

HIL Limited

Policy for determination of materiality of events or information

1. POLICY:

The Securities and Exchange Board of India has introduced SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective December 1, 2015. Clause 30(4)(ii) of the Listing Regulations mandates the framing of a Policy by all listed companies for the determination of materiality of an event or information based on criteria which, in the opinion of the Board of the Company, is material to the investors.

This Policy was adopted by Board of Directors in their meeting held on July 31, 2023 and the effective date was July 31, 2023. In alignment with the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 effective from July 14, 2023, this Policy is amended by the Board of Directors in their meeting held on July 31, 2023.

2. OBJECTIVE:

The objective of the Policy is to ensure timely and adequate disclosure of material events or information under Regulation 30 of Listing Regulations, as amended from time to time.

3. DEFINITIONS:

“Board” shall mean the board of directors of the Company;

“Company” shall mean HIL Limited;

“Key Managerial personnel” or **“KMP”** means key managerial personnel as defined in sub-section (51) of section 2 of the Companies Act, 2013 i.e.-

- (a) Chief Executive Officer (**“CEO”**)/ Managing Director (**“MD”**)
- (b) Whole-time Director (**“WTD”**)
- (c) Chief Financial Officer (**“CFO”**)
- (d) Company Secretary (**“CS”**)

“Listing Regulations” means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

“Officer” means officer as defined under the Companies Act, 2013 shall also include promoter of the company

“Policy” means this “Policy for Determination of Materiality of Events or Information”.

“Stock Exchange” means the stock exchanges where the Securities of the Company are listed;

“SEBI” means “Securities and Exchange Board of India.”

4. DISCLOSURE OF EVENTS OR INFORMATION:

- I. The Company shall mandatorily disclose the events as specified in Para A of Para A of Schedule III of the Listing Regulations, without applying any test of materiality forming part of this policy as Annexure A

- II. The Company shall make disclosure of the events specified in Para B of Part A of Schedule III of the Listing Regulations, based on application of the guidelines for materiality, forming part of this policy as Annexure B.

Guidelines for Materiality

Subject to provisions of the Regulations, materiality has to be determined on a case to case basis depending on specific facts and circumstances relating to the event/information. In order to determine whether a particular event/information is material in nature or not, the following criteria shall be followed:-

- (a) **Quantitative criteria:** The Company shall consider the following quantitative criteria for determination of whether an event / information is material or not:

The omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:

- i) two percent of turnover, as per the last audited financial statements of the Company;
- ii) two percent of net worth, as per the last audited financial statements of the Company, except in case the arithmetic value of the net worth is negative;
- iii) five percent of the average of absolute value of profit or loss after tax, as per the last three audited financial statements of the Company.”

- (b) **Qualitative criteria:** The Company shall consider the following qualitative criteria for determination of whether an event / information is material or not:-

- the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- 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; or

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 it has a material effect on the Company or in the opinion of the Board, 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, as stated under Para C of Part A of Schedule III of the Listing Regulations, be disclosed to the Stock Exchange.
- IV. The Board shall authorize Key Managerial Personnel to determine materiality of an event/information under clause 4(II) and 4(III). Contact details of such authorized

personnel shall be disclosed to the stock exchange(s) and also available on Company's website.

Whenever the relevant employees of the Company become aware of any event/information as outlined in this Policy, or as soon as or ought to have been reasonably come into possession of the information in course of performance of their duties, they shall identify potential material event or information in light of Listing Regulations read with this Policy and report the same to the officers referred to in (IV) for the purpose of determining the materiality of the said event or information.

5. GUIDANCE ON WHEN AN EVENT / INFORMATION CAN BE SAID TO HAVE OCCURRED:

In certain instances, the occurrence of material event/information would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc., it would depend upon the timing when the Company became aware of the event/information.

The events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

6. PROMPT DISCLOSURE OF MATERIAL EVENTS:

The Company shall first disclose to stock exchange(s) all events or information which are material in terms of this Policy as soon as reasonably possible and in any case not later than the following:

- a) thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken;
- b) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company;
- c) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

Provided that disclosure with respect to events/ information for which timelines have been specified in Clause 4 (I) of the Policy shall be made within such timelines.

In case the disclosure is made after the timelines specified under Regulation 30 of Listing Regulations read with this Policy, the Company shall, along with such disclosures provide explanation for delay.

The Company shall make disclosures updating the material developments pertaining to material events on a regular basis, till such time the event is resolved/closed, and to be disclosed to the stock exchanges with relevant explanations.

The Company shall also provide specific and adequate reply to all queries raised by the stock exchanges with respect to any event/information. The Company may on its own initiative, confirm or deny any reported event or information to stock exchanges.

7. PROCEDURE FOR MAKING ANNOUNCEMENT OF MATERIAL EVENT /INFORMATION:

The procedure to be followed in relation to disclosure of material event / information:

- i. Prepare draft announcement to the Stock Exchanges:** If the event / information is determined to be material, the Company Secretary will prepare draft announcement to the Stock Exchanges which is factual and expressed in clear manner and obtain approval of Managing Director & CEO or CFO, of the Company.
- ii. Lodge Announcements:** The Company Secretary on behalf of the Company will lodge or arrange for lodgment of the announcement with the Stock Exchanges.
- iii. Post announcement on website:** After lodgment of the announcement with the Stock Exchanges, the Company Secretary will arrange to place it on the website of the Company. All the announcements made under this Policy shall be kept on the website as per the Archival Policy of the Company.

