

HAPPY FORGINGS LIMITED

POLICY

ON

DETERMINATION OF MATERIALITY FOR DISCLOSURE OF EVENTS OR INFORMATION

Version	Approval date	Description
Version 1	December 2, 2023	Original Policy
Version 2	February 7, 2025	Amendment pursuant to SEBI (Listing Regulations) (Third Amendment), 2024

1. LEGAL FRAMEWORK

This Policy for Determination of Materiality of Events or Information (“the Policy”) is aimed at providing guidelines to the management of Happy Forgings Limited (“the Company”),

to determine the materiality of events or information, which could affect investment decisions and to ensure timely and adequate dissemination of information to the Stock Exchange(s) (as hereinafter defined).

This Policy has been formulated in accordance with the guidelines laid down by Securities Exchange Board of India under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to disclosure of events and information.

The Policy shall come into force with effect from the date Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 taking effect with respect to the Company.

2. OBJECTIVE

The objective of this Policy is to make a charter for the management of the Company in identifying potential material events or information in an objective manner that may originate at the ground level which can be promptly escalated and reported to the authorised Key Managerial Personnel or other officers of the Company, as specified in this Policy, for determining the materiality of the said event or information and for making necessary disclosure to the BSE Limited and the National Stock Exchange of India Limited (collectively, the “Stock Exchanges”). All provisions of Regulation 30 read with Schedule III of the LODR Regulations shall hereby be deemed to be incorporated in this Policy, by reference.

3. DEFINITIONS

In this Policy, unless the context otherwise requires:

- (a) “**Act**” means the Companies Act, 2013 and the rules framed thereunder, as amended from time to time. .
- (b) “**Board of Directors**” or “**Board**”) means the Board of Directors of the Company.
- (c) “**Company**” means Happy Forgings Limited.
- (d) “**Key Managerial Personnel**” means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013.
- (e) “**LODR Regulations**” means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (f) “**Net Worth**” shall have the meaning assigned to it in Section 2(57) of the Act.
- (g) “**Policy**” means this policy, as amended from time to time.

(h) “**SEBI**” means the Securities and Exchange Board of India.

(i) “**Rules**” means the rules made under the Act.

(j) “**Stock Exchange(s)**” means BSE Limited and the National Stock Exchange of India Limited, where the equity shares of the Company are listed.

All other words and expressions used but not defined in this Policy, shall have the same meaning as assigned to it under the LODR Regulations, the Act, the SEBI Act, 1992 (“**SEBI Act**”) and the Securities Contracts (Regulation) Act, 1956 (“**SCRA**”).

4. EVENTS WHICH ARE DEEMED TO BE MATERIAL

The Company shall disclose all such events which are specified in Para A of Part A of Schedule III of the LODR Regulations (as applicable from time to time) (“**Para A Events**”) without any application of the guidelines for materiality as specified in sub-regulation (2) of Regulation 30 of the LODR Regulations.

5. EVENTS WHICH ARE DEPENDENT ON APPLICATION OF GUIDELINES FOR MATERIALITY

The Company shall disclose all such material events or information pertaining to itself or to its subsidiary(ies), specified in Para B of Part A of Schedule III of the LODR Regulations (“**Para B Events**”) subject to application of guidelines for materiality, as set out under the LODR Regulations.

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:

- (k) 2% (two per cent) of consolidated turnover, as per the last audited consolidated financial statements of the Company; or
- (l) 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
- (m) 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.

In terms of the SEBI Disclosure Circular, if the average of absolute value of profit or loss is required to be considered by disregarding the ‘sign’ (positive or negative) that denotes such value as the said value / figure is required only for determining the threshold for ‘materiality’ of the event and not for any commercial consideration.

The details to be provided to the Stock Exchanges while disclosing Para B Events shall be in compliance with the requirements of the SEBI Disclosure Circular.

For the avoidance of doubt, it is clarified that if the objective materiality threshold is not met, an event or information may be treated as being material if in the opinion of the Board of the Company, the event or information is considered material.

Qualitative criteria would mean an event/ information:

- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) 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
- (c) any other event/information may be treated as being material if in the opinion of the Board of directors of Company, the event / information is considered material

6. ANY OTHER INFORMATION OR EVENT WHICH IS TO BE DISCLOSED BY THE COMPANY

The Company shall disclose all major developments that are likely to affect its 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 any other information which is exclusively available with the Company and which may be necessary to enable the holders of securities to review their position and to avoid the establishment of a false market in equity shares of the Company

7. GUIDELINES ON OCCURRENCE OF AN EVENT / INFORMATION & ITS TIMELY DISCLOSURE

- a. The occurrence of material events/information could be either emanating from within or outside the listed entity by the Company's own accord or for reasons not in the hands of the Company. It can be categorized as under:
- b. depends upon the stage of discussion, negotiation or approval; and
- c. in case of natural calamities disrupting operations etc., it would depend upon the timing when the company became aware of the event/information.

In respect of the events under 7(a), the events/information can be said to have occurred upon receipt of approval of the 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.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval. Approvals other than final approvals, such as in-principle approvals, exploratory approvals etc. will not require disclosure under this Code.

In respect of the events under 7(b), the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties. The term 'officer' shall have the same meaning as defined under the Act and shall also include Promoter of the Company.

8. AUTHORIZE KEY MANAGERIAL PERSONNEL (KMP) FOR THE PURPOSE OF DETERMINING MATERIALITY OF AN EVENT OR INFORMATION AND FOR THE PURPOSE OF MAKING DISCLOSURES TO STOCK EXCHANGE

A Disclosure Committee comprising of the following KMPs and officers of the Company are hereby authorized for the purpose of determining materiality of an event or information, evaluating whether an event/ information requires Stock Exchange disclosures, and for the purpose of making disclosures to the Stock Exchanges within the applicable timelines (“Authorized Person(s)”):

1. Managing Director
2. Chief Financial Officer
3. Company Secretary and Compliance Officer

The materiality of events outlined above are indicative in nature. Accordingly, the Authorized Person/s shall exercise his/her own judgment while assessing the materiality of events / information associated with the Company.

9. TIMELINE FOR DISCLOSURE

9.1 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;

Provided that in case the meeting of the board of directors closes after normal trading hours of that day but more than three hours before the beginning of the normal trading hours of the next trading day, the listed entity shall disclose the decision pertaining to the event or information, within three hours from the closure of the board meeting:

Provided further that in case the meeting of the board of directors is being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of such meeting for the day on which it has been considered

- 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.

Provided further that disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines or any amendments thereto.

In case of information not emanating from within the Company, the timeline as specified above shall apply from the time the Compliance Officer or the authorised person responsible for making disclosure to stock exchange became aware or may be reasonably expected to become aware about such 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.

10. AMENDMENTS

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy.

11. SCOPE & LIMITATION

In the event of any conflict between the provisions of this Policy and the LODR Regulations, as amended from time to time, the LODR Regulations shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

12. DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company for such minimum period as mandated by the provisions of Listing Regulations and thereafter as per the archival policy of the Company.

The Company shall also disclose on its website all such events or information which has been disclosed to the Stock Exchanges pursuant to regulation 30 read with Schedule III of the SEBI LODR Regulations and such disclosures shall remain on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company.

The Company shall also disclose the name and details of the Authorized KMPs responsible for making disclosures to the stock exchanges on its website.