

IL&FS ENGINEERING AND CONSTRUCTION COMPANY LIMITED

POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS/INFORMATION

1. Introduction

Pursuant to Regulation 30(4)(ii) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), the Board of Directors of IL&FS Engineering Construction Company Limited (“the Company”), vide its resolution dated January 23, 2016, has approved and adopted this Policy for determination of materiality of events/ information for which disclosure may be made by the Company to the Stock Exchange.

2. Effective Date

This Policy shall come into force on December 1, 2015

3. Objective

- (a) 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 to the Stock Exchanges in pursuance with the SEBI LODR Regulations and to provide an overall governance framework for such determination of materiality.
- (b) Roles and Responsibility of all stakeholders for facilitating in the determination of material events and communication to the Stock Exchanges.

4. Definition

“**Board of Directors or Board**” means the Board of Directors of IL&FS Engineering and Construction Company Limited, as constituted from time to time.

“**Company**” means IL&FS Engineering and Construction Company Limited.

“**Key Managerial Personnel**” mean key managerial personnel as defined in subsection (51) of section 2 of the Companies Act, 2013.

“**Material Events**” shall mean such event or information set out in the Para A in Part A of Schedule III of the SEBI LODR Regulations.

“**Material Subsidiary**” shall mean any subsidiary companies of the Company which is or has been determined as a material subsidiary as per the provisions of the SEBI LODR Regulations.

“**Policy**” means this Policy on criteria for determining Materiality of events/information and as may be amended from time to time.

“**Other Events**” are those as may be decided from time to time and in accordance with Para B of Part A of Schedule III, as specified in sub-regulation (4).

“**SEBI LODR Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time

“**Stock Exchanges**” shall mean the stock exchange(s) on which the securities of the Company are listed

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI LODR Regulations or any other applicable law or regulation to the extent applicable to the Company.

5. Criteria for Determining Materiality of Events/Information

Events / Information shall be considered as Material 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;
- (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.

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 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 event 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 Company's policy for Preservation and Archival of Documents.

7. Authority for determination of Materiality of Events / Information and making disclosures Stock Exchanges.

As per Regulation 30(5) of the SEBI LODR Regulations, the Board of Directors are empowered to severally authorize one or more Key Managerial Personnel (KMPs) of the Company for determining the materiality of any event or information and for the purpose of making disclosure to the Stock Exchange(s) under the regulation from time to time

Mr. Murli Dhar Khattar, Managing Director and Dr. Sambhu Nath Mukherjee, Chief Financial Officer of the Company shall have the authority to determine Materiality of any Event or Information and the Company Secretary is authorised to make disclosures to Stock Exchange(s), under these regulations subject to the provisions of this Policy. The contact details of the said KMPs are given below:

Contact Details:

1. Mr. Murli Dhar Khattar, Managing Director
Door No: 8-2-120/113/3/4F, Sanali Info Park,
Road No. 2, Banjara Hills, Hyderabad – 500 033
Contact: 040 – 40409333
E.mail – cs@ilfsengg.com
2. Dr. Sambhu Nath Mukherjee, Chief Financial Officer
Door No: 8-2-120/113/3/4F, Sanali Info Park,
Road No. 2, Banjara Hills, Hyderabad – 500033
Contact: 040 – 40409333
E.mail – cs@ilfsengg.com
3. The Company Secretary
Door No: 8-2-120/113/3/4F, Sanali Info Park,
Road No. 2, Banjara Hills, Hyderabad – 500033
Contact: 040 – 40409333
E.mail – cs@ilfsengg.com

8. Scope And Limitation

In the event of any conflict between the provisions of this Policy and the Listing Agreement; Companies Act, 2013; SEBI LODR Regulations or any other statutory enactments, rules, the provisions of such Listing Agreement / 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.

9. 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.

10. Dissemination of Policy

This Policy shall be hosted on the website of the Company and address of such link thereto shall be provided in the Annual Report of the Company

Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of Regulation (30) of the SEBI LODR Regulations:

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 B

Events which shall be disclosed upon application of the guidelines for materiality referred under sub-regulation (4) of Regulation (30) of the SEBI LODR Regulations:

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.