

CUMMINS INDIA LIMITED
Policy for determination of materiality
for disclosure of event or information

The Board of Directors of Cummins India Limited (“the Company”) has adopted the following policy and procedures with regard to disclosure of material events/ information to the Stock Exchanges at their Meeting held on November 5, 2015, considering enactment of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the said Regulations”) by Securities and Exchange Board of India effective December 1, 2015.

1. Objective

The objective of this Policy is to ensure that the Company makes disclosures of any events or information which, in the opinion of the Board of directors of the Company, is material.

2. Definition

2.1. Audit and Risk Management Committee: Means Audit Committee of the Board of Directors of the Company constituted under the provisions of the Companies Act, 2013.

2.2. Key Managerial Personnel: Means key managerial personnel, as defined under the Companies Act, 2013 from time to time and presently, means:-

- a. the Chief Executive Officer or the Managing Director or the Manager;
- b. the Company Secretary;
- c. the whole-time director; and
- d. Chief Financial Officer.

3. Policy

3.1. Material Events

The events as specified in Para A of Part A of Schedule III of the said Regulations (as may be amended from time to time) shall be disclosed as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information.

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3.2. Material Events, subject to satisfaction of certain conditions

- a. The events or information specified in Para B of Part A of Schedule III of the Regulations will be disclosed based on application of materiality criteria, as per Annexure I of this Policy.
- b. Materiality must be determined on a case to case basis considering the material facts and the circumstances pertaining to the information or event. The same would be determined based on the qualitative judgement to be exercised by the any two of the Key Managerial Personnel.
- c. 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 :
 - result in a discontinuity or alteration of an event already available publicly; or
 - 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.
 - iv. The quantitative criteria as indicated in Annexure I, shall apply to events specified in Para B of Part A of Schedule III of the said Regulations only and shall be used as a guiding principle for determining materiality and arriving at the overall decision on the event to be reported by the Key Managerial Personnel.
 - v. Only such impact which is direct, reasonably quantifiable & perceivable and not remote, shall be considered.

3.3. Authority to disclose the Material Events

The Chairman & Managing Director, the Company Secretary and the Chief Financial Officer of the Company are severally authorized to: -

- a. review and assess the materiality of an event that may qualify as 'material' and may require disclosure, on the basis of prevailing facts and circumstances;
- b. make required disclosures to the stock exchanges on which the shares of the Company are listed as well as on the official website of the Company within the stipulated time of actual occurrence of an event or information, after ascertaining the facts;

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- c.** disclose material developments with relevant explanations on a regular basis, till such time the Material Event is resolved/closed;
- d.** consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the said Regulations or Annexure A of this Policy and determine the materiality, appropriate time and contents of disclosure for such matters;
- e.** disclose the Material Event/s or information with respect to subsidiaries which are material for the Company;
- f.** provide specific and adequate reply to all queries raised by the stock exchange(s) with respect to any events or information;
- g.** confirm or deny any reported event or information to the stock exchange(s);
- h.** in case where an event occurs or an information is available with the Company, which has not been indicated in “Annexure I” or “Annexure II”, but which may have material effect on it, make adequate disclosures in regard; and
- i.** disclose on its website all such events or information which has been disclosed to the stock exchange(s) under the said Regulations, and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the Document Preservation and Archival Policy of the Company, as disclosed on its website.

4. Review of the Policy

The Audit and Risk Management Committee of the Board of Directors of the Company shall review the Policy from time to time and shall have right to amend/ alter/ modify this Policy as may be required in accordance with the changes in the laws, rules and the said Regulations or otherwise.

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Annexure I

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

Particulars	Thresholds
1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.	Likely to have an impact of Rs. 250 Crores or more on annual consolidated turnover for the immediately preceding financial year
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).	Likely to have an impact of Rs. 250 Crores or more on annual consolidated turnover for the immediately preceding financial year
3. Capacity addition or product launch.	Likely to have an impact of Rs. 250 Crores or more on annual consolidated turnover for the immediately preceding financial year
4. Awarding, bagging/ receiving, amendment or termination of awarded/ bagged orders/ contracts not in the normal course of business.	Likely to have an impact of Rs. 250 Crores or more on annual consolidated turnover for the immediately preceding financial year
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.	Agreements for long term loans exceeding Rs. 500 Crores with a tenure exceeding 3 years (excluding working capital facilities and other short term borrowings). Agreements whose value/ consideration exceeds Rs. 500 crores
6. Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake,	Likely to have an impact of Rs. 250 Crores or more on annual consolidated turnover for the immediately preceding financial year

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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.	Likely to have an impact of Rs. 250 Crores or more on annual consolidated turnover for the immediately preceding financial year
8. Litigation(s)/ dispute(s)/ regulatory action(s) with impact.	Outcome of litigation(s)/ dispute(s)/ regulatory action(s) likely to have an impact of not less than Rs. 200 Crores on consolidated Profit before Tax for the immediately preceding financial year
9. Fraud/ defaults etc. by directors (other than Key Managerial Personnel) or employees of the Company.	All frauds committed by directors & KMPs. Frauds exceeding Rs. 1 Crore committed by employees
10. Options to purchase securities including any ESOP/ESPS Scheme.	Any issue of option by the Company
11. Giving of guarantees or indemnity or becoming a surety for any third party.	Giving Guarantees or indemnity or becoming surety for any third party (excluding subsidiaries, associates and joint ventures, whose accounts are consolidated with the Company) for an amount exceeding Rs. 500 Crores.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Likely to have an impact of Rs. 250 Crores or more on annual consolidated turnover for the immediately preceding financial year