8. POSTING OF INFORMATION ON COMPANY'S WEBSITE:

All such events or information which has been disclosed to stock exchange(s) under this regulation shall also be disclosed on the website of the Company and the same shall be hosted for a minimum period of five (5) years and thereafter as per the Preservation of documents and archival policy as adopted by the Company.

9. REVIEW OF THE POLICY:

The Board shall review the Policy from time to time based on the changing needs and make suitable modifications as may be necessary. Any change in the Policy shall be approved by the Board of the Company and the decision of the Board in this respect shall be final and binding.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Date: 31.07.2023
Place: New Delhi

Sd/-
Akshat Seth
(Managing Director & CEO)

Annexure A

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the listed entity, sale of stake in associate company of the listed entity or any other restructuring.

Explanation (1) - For the purpose of this sub-paragraph, the word 'acquisition' shall mean-

- (i) acquiring control, whether directly or indirectly; or
- (ii) acquiring or agreement to acquire shares or voting rights in a company, whether existing or to be incorporated, whether directly or indirectly, such that –
 - a) the listed entity 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-paragraph and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
 - c) the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30 of Listing Regulation.

Explanation (2) - For the purpose of this sub-paragraph, “sale or disposal of subsidiary” and “sale of stake in associate company” shall include:

- (i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or
- (ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in subclause (c) of clause (i) of sub-regulation (4) of regulation 30 of Listing Regulations.

Explanation (3) - For the purpose of this sub-paragraph, “undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.

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. New Rating(s) or Revision in Rating(s);
4. Outcome of Meetings of the Board of the Company 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).

In case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

- 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.

- 5A. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:

Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of Listing Regulations.

Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that listed entity shall or shall not act in a particular manner.”

- 6. Fraud or defaults by a listed entity, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the listed entity, whether occurred within India or abroad:

For the purpose of this sub-paragraph:

- (i) ‘Fraud’ shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- (ii) ‘Default’ shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in ‘default’ if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, and subsidiary shall mean default which has or may have an impact on the listed entity.

7. Change in directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Senior Management, auditor and Compliance Officer;
 - (7A) In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.
 - (7B) Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:
 - i. The letter of resignation along with detailed reasons for the resignation as given by the said director.
 - ia. Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 - ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
 - iii. The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.
 - (7C) In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.
 - (7D) In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty-five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).
8. Appointment or discontinuation of share transfer agent.
9. Resolution plan/ restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
 - (i) Decision to initiate resolution of loans/ borrowings;
 - (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
 - (iii) Finalization of Resolution Plan;
 - (iv) Implementation of Resolution Plan;
 - (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders
10. One time settlement with a bank.
11. 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. (a) Schedule of analyst or institutional investor meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations on financial results made by the Company to analysts or institutional investors.

Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.

- (b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:
 - (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
 - (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls.

16. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:
 - a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
 - b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
 - c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
 - d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
 - e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - f) Appointment/ Replacement of the Resolution Professional;
 - g) Prior or post-facto intimation of the meetings of Committee of Creditors;
 - h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - i) Number of resolution plans received by Resolution Professional;
 - j) Filing of resolution plan with the Tribunal;
 - k) Approval of resolution plan by the Tribunal or rejection, if applicable;
 - l) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:
 - (i) Pre and Post net-worth of the company;
 - (ii) Details of assets of the company post CIRP;
 - (iii) Details of securities continuing to be imposed on the companies' assets;
 - (iv) Other material liabilities imposed on the company;
 - (v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
 - (vi) Details of funds infused in the company, creditors paid-off;
 - (vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;
 - (viii) Impact on the investor – revised P/E, RONW ratios etc.;
 - (ix) Names of the new promoters, key managerial personnel, if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
 - (x) Brief description of business strategy.
 - m) Any other material information not involving commercial secrets.
 - n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;

- o) Quarterly disclosure of the status of achieving the MPS;
- p) The details as to the delisting plans, if any approved in the resolution plan.

17. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:

- a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
- b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.

18. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of Listing Regulations and is not already made available in the public domain by the listed entity.

Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- (a) search or seizure; or
- (b) re-opening of accounts under section 130 of the Companies Act, 2013; or
- (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - i. name of the authority;
 - ii. nature and details of the action(s) taken, initiated or order(s) passed;
 - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
 - iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
 - v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.

20. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the listed entity or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the listed entity, in respect of the following:

- (a) suspension;
- (b) imposition of fine or penalty;
- (c) settlement of proceedings;
- (d) debarment;
- (e) disqualification;
- (f) closure of operations;
- (g) sanctions imposed;
- (h) warning or caution; or
- (i) any other similar action(s) by whatever name called; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - i. name of the authority;
 - ii. nature and details of the action(s) taken, initiated or order(s) passed;
 - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;

- iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
- v. impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.

- 21. Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013.
- 22. Such other events as may be provided Para A of Part A of Schedule III.

Annexure B

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Any of the following events pertaining to the listed entity:
 - (a) arrangements for strategic, technical, manufacturing, or marketing tie-up; or
 - (b) adoption of new line(s) of business; or
 - (c) closure of operation of any unit, division or subsidiary (in entirety or in 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) 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. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity.
9. Frauds or defaults by employees of the listed entity which has or may have an impact on the listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety by whatever named called for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
12. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.
13. Such other events as may be provided Para B of Part A of Schedule III.