

## **AUSTERE SYSTEMS LIMITED**

### **POLICY ON DETERMINATION OF MATERIALITY OF EVENTS**

(Effective from Thursday, 1st Day of August 2024 approved by Board of Director on Thursday, 1st Day of August 2024)

#### **1. Introduction:**

This policy has been framed pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**") for determination of materiality of events or information for disclosure (the "**Policy**").

This Policy shall be known as Policy on Determination of Materiality Events which shall be disclosed to the Emerge platform of **National Stock Exchange of India** Limited ("**NSE Emerge**") where the equity shares of Austere Systems Limited ("**Company**") are proposed to get listed ("**Stock Exchange**").

This Policy shall be applicable to all material events which will have to be reported to the Stock Exchange.

The Policy shall come into effect from the date of the listing of the equity shares of the Company with on the Stock Exchange.

The Listing Regulations requires Company to frame a policy for determination of materiality, based on criteria specified in the Listing Regulations, to be approved by Board of Directors of the Company and further to be disclosed on the website of the Company.

#### **2. Objective of the Policy**

The objective of this Policy is to lay down the criteria for determination of materiality of events and information that need to be disclosed to the Stock Exchange.

#### **3. Applicability:**

This Policy shall be applicable to all the events relating to the Company as and when they fall under the criteria as mentioned in Clause 6 of this Policy.

This Policy shall be read together with the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information formulated and adopted by the Company to lay down the procedures and practical guidelines that would be followed by the Company for the consistent, transparent, regular and timely public disclosure and dissemination of Unpublished Price Sensitive information.

The purpose of this Policy is to determine materiality of events and information based on criteria specified under Regulation 30 of the Listing Regulations and to ensure that the Company shall make timely disclosures of events/ information specified under the Listing Regulations to the Stock Exchange.

#### **4. Definitions**

- 4.1 **“Board of Directors”** means the Board of Directors of the Company.
- 4.2 **“Compliance Officer”** means the Company Secretary of the Company.
- 4.3 **“Key Managerial Personnel”** means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013.
- 4.4 **“Promoter”** shall have the same meaning as assigned in clause 2(oo) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
- 4.5 **“Stock Exchange”** means a recognized stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956.

#### **5. Disclosure of Events:**

The events to be disclosed by the Company are broadly divided into three categories:

**Category A:** Covers the events that need to be necessarily disclosed without applying any test of materiality.

**Category B:** Covers the events that need to be disclosed by the Company, upon application of any test of materiality.

**Category C:** Covers the information/ events with major developments.

#### **CATEGORY A**

Below are the details which the Company needs to disclose to the Stock Exchange, for the events that are deemed to be material as per Regulation 30:

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 subsidiaries of the Company or any other restructuring;

“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 Company holds shares or voting rights aggregating to 5% 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 this explanation and such change exceeds 2% 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 held to consider or decide the following:
  - i. 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;
  - ii. any cancellation of dividend with reasons thereof;
  - iii. the decision on buyback of securities;
  - iv. the decision with respect to fund raising proposed to be undertaken;
  - v. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares would be credited/dispatched;
  - vi. 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;
  - vii. short particulars of any other alterations of capital, including calls;
  - viii. financial results; and
  - ix. decision on voluntary delisting by the Company from stock exchange;

These details of the events shall be disclosed to the Stock exchange within 30 minutes of the closure of the meeting.

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. Fraud/ Defaults by promoter or key managerial personnel or by the Company 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;
8. 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 Exchange as soon as possible but not later than 24 hours of receipt of such reasons from the auditor;
9. In case of resignation of an independent director of the Company, within 7 days from the date of resignation, the following disclosures shall be made to the Stock Exchange by the Company:
  - (i) Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the Company to the Stock Exchange.
  - (ii) Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
  - (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 Company to the Stock Exchange along with the detailed reasons as specified in sub-clause (i) and (iii) above.
10. Appointment or discontinuation of share transfer agent;
11. 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; and
  - (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders;
12. One time settlement with Bank;
13. Winding-up petition filed by any party / creditors;
14. 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;

15. Proceedings of annual and extraordinary general meetings of the Company;
16. Amendments to memorandum and articles of association of the Company, in brief;
17. Schedule of analysts or institutional investors 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.

18. 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, in the following manner:

- 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 24 hours from the conclusion of such calls, whichever is earlier;
- the transcripts of such calls shall be made available on the website within 5 working days of the conclusion of such calls; and
- The requirement for disclosure(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.

19. In case of corporate insolvency resolution process of the Company, disclosure of events as specified in Clause 16 of Part-A of Schedule III of the Listing Regulations; and
20. In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchange 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 listed entity along with comments of the management, if any.

