



ATUL AUTO LIMITED

POLICY ON DETERMINATION OF MATERIALITY

1. SCOPE AND PURPOSE:

The Securities and Exchange Board of India (SEBI) on September 2, 2015, has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“the SEBI (LODR) Regulations, 2015”].

As per Regulation 30 of the SEBI (LODR) Regulations, 2015, the Company is required to frame and adopt a policy to determine the material events by testing the materiality for the purpose of proper, sufficient and timely disclosure of the same to the stock exchanges. Accordingly, this Policy on Determination of Materiality has been approved and adopted by the Board of Directors of Atul Auto Limited (“the Company”) at its meeting held on October 31, 2015.

2. DEFINITIONS

- 2.1. “Acquisition” shall mean acquiring control, whether directly or indirectly; or, 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 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 clause (a) above and such change exceeds two per cent of the total shareholding or voting rights in the said company.
- 2.2. “Market Sensitive Information” shall mean information concerning the Company that a reasonable person would expect to have a material effect on the price or value of its securities or information which causes the market to maintain the price of security at or about its current level when it would otherwise be expected to move materially in a particular direction, given price movements in the market generally.

3. KEY PRINCIPAL IN DETERMINING MATERIALITY

Information or an event is considered to be material when it is likely to impact the price of the securities of the Company. Where the price of the securities of the Company in the normal course is likely to be affected on the basis of the disclosure of an event or information, such event or information is to be regarded as material. Accordingly, the

following events and guidelines shall be considered while testing materiality for disclosure of an event/ information:

A. Event which shall be deemed material

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.
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 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 72 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).
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.
8. Appointment or discontinuation of share transfer agent.
9. Corporate debt restructuring.
10. One 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 Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;

The above events shall be disclosed in accordance with the SEBI (LODR) Regulations, 2015 or guidelines issued thereunder, including any amendments thereto.

B. The following events shall be considered material subject to the application of the guidelines mentioned in clause (C)

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. The events mentioned in clause (B) above shall be considered material on application of the following guidelines:

1. the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
2. 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;
3. In case where the criteria specified in sub-clauses (1) and (2) are not applicable, an event/information may be treated as being material if in the opinion of the board, the event / information is considered material.

D. Any other information/ event viz. major development that is likely to affect business:

Events/ Information that may include but are not limited to:

1. Any change in accounting policy that may have a significant impact on the accounts etc.
2. Any other information which is exclusively known to the Company which may be necessary to enable the holders of the securities to appraise its position and to avoid the establishment of a false market in such securities
3. Any market sensitive information as may be determined by any two Executive Directors jointly, from time to time
4. Any event which in the view of the Board of the Company is material.

4. ADMINISTRATIVE MEASURES:

Unless otherwise decided by the Board, any two Executive Directors acting jointly shall be authorized for the purpose of materiality of an event or information and making disclosures to the stock exchange. Any decision taken by them shall be valid and binding on the Company.

The contact details of all the Executive Directors will be placed on the website of the Company.

The Executive Directors will take into consideration the factors surrounding the particular information to take a view on whether the information is market sensitive or not.

5. INTERPRETATION:

In any circumstances where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as this Policy is amended to conform to the law, rule, regulation or standard.

6. GUIDANCE ON WHEN AN EVENT/ INFORMATION IS DEEMED TO BE OCCURRED:

- a. The events/ information shall be said to have occurred upon approval by the Board e.g. further issue of capital by right issuance and in certain events/ information after approval of both i.e. Board and shareholders that is to say, after the approval of the shareholders of the Company.

- b. The events/ information that may be of price sensitive nature such as declaration of dividends etc. on receipt of approval of the event by the Board pending shareholders's approval.
- c. In the events/ information such as natural calamities, disruption etc. can be said to have occurred when the Company becomes aware of the events/ information.

7. DISCLOSURE:

The Company shall observe the following for proper and timely disclosure of any material events/ information as defined hereon:

- a. For determining materiality of any event/ information, reference is to be made to this Policy and the Regulation
- b. Disclosure of the events encumbered in clause 3(A)(4) above shall be made within 30 minutes of the conclusion of the Board Meeting at which such events were discussed along with the time of commencement and conclusion of the meeting.
- c. All other events mentioned under Clause 3(A) and (B) above, other than those mentioned in the foregoing clause shall be disclosed by the Company as soon as reasonably possible but not later than 24 hours from the occurrence of a particular event.
- d. The details with regard to any fraud/ default by Directors or KMP or by the Company or arrest of any KMP shall be disclosed at the time of unearthing of the fraud or occurrence of default/ arrest.
- e. The stock exchange(s) shall be intimated further details regarding the same including actual amount of fraud/ default, actual impact of such fraud/ default on the Company and its financials and corrective measures taken thereon.
- f. Disclosure of any material development shall be made on a regular basis of any event, till the time the event is resolved/ closed.
- g. All the disclosures made to the stock exchanges under this Policy shall also be placed on the Company's website and the same shall be available for a minimum period of five years and thereafter as per Archival Policy of the Company.



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

8. AUTHORITY TO MAKE ALTERATION:

The Board of Directors of the Company is authorized to make such alterations to this Policy as considered appropriate, subject however, to the condition that such alteration shall not be inconsistent with the provisions of the Regulations.

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