

HINDUSTAN CONSTRUCTION CO LTD

Policy for Determining Materiality

Approved on : 29th January, 2015
Amended on : 9th May, 2019

Hindustan Construction Co. Limited

Policy for Determining Materiality

I. Compliance with Regulation 30 of LODR

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Listing Regulations**”) read with SEBI’s Circular bearing reference CIR/CFD/CMD/4/2015 dated 9th September 2015, the Board of Directors (the “**Board**”) of Hindustan Construction Company Limited (“HCC” or “ the Company “) Limited (the “**Company**”) has adopted this Policy at its meeting held on October 29, 2015 for determination of materiality based on the criteria mentioned in the said regulation (“**Material Information**”) such that required information can be promptly disclosed to the stock exchanges, as required under applicable regulations in compliance with the said regulations.

II. Definitions

In this policy unless the context otherwise requires:

- a. “**Act**” means the Companies Act, 2013 and rules made there under, as amended from time to time.
- b. “**SEBI Regulations**” shall mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended from time to time.
- c. “**Company**” means Hindustan Construction Company Limited.
- d. “**Policy**” means HCC – Materiality Policy as amended/modified from time to time.
- e. “**Authorized Persons**” shall have the same meaning ascribed to it under Clause IV of this Policy.
- f. “**Board**” or “**Board of Directors**” shall mean the Board of Directors of Hindustan Construction Company Limited, as may be re-constituted from time to time.
- g. “**Financial Year**” shall have the same meaning ascribed to it under the Act.
- h. “**Material Information/event**” shall mean information/event as prescribed under Clause III of this Policy.

The words or expressions used but not defined herein, but defined under Companies Act, 2013 or the SEBI Regulations shall have the same meaning assigned therein.

III. Guidelines for Materiality assessment

1. The Company shall make disclosures of any events or information which, in the opinion of the board, is material.
2. The events specified in **Annexure 2** will be deemed to be material events and Company shall make disclosure of such events.
3. The Company shall make disclosure of events specified in **Annexure 1**, based on application of the guidelines for materiality.
4. The Company has considered the following criteria 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, the event / information is considered material.
5. Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. In order to determine whether a particular event/information is material in nature, 'quantitative' and qualitative factors also as the case may be criteria will be applied.
6. In circumstances where 'quantitative' test may not be applicable or cannot be applied, a 'qualitative' or a 'subjective', criteria will be applied to determine materiality.

IV. Authorized Persons

1. The materiality or otherwise, of an information or event in terms of the SEBI Regulations will be determined jointly by any of the two i.e. the Chairman and Managing Director, Whole-time Directors and Chief Financial Officer and Company Secretary of the Company ("Authorized Persons") in consultation with the concerned Department head, or the responsible Senior Management Personnel, as the case may be.
2. Authorized Personnel as defined under above are authorized, in their absolute discretion, to revise the quantitative or qualitative materiality threshold specified under **Annexure 1**.

V. Disclosures

1. The Company shall first disclose to stock exchange(s) of all events or information, as specified in **Annexure 2**, as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information.
In case the disclosure is made after twenty four hours of occurrence of the event or information, the Company shall, along with such disclosures provide explanation for delay.
2. Disclosure with respect to events specified in Point 4 of Annexure 2 shall be made within thirty minutes of the conclusion of the Board Meeting.
3. The Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s), and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival policy of Company.
4. The Company shall disclose all events or information with respect to subsidiaries which are material for the Company.

VI. General

Where the terms of this policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy and procedures until such time as this Policy is changed to conform to the law, rule, regulation or standard.

Annexure – 1

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

Sl. No	Event/Information	Threshold
1	Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.	Not Applicable
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).	Impact exceeding 10% of Turnover of the Company as per the last audited balance sheet or INR 5000 million; <i>whichever is less</i>
3	Capacity addition	Not Applicable
4.	Product launch	Not Applicable
5	Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.	Not Applicable
6	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.	Not Applicable
7	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.	Estimated impact of 10% or more of the turnover of the Company as per the last audited balance sheet in case of disruption of operations due to natural calamity.
8	Effect(s) arising out of change in the regulatory framework applicable to the Company	Impact of 10% or more to the turnover as per the last audited Balance Sheet.
9	Litigation(s) / dispute(s) / regulatory action(s) with impact.	Outcome of litigation, dispute, and regulatory action is likely to have an impact of not less than 10% of the turnover as per the last audited balance sheet or INR 1,500 million; <i>whichever is less.</i>

10	Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company.	As per limits prescribed under the Companies Act, 2013 from time to time.
11	Options to purchase securities including any ESOP/ESPS Scheme.	Exceeding 1% of the post issuance / allotment paid up share capital
12	Giving of guarantees or indemnity or becoming a surety for any third party.	Guarantees or indemnity or becoming surety which is not in the ordinary course of business for a sum not less than INR 10,000 million.
13.	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Impact exceeding 10% of the turnover as per the last audited Balance Sheet of the Company.

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.

Notwithstanding anything stated above, the Authorized Persons may apply qualitative criteria for deeming an event/information to be material or not in cases where aforementioned quantitative criteria cannot be ascertained/applied reasonably.

The Authorized Persons are authorized to revise the aforementioned pre-defined monetary value provided that the change shall not exceed 20% of such pre-defined monetary value.

Annexure – 2

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 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. In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.
9. In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the Company:
 - a. Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed to the stock exchanges.
 - b. The independent director shall, along with the detailed reasons, also provide a confirmation that there are no other material reasons other than those provided.
 - c. The confirmation as provided by the Independent Director above shall also be disclosed by the Company to the stock exchanges along with the detailed reasons.
10. Appointment or discontinuation of share transfer agent.
11. Corporate debt restructuring.
12. One time settlement with a bank.
13. Reference to BIFR and winding-up petition filed by any party / creditors.
14. 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.
15. Proceedings of Annual and extraordinary general meetings of the Company.
16. Amendments to Memorandum and Articles of Association of the Company, in brief.
17. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.