

VXL INSTRUMENTS LIMITED

POLICY FOR DETERMINING MATERIALITY FOR DISCLOSURES [PURSUANT TO REGULATION 30 OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015]

1. OBJECTIVE:

Securities and Exchange Board of India (“SEBI”), vide its Notification dated September 2, 2015, has issued SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 (the “Regulations”) which will be effective from December 1, 2015. In terms of Regulation 30 read with SEBI’s circular No.CIR/CFD/CMD/4/2015 dated September 9, 2015, the Board of Directors (the “Board”) has adopted this Policy for determining Materiality for Disclosures (the “Policy”) for determination of materiality of events or information (“Material Information”) to enable the Company to promptly disclose such information or event to the Stock Exchanges, pursuant to this Regulation.

The Policy sets out the guidelines for identification of events or information within the Company which are deemed to be material in the opinion of the Board of Directors.

2. DEEMED MATERIAL EVENTS OR INFORMATION:

Events or information specified in Para A of Part A of Schedule III of the Regulations are required to be disclosed irrespective of application of any quantitative or qualitative materiality thresholds as these are “deemed” to be material. The applicable events (also referred to as “deemed disclosures”) are given in **Annexure-1**.

3. GUIDELINES FOR MATERIALITY ASSESSMENT:

The events or information specified in Para B of Part A of Schedule III of the Regulations, which will be disclosed based on application of materiality criteria, are given in **Annexure-2**.

Materiality must be determined on a case to case basis depending on the material facts and the circumstances pertaining to the information or event and would be determined based on the qualitative judgement to be exercised by the Authorized Persons.

The following criteria will be applicable for determination of materiality of event or information:

- i. the omission of an event or information which is likely to:
 - a. result in a discontinuity or alteration of an event already available publicly; or
 - b. result in significant market reaction, if the said omission came to light at a later date;
- ii. Any event or information having a significant risk to the reputation of the Company.
- iii. In the opinion of the Board of Directors of the Company, the event/ information ought to be disclosed though not required to be statutorily intimated.

The quantitative criteria as indicated in Annexure-2, shall apply to events specified in Para B of Part A of Schedule III of the Regulations only and shall be used as a yardstick or reference for determining materiality and arriving at the overall decision on the event to be reported by the Company Secretary.

4. AUTHORIZED PERSONS:

The materiality of information/event for the purpose of and its disclosure under the Regulations will be determined collectively by Managing Director, Whole-time Director, CFO and Company Secretary ("Authorized Persons"). The Company Secretary shall be the custodian of the disclosure process and documentation.

5. DISCLOSURE:

- i. Any event or information falling under Regulation 30 of SEBI Regulations (as per Annexures 1 and 2 shall be informed to the Authorized Person(s) promptly upon occurrence, with adequate supporting data/information, to facilitate a prompt and appropriate disclosure to the Stock Exchange.
- ii. Any other event, even if not covered under SEBI Regulations but is potentially of price sensitive nature, must also be informed for further evaluation, to the Authorized Persons.
- iii. The Authorized Persons will ascertain the materiality of events or information considering their nature and relevant impact in terms of discontinuity of market information and significant market reaction in case of omission.

6. POLICY REVIEW:

In case of any subsequent changes in the provisions of the Regulations or any other regulations which makes any of the clauses/provisions in the Policy inconsistent with the Regulations, the provisions of the Regulations would prevail over the Policy and the clauses/provisions in the Policy would be deemed to be modified accordingly. The Board also, at its discretion, has the power to review and revise the Policy.

7. EFFECTIVE DATE:

The effective date of the Policy is 1stDecember, 2015.

8. DISCLOSURE ON WEBSITE:

As required under SEBI Regulations, the Policy will be disclosed on the website of the Company.

Annexure- 1

Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of 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 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 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 sub-clause (a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent 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 Exchange(s), within 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).
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, Compliance Officer and Confidential 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.

Annexure- 2

Events which shall be disclosed upon application of the guidelines for Materiality referred to in sub-regulation (4) of Regulation (30)

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.