## **CATEGORY B**

Below are the details which the Company needs to disclose for the events on which the Company may apply materiality on the basis of guidelines mentioned in clause 6 below:

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 line(s) 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, 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. Effect(s) arising out of change in the regulatory framework applicable to the Company;
8. Litigation(s)/ dispute(s)/ regulatory action(s) with impact;
9. Frauds/ defaults by Directors (other than Key Managerial Personnel) or employees of the Company;
10. Options to purchase securities including ESOP/ ESPS Scheme;
11. Giving of guarantees or indemnity or becoming a surety for any third party not in the normal course of business; and
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

**CATEGORY C:**

The Company shall also disclose other information/ events with major developments likely to affect business of the Company, which shall, inter alia, include:

1. Change in Accounting Policy with significant impact on accounts etc;
2. Any information which may be necessary to enable the investors to appraise their positions and to avoid the establishment of false market in such securities; and

3. Any market sensitive information or event determined as material by the Key Managerial Personnel or the Board of Directors of the Company.

## **6. Criteria for Determination of Materiality of Events:**

Materiality has to be determined on a case-to-case basis depending on specific facts and circumstances relating to the information/ event. In order to determine whether a particular event or information is material in nature, the following 'quantitative' or 'qualitative' criteria(s) shall be applied.

### **Quantitative criteria**

Materiality shall become applicable to an event or information where the value involved or the impact exceeds 10 % of the total revenue or 10 % of the Net worth, whichever is less, on the basis of last audited financial statements of the Company.

### **Qualitative criteria**

Materiality shall become applicable to an event or information:

- (a) if the omission of which is likely to result in a discontinuity or alteration of event or information already available publicly; or
- (b) if the omission is likely to result in significant market reaction if the said omission came to light at a later date; or
- (c) if in the opinion of the Board of Directors of the Company, the event or information is considered material; or
- (d) any other event / information which is treated as unpublished price sensitive information.

## **7. Authorization for Making Disclosures:**

The Chairman and Managing Director, Vice Chairman & Managing Director, Chief Financial Officer and Company Secretary of the Company are severally/ jointly authorized for the purpose of determining materiality of an event/ information and for the purpose of making disclosures to stock exchange under this Policy, the contact details of whom are also available on the website of the Company.

## **8. Disclosure Obligations**

- i. All the Key Managerial Personnel of the Company shall be under an obligation to disclose material event and / or price sensitive information relating to items covered under para 5 above, to the Compliance officer.
- ii. The materiality of events outlined in this Policy is indicative in nature. The

authorized officers of the Company shall exercise their own judgement while assessing and determining the materiality of events associated with the Company.

- iii. Upon receipt of information mentioned at para no. 5, Compliance Officer shall consult Chairman and Managing Director before making disclosure of the material events and / or price sensitive information to the Stock Exchange.
- iv. The Compliance Officer shall disclose all material events and / or information as soon as reasonably possible and not later than 24 hours from the occurrence of events or information in the following manner:
  - (a) Inform the stock exchange on which the securities of the Companies are listed; and
  - (b) Upload on the website of the Company. In case the disclosure is made after 24 hours of occurrence of event or information, the explanation for delay shall also be provided along with the disclosure.
- v. Where any disclosure has been made under this Policy, further updates on regular basis, if any, with relevant explanations shall be made subject to same being approved by the Chairman and Managing Director.
- vi. All the disclosures made under this Policy shall be uploaded on website of the Company under the 'Investor' section. The same shall be available in the archives for a period of 5 years from the date of disclosure. Thereafter, the hosting of the same shall be decided as per the policy on preservation and archiving of documents in the Company.
- vii. Events or information with respect to subsidiaries, which are material for the Company and as approved by the Chairman and Managing Director, shall also be uploaded on the Company's website.
- viii. The Company shall provide specific and adequate reply to all queries raised by Stock Exchange with respect to any events or information.
- ix. The Company may on its initiative also confirm or deny any reported events or information to Stock exchange.
- x. In case where an event occurs or an information is available with the Company, which has not been indicated in Para A or B of Part A of Schedule III of the Listing Regulations, but in the opinion of Compliance Officer has a material effect on the Company, it shall make adequate disclosures to the Stock Exchange.

## **9. Amendment to the Policy:**



The Board of Directors shall alter, amend or modify the clauses of this Policy from time to time in line with the requirement of the SEBI Listing Regulations or any other rules, regulations etc., which may be amended and applicable from time to time.

The Chairman and Managing Director is empowered to amend this Policy, owing to any changes / amendment in the Act and Listing Regulations, from time to time.

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