Without prejudice to the generality of para (A), (B) and (C) above, the Company may make disclosures of event/information as specified by the Board from time to time.
- E. The Company shall make disclosures updating Material developments on a regular basis, till such time the event is resolved/ closed, with relevant explanations.
- F. The Company shall disclose all events or information with respect to its Material Subsidiaries, if any.
- G. The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.

#### **AUTHORITY FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION**

Our Key Managerial Personnel (KMPs) consisting of the Managing / Executive / Whole-time Director(s), Chief Finance Officer and the Company Secretary are hereby jointly and severally authorised to determine whether the event / information is material or not and in turn about the time line for disclosure based on the category of information as specified above to the stock exchanges in which the shares of our Company are listed, subject to such information being placed prior to or at the immediate Board Meeting held after the said information being made public.

Further, our Board of Directors may authorise one or more KMPs for the purpose of determining the materiality of an event or information and for the purpose of making disclosures under the Regulations and the contact details of such personnel is as provided below:-

S. No.	Name	Category of KMP	Contact Details
1.	Mr. Deepak Parasuraman	Chairman and Managing Director	<a href="mailto:deepak@afcomcargo.com">deepak@afcomcargo.com</a>
2.	Mr. Kannan Ramakrishnan	Whole Time Director	<a href="mailto:kannan@afcomcargo.com">kannan@afcomcargo.com</a>
3.	Mr. P K Raghunathan	CFO	raghu@afcomcargo.com

### **WEBSITE UPDATION / UPDATES TO STOCK EXCHANGES**

All disclosures made by us under the Regulations (*including updates on such disclosures, if any*) to the stock exchanges in which the Company's shares are listed shall be updated on our website and shall continue to be hosted on our website for a minimum period of five years and thereafter archived as per our document retention policy.

The Compliance Officer of the Company shall have the responsibility to give updates to the Board of Directors and to the Stock Exchanges on which the Company's shares are listed on the occurrence of any material event or upon knowing any material information including further developments, if any, on such events/ information.

### **CONTACT DETAILS:**

Questions or clarifications about this Policy or disclosures made pursuant to this Policy shall be referred to the Compliance Officer, who shall be in charge of administering, enforcing and updating this Policy.

#### Compliance Officer:

Name: Ms S Sneka

Designation: Company Secretary

Telephone: +91-7708378797

Facsimile: N.A.

Email: investcare@afcomcargo.com

### **AMENDMENT**

This Policy shall be subject to review as may be deemed necessary and to comply with any regulatory amendments or statutory modifications and subject to the necessary approvals of the Board of Directors.