

## GHCL's Policy for Determination of Materiality

### 1. Introduction

The Clause 36 of the equity listing agreement requires that every listed entity should inform to the stock exchanges where its securities are listed, of all the material events in accordance with the guidance note issued by BSE and NSE. In accordance with the guidance note issued by the stock exchanges the Board of Directors of the company in their meeting held on October 18, 2014 had constituted a "Compliance Committee", for determination of materiality of events and making disclosure to the public at large through the stock exchanges.

According to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors is under an obligation to make disclosure of any events or information which in its opinion is material. The determination of materiality of events/ information shall be based on criteria prescribed in the said Regulation:

### 2. Objective

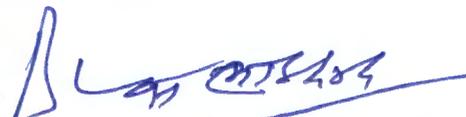
The objective of the Policy is to determine materiality of events or information of the Company and to ensure that such information is adequately disseminated in pursuance with the Listing Regulations and to provide an overall governance framework for such determination of materiality.

### 3. Effective date

This Policy is effective December 1, 2015.

### 4. Definition

- (i) "Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, clarifications, circulars or re-enactment thereof.
- (ii) "Board of Directors" or "Board" means the Board of Directors of GHCL Limited, as constituted from time to time.
- (iii) "Company" means GHCL Limited.
- (iv) "Key Managerial Personnel (KMP)" mean key managerial personnel as defined in subsection (51) of section 2 of the Companies Act, 2013.



- (v) **“Listing agreement”** shall mean an agreement that is to be entered into between a recognised stock exchange and the Company pursuant to Securities and Exchange Board (Listing Obligations and Disclosure Requirements), 2015.
- (vi) **“Material Event” or “Material Information”** shall mean such event or information as set out in the Schedule or as may be determined in terms of Clause 5 of the Policy. In the Policy, the words, “material” and “materiality” shall be construed accordingly.
- (vii) **“Material Subsidiary”** shall mean any subsidiary company of the Company which is or has been determined as a material subsidiary as per the provisions of the Listing Regulations.
- (viii) **“Policy”** means this Policy for Determination of Materiality as may be amended from time to time.
- (ix) **“Regulations / Listing Regulations”** mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.
- (x) **“Schedule”** means a Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Regulations or any other applicable laws or regulations to the extent applicable to the Company.

## **5. Guidelines for determining Materiality of events or information**

### **(i) Qualitative Criteria:**

GHCL shall apply the qualitative criteria for materiality as defined under Listing Regulation, if it meets any of the following criteria:

- (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; and
- (c) any other event/information which is treated as being material in the opinion of the Board of Directors / Compliance Committee of the Company.





(ii) **Quantitative Criteria:**

GHCL shall apply the following quantitative criteria for materiality assessment:

- (a) An event specified in Annexure – B would be considered material if the impact of the event, if measured in:
- Total income terms, exceed 5% of the standalone income of GHCL Limited;
  - Profit after tax terms, exceed 10% of the standalone profit of GHCL Limited;
  - Net worth terms, exceed 20% of the net worth of GHCL Limited; whichever is lower.
- (b) The above threshold shall be determined on the basis of audited financial statements (standalone) of GHCL's last audited financial year.
- (c) Only such impact which is direct (not derivative), reasonably perceivable (not remote), quantifiable and having a short term horizon of less than two years shall be considered.

(iii) **Guidance on when an event / information has occurred:**

Pursuant to SEBI Circular no CIR/CFD/CMD/4/2015 dated September 9, 2015 the following guidelines is suggested to determine when an event / information has occurred.

1. The listed entity may be confronted with the question as to when an event/information can be said to have occurred.
2. In certain instances, the answer to above question 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, the answer to the above question would *depend upon the timing when the listed entity became aware of the event/information.*

- 2.1 In the former, 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.



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- 2.2 In the latter, the events/information can be said to have occurred when a listed *entity 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.*

Here, the term 'officer' includes any director, manager or key managerial personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the directors is or are accustomed to act;

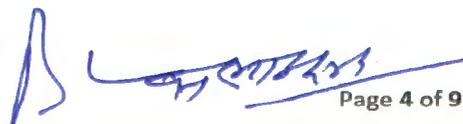
## **6. Disclosures of events or information**

- a. Events specified in **Annexure A** are deemed to be material events and the Company shall make disclosure of such events or information as soon as reasonably possible and not later than twenty-four (24) hours from the occurrence of such event or information in the following manner:
- i. inform the stock exchanges in which the securities of the Company are listed;
  - ii. upload on the corporate website of the Company.

