# UNITED DRILLING TOOLS LIMITED

CIN; L29199DL1985PLC015796
Regd. office: 139A, First Floor, Antriksh Bhawan, 22, Kasturba Gandhi Marg, New Delhi-110001
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# *POLICY ON DETERMINATION OF MATERIALITY OF EVENTS*



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## 1. BACKGROUND AND APPLICABILTY OF THE POLICY

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Regulations**") requires every Listed Company to disclose events or information which, in the opinion of the Board of Directors of a Company are material.

In this context, the following policy has been framed by the Board of Directors ("**Board**") of United Drilling Tools Limited ("**UDTL**"/ "**Company**") at its meeting held on September 21, 2016 with the objective of determining materiality of events.

1. Regulation 30 of the Regulations mandates disclosure of all *deemed* material events to the Stock Exchanges. These events have been specified in Para A of Part A of Schedule III of the Regulations and shall be disclosed as applicable from time-to-time.

2. For disclosure of certain events (as specified in Para B of Part A of Schedule III) to the Stock Exchanges the following criteria shall be considered by the Board for determining whether the events are material or not:-

   Where the omission of an event or information, is likely to result in:

   a) discontinuity or alteration of event or information already available publicly or

   b) a significant market reaction if the said omission came to light at a later date.

Where it would be difficult to report the events based on qualitative criteria as stated in points a) and b) above, the same may be considered material for disclosure, upon meeting materiality thresholds as mentioned hereinbelow.

This Policy shall also apply to the events to which neither Para A or Para B of Part A of Schedule III applies but have a material effect on UDTL.

## 2. MATERIALITY THRESHOLDS

Materiality must be determined on a case to case basis depending on specific facts and circumstances relating to the information/event.

The qualitative (as stated in points a and b) and quantitative criteria shall apply to events specified in Para B of Part A of Schedule III of the SEBI Regulations only. (reproduced as an Annexure to this Policy).

The following will be the materiality criteria:

An event specified in the Annexure to the policy would be considered material if the impact



United Drilling Tools Ltd. 139A, First Floor, Antriksh Bhawan, Kasturba Gandhi Marg, New Delhi-110001

of the event, if measured in:

a. For points 1 to 9 of the Annexure, if it exceeds 10 % of the total income, profit before tax or net worth, as may be applicable.

b. For Frauds/ defaults, etc. by directors (other than key managerial personnel) or employees of the Company involving financial impact of Rs. 5 crore or more.

c. Options to purchase securities, including any ESOP/ESPS Scheme amounting to 2% of post- issue equity share capital.

d. For giving of guarantees or indemnity or becoming a surety for any third party in excess 10% of the consolidated net worth of the Company.

*The above thresholds shall be determined on the basis of the last annual audited financial statements of the Company.*

## 3. DISCLOSURE PROCESS

1. Any event purported to be reportable under Regulation 30 of the Regulations shall be informed to the Chairman/Managing Director/Chief Financial Officer & Company Secretary of the Company on an immediate basis with adequate supporting data/information to facilitate a prompt and appropriate disclosure. Any other event, even if not covered under the Regulations but is potentially of price sensitive nature, must also be informed, for further evaluation to the Chief Financial Officer & Company Secretary.

2. The Chairman, the Managing Director and the Chief Financial Officer & Company Secretary of the Company shall severally be responsible and authorised for ascertaining the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the Regulations and this policy.

3. After evaluation, any one of the above mentioned persons shall make disclosure to the Stock Exchanges.

4. The Company shall use the electronic facilities provided by the Stock Exchanges for dissemination of the information and may subsequently disclose the same via other media, including the press release, website, etc.

5. Statutory timeframes for disclosure shall be adhered to. Delay, if any, should be sufficiently explained along with the disclosure.

6. Regular updates, where relevant, shall be made with relevant explanations.



United Drilling Tools Ltd. 139A, First Floor, Antriksh Bhawan, Kasturba Gandhi Marg, Regd. Off. New Delhi-110001

7. All disclosures shall be available on the website of the Company for a period of 5 years.

## 4. MODIFICATION OF THE POLICY

This Policy is framed based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as notified on September 2, 2015. In case of any subsequent amendments to the Regulations which makes any of the provisions in the Policy inconsistent, the provisions of the Regulations shall prevail. The Policy shall be reviewed by the Audit Committee and on recommendations shall be modified by the Board so as to align the same with the amendments or to incorporate the changes as may be felt appropriate by the Audit Committee.

The list of events in Annexure, as it stands today may be updated, from time to time, by authorised persons, to reflect any changes to the Regulations and the updated version be issued and published as necessary, without any requirement for approval from the Audit Committee or the Board.



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## Annexure
### (Same as Para B of Part A of Schedule III)

**Events which shall be disclosed upon application of materiality thresholds as set out in point 2 after the application of Qualitative test set out in Point1:**

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 UDTL.

8. Litigation(s) / dispute(s) / regulatory action(s) with impact.

9. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

10. Fraud/defaults etc., by directors (other than key managerial personnel) or employees of UDTL.

11. Options to purchase securities including any ESOP/ESPS Scheme.

12. Giving of guarantees or indemnity or becoming a surety for any third party.



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