



HEG LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION AND DISCLOSURE TO STOCK EXCHANGES

Approved by Board of Directors at its meeting held on 7th November, 2015 and Modified on Board Meeting dated 31st October, 2018.

SEBI has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) on September 2, 2015. As per Regulation 30 of the Listing Regulations, every listed entity is required to frame a policy for determination of materiality of events or information duly approved by its Board of Directors, which would be disclosed on its website.

Accordingly, the Board of Directors of the Company has approved this policy for determination of materiality of events or information which would be disclosed on Company’s website.

GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION

- a. Events or information specified in Para A of Part A of Schedule III of the Listing Regulations shall be deemed to be material. These events shall be disclosed without applying the test of materiality. Such events are mentioned in Appendix “A” for ready reference.
- b. In respect of events or information specified in Para B of Part A of schedule III of the Listing Regulations, the following criteria shall be applied for determination of materiality:-
 - (i) **Qualitative Criteria:** An event or information which meets any of the following criteria shall be considered material:
 - (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 of directors of the Company, the event / information is considered material.
 - (ii) **Quantitative Criteria:** An event or information shall be considered material on the basis of criteria mentioned below:

S.No	Particulars	Criteria for determining materiality and intimation to Stock Exchanges
1	Commencement or any postponement in	Delay by 3 months from the targeted

	the date of commencement of commercial production or commercial operations of any unit/division.	date as informed to the stock exchanges. The target date informed to the Stock Exchanges should be set in a realistic manner.
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).	
	2.1 Arrangements for strategic, technical, manufacturing, or marketing tie-up	If the arrangement changes the turnover of the Company by more than 15%.
	2.2 Adoption of new line(s) of business	If the new line of business changes the turnover of the Company by more than 15%.
	2.3 Closure of operations of any unit/division - (entirety or piecemeal)	If the closure of operations of a unit/division decreases the turnover of the Company by more than 15%.
3	Capacity addition or product launch.	
	3.1 Capacity addition	15% or more addition to the existing capacity of a unit or addition of a Greenfield unit/location.
	3.2 Product launch	If the new product adds to existing turnover of the Company by more than 15%.
4	Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business.	
	4.1 Awarding of order(s)/contract(s)	Value above Rs. 150 Cr per purchase order/contract, which are not in normal course of business.
	4.2 Bagging/Receiving of orders/contracts	Value above Rs. 150 Cr per sale order/contract, which are not in normal course of business.
	4.3 Amendment or termination of orders/contracts	a) Amendment worth Rs. 15 Cr per order/contract, which are not in normal course of business. b) Termination of orders/ contracts, which are not in normal course of business for values defined in 4.1 and 4.2 above.
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.	Binding agreements not in normal course of business for value in excess of Rs. 150 Cr.
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.	
	6.1 At the time of occurrence	Where the disruption continues for 15 days or more.
	6.2 Regularly, till complete normalcy is restored.	At a frequency of 120 days or till normalcy is restored whichever is earlier
7	Effect(s) arising out of change in the regulatory framework applicable to the Company.	Annual Profit impact equivalent of 10% of that of the immediately preceding year or Rs. 10 Cr whichever is higher.
8	Litigation(s) / dispute(s) / regulatory action(s) with impact.	
	8.1 At the time of becoming the party	5% of Turnover or 10% of Net worth, whichever is higher.
	8.2 Regularly till the litigation is concluded or dispute is resolved.	At an interval of six months.
9	Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.	
	9.1 At the time of unearthing of fraud or occurrence of the default/arrest	Fraud/default of Rs. 1 Cr or more
	9.2 Subsequently intimate the stock exchange(s) further details regarding the fraud/default.	At a frequency of 90 days.
10	Options to purchase securities (including any Share Based Employee Benefit (SBEB) Scheme) at the time of instituting the scheme after necessary approvals.	Launch of any scheme after necessary approvals.
11	Giving of guarantees or indemnity or becoming a surety for any third party.	For a value in excess of 10% of net worth.
12	Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.	Impact exceeding 15% of turnover.
13	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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.	Impact exceeding 15% of turnover.

Notes:

- a. In circumstances where 'qualitative' test may not be applicable 'quantitative' test may be applied to determine materiality.

- b. Turnover indicated above means revenue from operations, as reflected in the latest available audited annual balance sheet of the Company.
- c. The Company does not have listed non convertible debt securities/non convertible preference shares, accordingly the events/information relating thereto do not form a part of this policy

Authorization for determining materiality of an event or information:

The Chief Financial Officer is hereby authorised for the purpose of determining materiality of an event or information and for the purpose of making disclosures to Stock Exchange(s) under regulation 30(5) of the Listing Regulations. The contact details of the Chief Financial Officer are as under:

Name and Address	Telephone/Fax No	E-mail Id
Raju Rustogi Bhilwara Towers, A-12, Sector-1, Noida-201301.	Phone: +91-120-4390300 Fax: +91-120-4277841	r.rustogi@lnjbhilwara.com

A procedure for regular conveyance of relevant information and events to the CFO is being laid down separately, so that functional/departmental head keep the CFO duly informed in this regard. The CFO shall in any case disclose all relevant information/events as they come to his notice in normal course of his duties.

In case the position of CFO is vacant, the Board authorises the Company Secretary to ensure compliance of the policy.

Disclosure to Stock Exchanges:

The authorised person shall ascertain the materiality of events or information based on above guidelines and make appropriate disclosure(s) to the Stock Exchanges (with simultaneous intimation to Board of Directors) as under:

- 1) Outcome of Board meeting : Within 30 minutes of the closure of the meeting
- 2) Events or information specified in Para A of Part A of Schedule III of the Listing Regulations shall be disclosed as soon as reasonably possible and not later than 24 hours from the occurrence of event or information.
- 3) In other cases within 24 hours of any event/information becoming material.

Display:

The Company will disclose on its website all such events or information which have been disclosed to Stock Exchange(s). Further, the policy shall be displayed on the Company's website and intranet.

Modification in the Policy:

The Board of Directors may at its sole discretion modify this Policy at any time as it may deem fit in view of various factors including the changes in applicable laws and regulations and change in turnover significantly.

APPENDIX-A

Events or information specified in Para A of Part A of Schedule III of the Listing Regulations deemed to be material are as under:

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.
- (A) 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 by the Company to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.
- (B) 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 Companies:
- i. Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the Company to the stock exchanges.
 - 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 Company to the stock exchanges along with the detailed reasons as specified in sub-clause (i) above."
8. Appointment or discontinuation of share transfer agent.
9. Corporate debt restructuring.
10. One time settlement with a bank.
11. Reference to BIFR and 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. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.