

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

POLICY ON DETERMINATION OF MATERIALITY

Approving Body:	Board of Directors vide resolution dated October 26, 2015
Original Issue Date:	October 26, 2015, effective from December 01, 2015
Current Review Date:	July 30, 2018, effective from August 1, 2018
Key Managerial Personnel	Mr. Keki M. Mistry, Vice Chairman & CEO; Ms. Renu Sud Karnad, Managing Director; Mr. V. Srinivasa Rangan, Executive Director; and Mr. Ajay Agarwal, Company Secretary
Version No.	1.1
Review Cycle	Annually or as recommended by the Board

1. SCOPE AND PURPOSE

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 (“Listing Regulations”), the Corporation has formulated and adopted this policy (“Policy”) for determination of materiality of certain events/ information for appropriate disclosures as required thereunder.

2. APPLICABILITY

This Policy shall be applicable to all events relating to the Corporation, as and when they come under the criteria elucidated below.

This Policy shall be read together with the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information formulated and adopted by the Corporation to lay down the procedures and practical guidelines that would be followed by the Corporation for the consistent, transparent, regular and timely public disclosure and dissemination of Unpublished Price Sensitive information.

All words and expressions used in this Policy, unless defined hereafter shall have the same meaning as assigned to them in the Listing Regulations as amended, from time to time or Companies Act, 2013 and Rules framed thereunder or any other applicable laws, rules or regulations.

3. KEY PRINCIPLES IN DETERMINING MATERIALITY

An event/ information relating to a company or its security is considered to be material if it is likely to result in significant market reaction. Accordingly, the following events and guidelines shall be considered while testing materiality for disclosure of an event/information:

A. EVENTS WHICH SHALL BE DEEMED MATERIAL

The following are the events/ information which would be deemed material without application of criteria for materiality mentioned in Clause (C) hereinafter:

1. Acquisition(s) of 5% or more of the shares or voting rights of a company or purchase/sale of 2% of the shares or voting rights in companies where the current holding is more than 5%.
2. Sale of any unit(s) or division(s).
3. Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring).
4. Issuance 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 redemption of securities etc.;
5. Revision in rating(s);
6. Outcome of Board Meetings of the Corporation held to consider the following :

- a. declaration of 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. 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
 - h. financial results; and
 - i. decision on voluntary delisting by the Corporation from stock exchange(s).
7. Agreements [viz. shareholder agreement(s), joint venture agreement(s), (to the extent that it impacts management and control of the Corporation), agreement(s)/contract(s) with media companies] which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof;
 8. Fraud/defaults by any key managerial personnel or by the Corporation or arrest of any key managerial personnel;
 9. Change in directors, key managerial personnel , auditor and compliance officer;
 10. Resignation of the auditor along with detailed reasons for resignation of auditor as given by the said auditor;
 11. Resignation of independent director including reasons for resignation as given by the said director;
 12. Appointment or discontinuation of share transfer agent;
 13. One time settlement with a lender;
 14. Issuance of Notices, resolutions and circulars sent to shareholders, debenture holders or creditors or any class of them or advertised in the media by the Corporation;
 15. Proceedings of Annual and extraordinary general meetings of the Members of the Corporation;
 16. Amendments to Memorandum and Articles of Association of Corporation, in brief; and
 17. Presentations made at investor conferences by the Corporation.

B. THE FOLLOWING EVENTS SHALL BE CONSIDERED MATERIAL SUBJECT TO THE APPLICATION OF THE CRITERIA MENTIONED IN CLAUSE (C)

1. Change in the general character or nature of business brought about by arrangements for strategic, technical, or marketing tie-up, adoption of new lines of business or launch of new products;
2. Change in retail prime lending rates;
3. 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;
4. Disruption of operations of any one or more branches or offices of the Corporation due to natural calamity (earthquake, flood, fire etc.), force majeure or other events;
5. Effect(s) arising out of change in the regulatory framework applicable to the Corporation;
6. Litigation(s)/ dispute(s)/ regulatory action(s) with impact;
7. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Corporation to the extent the Corporation is aware or made aware of;
8. Options to purchase securities including any ESOP/ESPS Scheme;
9. Giving of guarantees or indemnity or becoming a surety for any third party other than in the normal course of business; and
10. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
11. Events/ information that may include but are not restricted to-
 - a) Any change of accounting policy that may have a significant impact on the accounts, etc.;
 - b) Any other information which is exclusively known to the Corporation which may be necessary to enable the holders of securities to appraise its position and to avoid the establishment of a false market in such securities;
 - c) Any event/information which in the view of the Board/ whole-time directors of the Corporation is material.

