

THE ANDHRA PETROCHEMICALS LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF DISCLOSURE OF EVENTS TO STOCK EXCHANGE

Preamble:

Regulation 30 of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, requires every listed Company to frame a Policy for Determination of Materiality of Disclosure of Events or Information to Stock Exchange in accordance with the criteria for determination of materiality of events / information specified in this Regulation.

Accordingly, this Determination of Materiality of Disclosure of Events or Information to Stock Exchange Policy is formulated covering the following:

Management perception of materiality:

The Andhra Petrochemicals Ltd., is engaged in the manufacture and sale of oxo-alcohols with core products being 2 Ethyl Hexanol, Normal Butanol and Iso Butanol. Installed capacity of the Plant is 73000 MT per annum for all products put together. Its major raw materials are Propylene and Naphtha. Entire Propylene and major part of Naphtha are procured from Hindustan Petroleum Corporation Ltd (HPCL). Rest of the Naphtha is procured from Gas Authority of India Ltd., (GAIL) and Oil and Natural Gas Commission (ONGC). It sells its products to plastic and plasticizer industries. The major threat faced by the Company is competition from imports. Whenever any of the following events happened the Plant is forced to close down:

- i) Heavy competition from imports

Whenever its products are dumped in large quantities normally its product prices far lower than the cost of production of the Company which ultimately leads forced shut-down of the Plant.

- ii) Non-availability of raw materials:

Company depends solely on HPCL for entire requirement of Propylene and major part of Naphtha. Whenever HPCL is unable to supply due to their internal problems, Company does not have any alternative to procure the raw materials and ultimately leads to forced shut-down of the Plant.

- iii) Natural calamities like cyclone, earth-quake etc., also affects the Plant for its shut-down.

Whenever the Plant is closed for any of the events specified above it may be treated as materiality of event and be intimated to the Stock Exchange because the information about the same is likely to affect the Company share price and thus amounts to price sensitive information.

Criteria for Materiality:

Without prejudice to the material events specified under Listing Regulations and the events specified in this Policy, the following criteria should be adopted for disclosure of events to the Stock Exchange by the management from time to time.

- (a) The omission of event or information which is likely to result in discontinuity or alternation of event or information already available publicly or
- (b) The omission of 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 (a) & (b) above are not applicable an event / information may be treated as being material if in the opinion of the Company's Board of Directors the event / information is considered material.

Right to disclose information:

Managing Director has the right to disclose information to the Stock Exchange from time to time. The materiality of events outlined above are indicative in nature. There may be a likelihood of some unforeseen events emerging due to the prevailing business scenario from time to time. Hence, Managing Director should exercise his own judgement while assessing the materiality of events associated with the Company. In case Managing Director perceives any doubt regarding materiality he may consult Chairman or any other Director before disclosing the information to the Stock Exchange.

The Board shall have the right to make necessary modifications in this Policy as may be deemed appropriate or as may be required by any statute from time to time.

This Policy relating to Disclosure of Materiality of Events to Stock Exchange was placed at the Board Meeting held on 6th November, 2015 and is applicable with effect from 2nd December, 2015.