

**HCL TECHNOLOGIES LIMITED**

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

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**Effective Date** : **January 12, 2016**

**Modifications -**

- **Modified on** : **August 3, 2016**

## **POLICY FOR DETERMINATION OF MATERIALITY OF EVENT / INFORMATION**

### **1. Preface**

The Board of Directors (the “Board”) of HCL Technologies Limited (the “Company”) has adopted the ‘Policy for Determination of Materiality of Event/ Information’ of the Company with regard to determination of materiality of events or information. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) mandate listed entities to formulate a ‘Policy for Determination of Materiality of Event/ Information’ (“the Policy”) that warrant disclosure to investor. It is in this context that the Policy is being framed and implemented.

### **2. Objective**

The event / information covered by this Policy shall include “information related to the Company’s business, operations or performance which has a significant impact on securities investment decisions” (hereinafter referred to as “material event / information”) that the Company is required to disclose in a timely and appropriate manner by applying the guidelines for assessing materiality.

The events/ information specified in Para A of Part A of Schedule III of the Listing Regulations are deemed to be material events and the Company shall make disclosure of such events. The list specifying such events is provided in **Annexure I** of this Policy. Further, the events/ information specified in Para B of Part A of Schedule III of the Listing Regulations, based on the extent of applicability of such events on the Company, shall be considered as material based on the below given thresholds. The list specifying such events is provided in **Annexure II** of this Policy.

### **3. Guidelines for Assessing Materiality**

#### **A. Qualitative criteria**

To determine whether an event or information is material, the following qualitative criteria shall be used:

- a) The omission of an event or information which is likely to result in a discontinuity or alteration of an event or information which is already available publicly; or
- b) The omission of an event or information which is likely to result in significant market reaction if the said omission came to light at a later date.

#### **B. Quantitative criteria**

To determine whether an event or information is material, the following quantitative criteria shall be used:

- (a) The events or information as stated in Annexure II of this Policy, other than those stated in (b) and (c) below, shall be considered as material if the value involved or the impact exceeds 10% of the gross turnover or 15% of the net worth (lower threshold shall be taken as a trigger) of the Company.

- (b) The event or information pertaining to loan agreements (as a borrower) or any other agreements which are binding and not in normal course of business (including any revisions or amendments or terminations thereof) shall be considered as material if the value involved or the impact exceeds 20% of the net worth of the Company.

The thresholds in (a) and (b) above shall be determined on the basis of audited consolidated financial statements of the Company's last audited financial year.

The quantitative criteria shall be used as a yardstick or reference for determining materiality and arriving at the overall decision on the event to be reported.

The transactions between the Company and its subsidiaries shall not be deemed to be material.

- (c) The information on any customer contracts or any deal wins or contracts involving any business strategy or otherwise, shall be disclosed at the discretion of the Chief Executive Officer (CEO) and/or the Chief Financial Officer (CFO), as and when they deem fit.

#### **4. Authority for determining materiality and dissemination of the Information hereunder**

The following Key Managerial Personnel(s) are authorised to determine whether an event or information is material and for the purpose of making appropriate disclosure on a timely basis to Stock Exchange(s).

- a) **Determination of Materiality of Event:** The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) are severally authorized to determine materiality of an event/information under this Policy.
- b) **Making disclosures to stock exchange(s):** The Company Secretary of the Company is authorized to disseminate information and disclosure of Material Events/Information to the Stock Exchange(s).

#### **5. Amendment(s)**

Any change(s) in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

## **Annexure I**

### **DISCLOSURES OF EVENTS OR INFORMATION WHICH ARE DEEMED TO BE MATERIAL**

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 listed entity 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 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-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 listed entity 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 listed entity 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 listed entity), 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 listed entity 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. 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 listed entity.
13. Proceedings of Annual and extraordinary general meetings of the listed entity.
14. Amendments to memorandum and articles of association of listed entity, in brief.
15. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;

## **Annexure II**

### **EVENTS WHICH SHALL BE DISCLOSED UPON APPLICATION OF THE GUIDELINES FOR MATERIALITY**

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
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).
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) (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.
6. Disruption of operations of any one or more units or division of the listed entity 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 listed entity
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by Directors (other than key managerial personnel) or employees of listed entity.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.