C. CRITERIA FOR DETERMINING MATERIALITY OF AN EVENT

The Corporation shall consider the following criteria for determination of materiality of events/ information listed in clause (B) above:

1. Whether the omission to disclose the particular event/ information is likely to result in discontinuity or alteration of event/ information already publicly available; or
2. Whether the omission to disclose an event/ information is likely to result in significant market reaction if the said omission came to light at a later date;

4. AUTHORITY TO DETERMINE MATERIALITY

- a. In case any Functional Head becomes aware of any event/ information about the Corporation, which are covered under Para 3 above, the said Functional Head would contact any one of the whole-time directors of the Corporation.
- b. The whole-time director in consultation with the Chief Investor Relations Officer (CIRO) and/ or the company secretary would then determine whether the event/ information is material and requires disclosure to the stock exchanges or not in accordance with the Listing Regulations. Thereafter, the company secretary and the CIRO with the help of the concerned functional head will prepare the content of the disclosure and determine the timing of the disclosures. Thereafter, the company secretary will disclose the said information to the stock exchanges. The CIRO shall ensure that the said information is thereafter properly disseminated to the public as deemed necessary.
- c. The contact details of all the key managerial personnel shall be placed on the Corporation's website and any change in the same shall be disclosed to the stock exchanges.

5. GUIDANCE ON WHEN AN EVENT/INFORMATION IS DEEMED TO BE OCCURRED

- a. The events/information which requires discussion, negotiation or approval shall be said to have occurred upon approval by the Board e.g. further issue of capital by rights issuance and in certain events/information after approval of both i.e. Board and shareholders that is to say, after the approval of the Members of the Corporation.
- b. The events/ information that may be of price sensitive nature such as declaration of dividends etc., on receipt of approval of the event by the Board, pending shareholder's approval.
- c. In the events/information such as natural calamities, disruption etc. the event/ information can be said to have occurred when the Corporation becomes aware of the events/information.

6. DISCLOSURE

The Corporation shall observe the following for proper and timely disclosure of any material events/ information as defined hereon:

- a. For determining materiality of any event/information, reference is to be made to this Policy and the Regulations.
- b. Disclosure of the events/ information enumerated in Clause 3(A)(6) above shall be made within 30 minutes of the conclusion of the Board Meeting at which such events were discussed along with the time of commencement and conclusion of the meeting.
- c. All other events/ information mentioned under Clause 3(A) and (B) above, other than those mentioned in the foregoing clause shall be disclosed by the Corporation as soon as reasonably possible but not later than 24 hours from the occurrence of a particular event/ information.
- d. Disclosure of any material development shall be made on a regular basis of any event/information, till such time the event/information is resolved/ closed with relevant explanations.
- e. All the disclosures made to the stock exchanges under this Policy shall also be placed on the Corporation's website and the same shall be available for a minimum period of five years and thereafter as per the archival policy of the Corporation.
- f. The Corporation shall also disclose all events/ information with respect to its subsidiaries, in case such events/ information are material for the Corporation.

7. MARKET RUMOURS

- a. In case a stock exchange request that the Corporation issue clarification/ make definitive statement in response to a market rumour, the CIRO and/ or the company secretary in consultation with whole-time directors shall consider the matter and content of the Corporation's response, such as confirming "no corporate development at this time".
- b. In case of any rumours circulating in the media with regards to the Corporation, the CIRO and/ or the company secretary in consultation with the whole-time directors may decide to issue clarification on such market rumours, as they may deem fit and submit the same to stock exchanges.

8. POLICY REVIEW

This Policy may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or as may be otherwise prescribed by the Board from time to time.

