

KENNAMETAL INDIA LIMITED

POLICY FOR DETERMINATION OF MATERIALITY FOR DISCLOSURE OF EVENTS OR INFORMATION

1. Objective

In terms of regulation 30 (4)(ii) of SEBI (Listing obligation and disclosure requirements) Regulations, 2015 (The “Regulations”), the Board of Directors (the “Board”) of Kennametal India Limited (the “Company”) has approved this policy at its meeting held on 9th November, 2015, for determination of materiality for disclosure of events or information (“**Material Information**”) so that such information can be promptly disclosed to the stock exchange, as per the regulations or its amendments.

This Policy is effective from February 04, 2016.

2. Authorised Officials

The Managing Director, the Chief Financial Officer, the Company Secretary of the Company, any two jointly shall be the Authorised Officials to determine the materiality of events or information and for the purpose of intimating the stock exchange in compliance of the Regulations and the Circular/Notification issued in connection thereto.

3. Material Events

I. All information/events as specified in Para A of Part A of Schedule III of the Regulations (attached as Annexure 1 to this Policy) are deemed to be material events and shall be disclosed as prescribed under the Regulations on occurrence of such events.

II. The information/ events specified in Para B of Part A of Schedule III of the Regulations (attached as Annexure 1 to this Policy) will be disclosed based on application of guidelines for Materiality under the Regulations.

The Authorised Officials shall apply the following guideline for determination of materiality of events/ 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;
- (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of the Company, the event / information is considered material.

III. Any other information/event viz. major development that is likely to affect 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 brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.

IV. Any event or information that the Board of Directors deem it Material.

Provided that any confidential information which if disclosed, is likely to put at risk the business interest of the Company shall not be disclosed. The Company to that extent shall make qualified disclosure to the stock exchange.

4. Notification

The Authorised Officials shall first disclose to stock exchange about events specified above, or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information:

Provided further that disclosure with respect to events specified in sub-para 4 of Para A of Part A of Schedule III of the Regulation shall be made within thirty minutes of the conclusion of the board meeting.

The Authorised Officials shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

All disclosures made under this policy shall be hosted on the Company's website for a minimum period of five years from the date of disclosure.

5. Conflict

In any circumstance where the terms of this policy differ from any existing or newly enacted law, Regulations, Notifications or circular issued by Securities and Exchange Board of India (SEBI) time to time, the law, regulations, Notification or circular will take precedence over this policy.

6. Review

This policy will be reviewed periodically as well as on need basis.

Annexure-I

The following shall be events/information, upon occurrence of which the Company shall make disclosure to stock exchange:

A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of Regulation (30) (Deemed Material Information):

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 Company 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 Company 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 Company 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 Company 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 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 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. 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 Company.
13. Proceedings of Annual and extraordinary general meetings of the Company.
14. Amendments to memorandum and articles of association of Company, in brief.
15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;

B. Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of the 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 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. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company.
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.