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| <b>Tolins Tyres Limited</b>  | <b>Version No.</b>       | 01                     |
| CIN: U25119KL2003PLC016289   | <b>Prepared by</b>       | Secretarial Department |
| <b>Registered Office:</b> No. 1/47, M C Road, Kalady, Ernakulam, Aluva, Kerala, India, 683574. | <b>Effective date</b>    | January 29, 2024       |
|  | <b>Last Amendment on</b> | -                      |

## MATERIALITY POLICY

### INTRODUCTION

This policy (“**Policy**”) has been formulated to define the respective materiality policies of Tolins Tyres Limited (“**Company**”), pursuant to the disclosure requirements under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time) (“**SEBI ICDR Regulations**”), in respect of the following:

- A. Identification of material companies to be disclosed as Group Companies;
- B. Identification of ‘material’ litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters); and
- C. Identification of ‘material’ creditors.

### APPLICABILITY

The board of directors of the Company (“**Board**”) at their meeting held on January 29, 2024 discussed and approved this, Policy. This Policy shall be effective from the date of approval of Policy by the Board.

In this Policy the term “**Offer Documents**” shall mean the draft red herring prospectus, the red herring prospectus and the prospectus to be filed and/ or submitted by the Company in connection with the proposed initial public offering of its equity shares with the Securities and Exchange Board of India, the Registrar of Companies, Ernakulam at Kerala and/or the stock exchanges where the equity shares of the Company are proposed to be listed, as applicable.

All other capitalised terms not specifically defined in this Policy shall have the same meanings ascribed to such terms in the Offer Documents.

#### **A. Identification of material companies to be disclosed as group companies**

##### *Requirement:*

The SEBI ICDR Regulations define “**Group Companies**” as “*such companies (other than promoter(s) and subsidiary(ies)) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards, and also other companies as considered material by the board of the issuer*”.

Therefore, as per the requirements of the SEBI ICDR Regulations, group companies shall include:

- (i) all such companies (other than our Subsidiaries) with which the Company had related party transactions during the period covered in the Restated Financial Information is disclosed in the Offer Document(s); and

- (ii) companies as considered material by the Board under the Policy on Materiality (as defined below).

*Policy on Materiality:*

With respect to point (ii) above, for the purpose of disclosure in the Offer Documents, such companies with which the Company has entered into one or more related party transactions as per Ind AS 24 or Companies Act, 2013 during the period after the last completed financial year and the stub period if any as included in the Offer Documents until the date of filing of the Offer Documents, will be included as group companies.

Information about the Group Companies identified based on the above approach shall be disclosed in the Offer Documents in accordance with SEBI ICDR Regulations.

**B. Identification of ‘material’ litigation (excluding disciplinary actions against the promoters, criminal proceedings, statutory/regulatory actions and taxation matters)**

*Requirement:*

As per the requirements of SEBI ICDR Regulations, the Company shall disclose the following pending litigation involving the Company, its Directors, and Promoters (collectively, “**Relevant Parties**”):

- (i) All criminal proceedings;
- (ii) All actions by regulatory authorities and statutory authorities;
- (iii) Disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five financial years including outstanding action;
- (iv) Claims related to direct and indirect taxes, in a consolidated manner, giving the number of cases and total amount; and
- (v) Other pending civil litigations - as per policy of materiality defined by the Board and disclosed in the Offer Documents.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group companies which has a material impact (as determined by the Board) on the Company.

*Policy on materiality:*

For the point (v) above, any pending civil litigation (including tax proceedings) involving the Relevant Parties would be considered ‘material’ for the purpose of disclosure in the Offer Documents, if:

The Company, Directors, Promoters and Group Companies, and have a potential financial liability, whose value or the expected impact in terms of value, exceeds the lower of the following:

- (i) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
- (ii) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
- (iii) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity (“**Materiality Threshold**”), and/or pending litigation otherwise determined to be material in terms of the Materiality Policy, i.e. (a) pending litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation

may not exceed Materiality Threshold, or where the monetary liability is not quantifiable or does not meet the Materiality Threshold but where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of the Company, be considered material and disclosed accordingly in the Offer Documents.

Pre-litigation notices received by the Relevant Parties from third parties (excluding governmental, statutory or regulatory authorities or notices threatening criminal action) shall, in any event, not be considered as litigation until such time that Relevant Parties are impleaded as defendants in proceedings initiated before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

The above policy on materiality shall be without prejudice to any disclosure requirements, which may be prescribed under the Companies Act, 2013 and the rules thereunder with respect to disclosure of litigation, notices, disputes and other proceedings in the offer documents or by SEBI and/or such other applicable authority with respect to listed companies or disclosure requirements as may be prescribed by SEBI through its observations on the offer documents, or disclosures that may arise from any investor or other complaints. In this regard, it is clarified that the above policy on materiality is solely from the perspective of disclosure requirements prescribed under the SEBI ICDR Regulations with respect to the offer documents and should not be applied towards any other purpose.

#### **Group Companies:**

In relation to legal proceedings involving the group companies, a certificate will be obtained in relation to any pending litigation involving the group companies, the outcome of which could have a material aspect on the Company or the Offer. Further, the board of the Company would pass a resolution taking on record such certificate provided by the group companies

#### **C. Identification of 'material' creditors**

##### *Requirement:*

1. As per the requirements of the SEBI ICDR Regulations, the Company shall make relevant disclosures in the Offer Documents and on the website of the Company for outstanding dues to creditors as follows:
  - (i) Based on the policy on materiality defined by the Board, details of the creditors which include the consolidated number of creditors and the aggregate amount involved, will be disclosed in the Offer Documents;
  - (ii) Consolidated information on outstanding dues to micro, small and medium enterprises and other creditors, separately giving details of number of cases and amount involved will be disclosed in the Offer Documents; and
  - (iii) Complete details about outstanding dues to material creditors along with the name and amount involved for each such material creditor shall be disclosed on the website of the Company with a weblink thereto in the Offer Documents.

##### *Policy on materiality:*

For identification of material creditors in terms of point (i) above, a creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if amount due to such creditors exceeds 5% of the total outstanding dues (trade payables) as on the date of the latest Restated Financial Statements, be considered as material and accordingly be disclosed in the Offer documents.



### **AMENDMENTS AND UPDATES**

This policy will be reviewed periodically by the Board/ Committee 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 in cases of material changes to the Policy.

### **INTERPRETATION**

In case of any subsequent changes in the provisions of the aforementioned statutes, the statutes would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with prevailing law. Any subsequent amendment/modification in SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

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