Provided that in case the disclosure is made after twenty-four (24) hours of occurrence of such event or information, the Company shall, along with such disclosure(s) provide an explanation for delay.

- b. The Company shall make disclosure of events as specified in **Annexure B** based on application of guidelines for determining Materiality as per clause 5 of the Policy.
- c. The Company shall make disclosures updating Material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- d. The Company shall disclose all events or information with respect to its Material Subsidiaries.
- e. The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information and on its own initiative. Further, it shall confirm or deny any event or information to stock exchange(s) reported in the media.
- f. In case where an event occurs or information is available with the Company, which has not been indicated in ***Annexure A or Annexure B***, but which may have material effect on it, the Company will make adequate disclosures in regard thereof.





All the above disclosures would be hosted on the website of the Company for a minimum period of five years and thereafter archived as per *Preservation of Documents and Archival Policy* of the Company.

#### 7. Authority to the Compliance Committee and / or Key Managerial Personnel

The Board of Directors in its meeting held on October 18, 2014 had constituted the "Compliance Committee" with following members:

(i)	Mr. Neelabh Dalmia – Non Executive Director
(ii)	Mr. R S Jalan – Managing Director
(iii)	Mr. Raman Chopra – CFO & Executive Director (Finance)
(iv)	Mr. Bhuwadeshwar Mishra – General Manager & Company Secretary

Compliance Committee is empowered by the Board for the purpose of determining materiality of an event or information and for the purpose of making disclosures to the stock exchanges under Regulation 30 of the Listing Regulations.

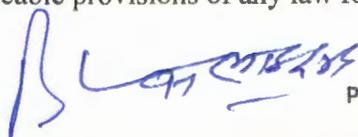
In terms of sub-regulation (5) Mr. R S Jalan – Managing Director, Mr. Raman Chopra – CFO & Executive Director (Finance) and Mr. Bhuwadeshwar Mishra – General Manager & Company Secretary and also Compliance Officer of the Company shall severally have the authority to determine Materiality of any event or information and ensure disclosures of the same are made to stock exchanges, subject to the provisions of this Policy, in case meeting of the Compliance Committee is not possible due to any reason.

Pursuant to the requirement of Regulation 30(5) of the Listing Regulations, contact details of the KMP are as under:

Sl. No.	Name & Designation of KMP	Contact details of authorised KMP
1	Mr. R S Jalan – Managing Director	GHCL House, B-38, Sector -1, Noida – 201301, Tel. No. 0120-2535335
2	Mr. Raman Chopra – CFO & Executive Director (Finance)	GHCL House, B-38, Sector -1, Noida – 201301, Tel. No. 0120-2535335
3	Mr. Bhuwadeshwar Mishra – General Manager & Company Secretary and also Compliance Officer	GHCL House, B-38, Sector -1, Noida – 201301, Tel. No. 0120-2535335, email: <a href="mailto:bmishra@ghcl.co.in">bmishra@ghcl.co.in</a>

#### 8. Amendments

The Board of Directors may subject to the applicable laws amend any provision or substitute any of the provision with the new provision 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 subsequent amendment / modification in the listing regulations and / or other applicable laws in this regard shall automatically apply to this Policy.

**9. Scope and limitation**

In the event of any conflict between the provisions of this Policy and the Listing Regulations, Companies Act, 2013 or any other statutory enactments, rules, the provisions of such Listing Regulations / Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to severed from the Policy and the rest of the Policy shall remain in force.

**10. Dissemination of policy**

This Policy shall be hosted on the website of the Company and address of such web link thereto shall be provided in the Annual Report of the Company. In order to bring awareness across all locations of the company, the Policy shall also be hosted on Company's intranet. In addition thereto this Policy shall also be circulated to the promoter entities to enable them to understand their obligations for making disclosures of events / information of material nature pursuant to the requirement of Regulation 30 of Listing Regulations.



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**Annexure - A****Events which shall be disclosed without any application of the guidelines for Materiality [Regulation 30(4)]:**

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. - '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 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 credit 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. 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.



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**Annexure - B****Illustrative list of events which shall be disclosed upon application of the guidelines for materiality (Regulation 30 (4)):**

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 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. Litigation(s) / dispute(s) / regulatory action(s) with impact;
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company;
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;
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 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.



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