

# **HPL Electric & Power Limited**

## **POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION**

### **1. Legal Framework:**

This Policy for Determination of Materiality of Events or Information is aimed at providing guidelines to the management of HPL Electric & Power Limited, to determine the materiality of events or information, which could affect investment decisions and ensure timely and adequate dissemination of information to the Stock Exchange(s) (as hereinafter defined).

This Policy has been formulated in accordance with the current guidelines laid down by Securities Exchange Board of India under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with respect to disclosure of events and information.

Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, issued on September 2, 2015, the Board of Directors approved the “Policy for Determination of Materiality of Events or Information”. The Board shall review, and if found required, may amend this Policy from time to time.

### **2. Objectives:**

The objective of this Policy is to serve as a guiding charter to the management to ensure that timely and adequate disclosure of events or information are made to the investor community by the Company under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to enable them to take well informed investment decisions with regard to the securities of the Company.

### **3. Introduction:**

- (a) “**Act**” means the Companies Act, 2013 (and the Rules) and the Companies Act, 1956 to the extent applicable.
- (b) “**Board of Directors**” means the Board of Directors of the Company.
- (c) “**Company**” means HPL Electric & Power Limited.
- (d) “**Key Managerial Personnel**” means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013.
- (e) “**Listing Regulations**” means the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (f) “**Policy**” means this policy, as amended from time to time.
- (g) “**SEBI**” means the Securities and Exchange Board of India.
- (h) “**Rules**” means the rules made under the Companies Act, 2013.
- (i) “**Stock Exchange(s)**” means the stock exchange on which the equity shares of the Company are listed.

**4. Events which are deemed to be material event:**

The Company shall disclose all such events which are specified in Para-A of Part-A of Schedule III of the Listing Regulations (as applicable from time to time) without any application of the guidelines for materiality as specified in sub-regulation (2) of Regulation 30 of the Listing Regulations.

**5. Events which are dependent on application of guidelines for materiality:**

The Company shall disclose all such material events, specified in Para B of Part-A of Schedule III of the Listing Regulations subject to application of guidelines for materiality.

The Company shall consider 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; or
- (c) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
  - (1) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;
  - (2) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;
  - (3) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity;
- (d) In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the listed entity, the event or information is considered material:

**6. Any other information/ event which is to be disclosed by the Company:**

The Company shall disclose major developments that are 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.

**7. Guidelines on occurrence of an event/ information:**

The occurrence of material event/information would be either by the Company's own accord or not in the hands of the Company. It can be categorized as under:

- a. depends upon the stage of discussion, negotiation or approval; and

- b. in case of natural calamities, disruptions etc., it would depend upon the timing when the company became aware of the event/information.

In respect of the events under 7(a), the events/information can be said to have occurred upon receipt of approval of Board of Directors, e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending shareholder's approval.

In respect of the events under 7(b), 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. The term 'officer' shall have the same meaning as defined under the Act and shall also include Promoter of the Company.

## **8. Timelines for disclosure of material event or information**

1. An event or information, required to be disclosed in terms of this policy, or in terms of Regulation 30 of the Listing Regulations, shall be disclosed, as soon as reasonably possible and in any case not later than the following:
  - i. 30 (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; or
  - ii. 12 (twelve) hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity; or
  - iii. 24 (twenty-four) hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity.

Without prejudice to the above, disclosure with respect to events for which timelines have been specified in Part A of Schedule III of the Listing Regulations, shall be made within such timelines.

Provided further that in case the disclosure is made after the timelines specified above of the occurrence of such event/ information, the Company shall, along with such disclosure(s) provide an explanation for the delay.

2. The Company shall disclose to the stock exchange(s) material updates on the events/information disclosed under this Policy till such time that the event is resolved/ closed, with relevant explanations.
3. Without prejudice to the generality of provisions of this policy, the Company may make disclosures of any event / information as specified by the Board from time to time.
4. The Company shall disclose all events or information with respect to subsidiaries which are material for the listed entity.

## **9. Disclosure Obligations of Relevant Employee of material event or information**

The relevant employees of the Company shall be under an obligation, to disclose to the Authorised Officer(s), any event or information, for which they have knowledge, and which may be deemed to be material in terms of this policy.

The Authorised officer(s) shall, in turn determine the materiality of such event or information, according to provisions of this Policy and SEBI Listing Regulations, make necessary disclosures to the Stock Exchange, if required

#### **10. Mechanism to be adopted for identifying and reporting potential material event/information by relevant employees**

- i. During the course of performance of one's role, the relevant employee/(s) shall be responsible for identifying pertinent events/information as mentioned in Schedule III of SEBI (LODR) 2015 which has potential to be classified as material events/information as per the policy.

Explanation: For the purpose of determination of material events / information, the value or expected impact in terms of value for each event or transaction shall be compared with the threshold as mentioned in Clause 5 (C ) specified in this policy.

- ii. Upon identification of potential material events/information, the relevant employee shall promptly report the details of such potential material events/information in the format as mentioned in Annexure I to the Authorized Officer(s).

**Mode of Communication:** The aforesaid details can be submitted to the authorized Officer(s) by the relevant employee using written communication methods such as emails, internal memos, or any other appropriate means.

The details so submitted shall be authentic and comprehensive to enable the Authorised Officer(s) to make informed decision / take appropriate actions. The relevant employees should exercise necessary diligence to ensure confidentiality of the details being submitted/so submitted to the Authorised Officer(s).

The relevant employees may approach the Authorised Officer(s) for seeking guidance /clarity to ensure effective implementation of this policy.

The Company Secretary of the Company may conduct periodic trainings/sensitization programmes and/or release FAQs, referendum, framework to further assist relevant employees for effective implementation of this policy.

#### **11. Disclosure of certain agreements to which listed entity is not a party**

All the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of Company, who are parties to the ***Specified Agreements***, shall inform the Company about the agreement to which Company is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements, and the Company shall in turn disclose all such agreements to the Stock Exchanges and on its website.

**Specified Agreements:**

Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company 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 Company or impose any restriction or create any liability upon the Company, including any rescission, amendment or alteration of such agreements, whether or not the Company is a party to such agreements:

Provided that such agreements entered into by Company in the normal course of business shall not be included in above definition, unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company.

## **12. Authorize Key Managerial Personnel (KMP) for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange:**

The following KMPs are hereby severally authorized by Board of Directors for the purpose of determining materiality of an event or information and for the purpose of making disclosures to Stock Exchange(s) (“**Authorized Person(s)**”):

- a. Mr. Lalit Seth
- b. Mr. Rishi Seth
- c. Mr. Gautam Seth

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, the relevant Authorized Person should exercise his/her own judgement while assessing the materiality of events associated with the Company. In case the relevant Authorized Person perceives any doubt regarding materiality he/she may consult Chairman or any other Director before disclosing the information to the Stock Exchange(s).

Details of above KMPs shall be also disclosed to the Stock Exchange(s) and as well as on Company’s website.

## **13. Amendments**

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) or replace the Policy entirely with a new Policy. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

Any amendments to the Listing Regulations shall mutatis mutandis be deemed to have been incorporated in this Policy. Any such amendment shall automatically have the effect of amending this policy without the need of any approval of the Board of Directors or any of its committees.

## **14. Disclosures on Website**

The Company shall disclose on its website all such events or information which has been disseminated to the Stock Exchanges under this Policy 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 process followed by the Company.

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