

BHARAT PETROLEUM CORPORATION LIMITED
POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION

1. Preface

The Company has adopted the following policy and procedures with regard to determination of Materiality of events or information which are required to be disclosed to the Stock Exchanges in terms of Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended from time to time. This Policy has been formulated in accordance with Clause (ii) of sub-regulation (4) of Regulation 30 of the Listing Regulations.

2. Purpose of the Policy

The purpose of this Policy is to determine materiality of events and information based on criteria specified under clause (i) of sub-regulation (4) of Regulation 30 of the Listing Regulations and to ensure that the Company shall make disclosure of events / information specified in para A and B of Part A of Schedule III of the Listing Regulations to the Stock Exchanges and to provide guidance to Company and its Officers to make disclosures that are appropriate and would be consistent with the facts of each event.

3. Criteria for determination of materiality of events / information

The Company shall consider the criteria as specified in clause (i) of sub-regulation 4 of Regulation 30 of the Listing Regulations for determination of materiality of events / information as under:

- (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) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - i. two percent of turnover, as per the last audited consolidated financial statements of the Company;
 - ii. two percent of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
 - iii. five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company;
- (d) In case where the criteria specified in sub-clauses (a), (b) and (c) are not applicable, an event/information may be treated as being material if in the opinion of the Chairman & Managing Director or Director - Finance of the Company, the event / information is considered material.

4. Disclosure of events or information

- A. Events / information specified in para A of Part A of Schedule III of the Listing Regulations shall be deemed to be material and shall be disclosed without application of materiality criteria.
- B. Events / information specified in para B of Part A of Schedule III of the Listing Regulations shall be considered material if it satisfies the materiality criteria, as mentioned in Point no.3 above, shall be disclosed to Stock Exchanges.
- C. 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.
- D. Without prejudice to the generality of para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.

4A. Materiality of information to be disclosed in Public Issue offer documents:

- (a) For the purposes of determining the litigation(s) to be disclosed in the public issue offer document, materiality threshold will be as mentioned in Point no.3 above.
- (b) All criminal proceedings, tax matters (consolidated numbers for direct and indirect tax) and actions taken by statutory and regulatory authorities would be disclosed in the Offer Document irrespective of the amount involved.
- (c) All public interest litigations, environment related matters and other matters which can have a material adverse effect on the financial position of the Company would also be disclosed.

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

The authority for determining the materiality of an event or information for the purpose of this clause shall be done in consultation with the Chairman & Managing Director, Director - Finance and Company Secretary.

5. Verification of Market Rumour

In terms of Regulation 30(11) of the Listing Regulations, the Company shall confirm, deny or clarify, upon the material price movement (as provided in the framework issued by the stock exchanges, as may be amended from time to time), any reported event or information in the 'mainstream media' which is not vague or general in nature and which indicates that rumour of an impending specific event or information is circulating amongst the investing public, and in case of confirmation, also provide the current stage of such event or information, not later than 24 hours from the trigger of material price movement and in accordance with the Industry Standard Note ('ISN') issued by Industry Standard Forum (ISF).

Social media platforms are excluded from the ambit of mainstream media. Mainstream media shall cover (i) the specific news sources set out in the ISN on verification of market rumours under Regulation 30(11) issued by ISF; and (ii) the list of English business/ financial news sources of the foreign jurisdiction identified the Board of Directors, where the Company has material business operations.

For this purpose, the Company has identified those jurisdictions where the material subsidiaries of the Company (other than those incorporated in India) are situated and overseas jurisdiction where the securities of the Company are listed, having face value of Rs.5,000 crore or more, as foreign jurisdictions of the Company having material business operations. For this purpose, material subsidiary shall have the same meaning as provided in Regulation 16(1)(c) of the Listing Regulations, as amended.

6. Procedural Guidelines for determination of materiality of events/ information

In order to ensure that the Company complies with the disclosure obligations under Regulations 30 of the Listing Regulations, the following is an internal system for reporting any event / information which may require disclosure so that the event/ information can be properly assessed and decision can be made regarding its disclosure to the Stock Exchanges.

Under the system, all Functional / Whole Time Directors including Chairman & Managing Director are Key Managerial Personnel (KMP) and are responsible for relevant areas of the Company's operations. All Functional / Whole Time Directors must inform Chairman & Managing Director or Director - Finance of the Company of any event / information which are material or may possibly be material or of which the KMP is unsure as to its materiality. The event / information should be reported immediately after a KMP becomes aware of it for the purpose of determining materiality of an event or information and for making disclosures to stock exchange(s) under this regulation.

On receipt of communication of material / potential material event / information, Chairman & Managing Director or Director – Finance along with the Company Secretary will:

- i. Review event / information and to take whatever steps necessary to verify its accuracy;
- ii. Apply the quantitative criteria whereby materiality shall become applicable to an event/information where the value involved or the impact exceeds 2% of turnover as per the last audited consolidated financial statements of the Company; or exceeds 2% of the net worth as per the last audited consolidated financial statements of the Company or 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company, whichever is lower .
- iii. Assess whether the event/information is required to be disclosed to the Stock Exchanges under the Listing Regulations/in terms of "Clause 3 – Criteria for determination of materiality of events / information" of this policy.

- iv. Review updating material developments on a regular basis, till such time the event is resolved /closed.
- v. Review all events or information with respect to subsidiaries which are material for the Company.
- vi. Review specific and adequate reply to queries raised by stock exchange(s) with respect to any events or information.
- vii. Apply the Guidance on when an event/information has occurred in terms of **Annexure I**.
- viii. Refer matter for external legal advice where they are not certain about materiality of event / information.

The procedure to be followed in relation to the disclosure/announcement of material event/information is as follows:

- a. **Prepare draft announcement to the Stock Exchanges:** If the event / information is material, the Strategic Business Unit / Entity Heads of the Company & Heads of Subsidiaries will prepare draft announcement to the Stock Exchanges which is factual and expressed in clear manner and obtain approval of Chairman & Managing Director or Director - Finance of the Company and submit the announcement to the Company Secretary.
The details that need to be provided while disclosing events are given in **Annexure II**.
- b. **Make Announcements:** The Company Secretary on behalf of the Company will make or arrange for making the announcement with the Stock Exchanges as under:
 - i. as soon as reasonably possible and not later than twelve hours from the occurrence of event or information covered under “Clause 4 –Disclosure of events or information” of this policy.
Provided that in case the disclosure is made after twelve hours of occurrence of the event or information, the Company shall, along with such disclosures provide explanation for delay.
 - ii. Provided further that disclosure with respect to events specified in sub-clause 4 of Clause 4.A. of this policy shall be made within thirty minutes of the conclusion of the board meeting.
- c. **Post announcement on website:** After making the announcement with the Stock Exchanges, the Company Secretary will arrange to place it on the website of the Company. Such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the archival policy of the Company.

7. Communication of this Policy

The policy shall come into force with immediate effect. A copy of this Policy shall be circulated to the Senior Management Personnel / Heads of Subsidiaries and put on the Corporate Intranet. All Senior Management Personnel are responsible to report material events or information or possible material events or information in the area of their operation to the concerned functional directors. This Policy shall also be posted on the website of the Company.

8. Amendment

The Chairman & Managing Director and Director - Finance are severally authorized to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. Any change in the Policy shall be approved by the Chairman & Managing Director of the Company who shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as he deems fit, or from time to time, and the decision of Chairman & Managing Director in this respect shall be final and binding. Compliance Officer is authorized to incorporate amendments to the Policy, consequent upon amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.