

## **HPCL'S POLICY FOR DETERMINATION OF MATERIALITY OF EVENT / INFORMATION**

### **1. PREAMBLE:**

1.1 This Policy shall be called "Policy for Determination of Materiality of Event / Information (hereinafter referred to as the "the Policy") of Hindustan Petroleum Corporation Limited (hereinafter referred to as "HPC L") effective May 27, 2016.

1.2 The policy has been framed in compliance with the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "Listing Regulations".

### **2. OBJECTIVE OF THE POLICY:**

2.1 The objective of this policy is to ensure continuous, adequate, accurate and timely disclosure of information by HPCL to the Stock Exchanges on an ongoing basis to enable the investors to make informed investment decisions.

2.2 Regulation 30 of the Listing Regulations requires Listed Entities to promptly inform the Stock Exchange of all the events as well as price sensitive information which will have a bearing on the performance / operations of the Company by applying the following factors to ensure fairness and efficiency in the market:

(a) Timely disclosure of relevant information to investors and

(b) Adequacy and accuracy of the information disclosed.

2.3 HPCL shall make timely disclosure of the event / information to the Exchange(s), at the time of occurrence of the event / information and where applicable, make periodic disclosures on the associated material developments till such time the event is resolved / closed.

### **3.0 DEFINITIONS:**

3.1 The term "Material" wherever appears in the policy shall mean any individual transactions or arrangement which is significant to the operations or performance of the Company.

3.2 "Price Sensitive Information" shall mean any information which relates directly or indirectly to HPCL and **which if published** is likely to materially affect the price of Securities of HPCL.

3.3 "Board of Directors" shall mean the Directors on the Board of HPCL, so appointed.

3.4 "Chairman" means of the Chairman of the Board of Directors of HPCL, so appointed.

3.5 "Director (Finance)" means the Chief Financial Officer of HPCL, so appointed.

3.6 "Compliance Officer" means the Company Secretary of the Company, so appointed.

3.7 "Senior Management Personnel" shall means personnel of the company who are members of the Core management team excluding the Board of Directors and would comprise of all members of

management one level below the Whole Time Directors, including head of departments directly reporting to Whole Time Directors.

**3.8** "Securities" shall mean Securities as defined in Securities Contract (Regulations) Act, 1956 and shall include shares, scripts, bonds, debentures, debenture stock or other marketable securities of like nature issued by HPCL from time to time.

**3.9** "Stock Exchange" means the BSE Ltd and National Stock Exchange of India Ltd. on which securities of HPCL are listed.

#### **4. CLASSIFICATION OF MATERIAL EVENTS / INFORMATION.**

##### **4.1 DEEMED MATERIAL EVENT / INFORMATION**

The following event / information shall be deemed to be material and be necessarily disclosed to the Exchange(s).

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 HPCL 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) HPCL holds shares or voting rights aggregating to 5% 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 2% 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 the Meeting(s) of the Board of Directors of the Corporation:

HPCL shall disclose to the Exchange(s), within 30 minutes of the closure of the Board 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 single transaction of fund raising (which is material in nature) 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 from stock exchanges(s).
5. Agreements [(viz. shareholder agreement(s), joint venture agreement(s)], or 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 as authorized by the Board of HPCL from time to time.
  6. Fraud / defaults by Promoter or Key Managerial Personnel or by HPCL or arrest of Key Managerial Personnel or Promoter.
  7. Change in Directors, Key Managerial Personnel, Company Secretary or Auditor.
  8. Appointment or discontinuation of Share Transfer Agent.
  9. Corporate Debt Restructuring
  10. One time settlement with 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 HPCL.
  13. Proceeding of Annual and Extra Ordinary General Meeting of HPCL.
  14. Amendments to Memorandum and Articles of Association of HPCL, in brief.
  15. Schedule of Analyst or Institutional Investor Meet and presentation on financial results made by HPCL to analysts or institutional investors.

16. Any expected default in timely payment of interest / dividend or redemption amount of securities.

#### **4.2 EVENT / INFORMATION ON THE BASIS OF GUIDELINES FOR MATERIALITY**

The following event(s) / information shall be disclosed to the Exchange(s) upon application of the guidelines for materiality as specified in Para 5.1 below:-

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 arrangement 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. Major capacity addition or major/new product launch by HPCL where it is exceeding quantitative criteria as stipulated in 5.1. (a) of the Policy.
4. Awarding, bagging / receiving, amendment or termination of awarded orders/contracts not in the normal course of business and having impact exceeding quantitative criteria as stipulated in 5.1. (a) of the Policy.
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 major revision(s) amendment(s) or termination(s) thereof.
6. Disruption of operation of major units like Refineries, Pipelines etc. of HPCL due to natural calamity (earthquake, flood, fire etc.) force majeure or events such as strikes, lockouts etc.
7. Effects arising out of change in the regulatory framework applicable to HPCL.
8. Litigation(s) / dispute(s) / regulatory action(s) by or against HPCL.
9. Fraud / defaults etc. by Directors (other than Key Managerial Personnel) or employees of HPCL.
10. Option to purchase securities including ESOP/ESPS scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party by HPCL of a value exceeding quantitative criteria as stipulated in 5.1 (a) of the Policy.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. All events or information with respect to subsidiaries which are material for HPCL.

- 4.3 Any other information / event viz. major development that is likely to affect business eg. 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 HPCL which may be necessary to enable the holders of securities of HPCL to appraise its position and to avoid the establishment of a false market in such securities.

## **5. DETERMINATION OF MATERIALITY**

**5.1** Materiality has to be determined on a case to case basis depending on specific facts and circumstances relating to the information / event. In order to determine whether a particular event / information is material in nature, the following “quantitative” or “qualitative” criteria(s) shall be applied:

### **(a) Quantitative Criteria**

Materiality shall become applicable to an event / information where the value involved or the impact exceeds 10% Annual Consolidated Turnover or 20% Net worth of the Company whichever is lower.

The above threshold shall be determined on the basis of audited consolidated financial statements of last audited financial year.

### **(b) Qualitative Criteria**

Materiality shall become applicable to an event / information:

- i. if the omission of which is likely to:
  - result in a discontinuity or alteration of event or information already available publicly or
  - result in significant market reaction if the said omission came to light at a later date.
- ii. If in the opinion of the Board of Directors of HPCL, the event / information is considered material.

**5.2** In circumstances where “quantitative” test may not be applicable, “qualitative” test may be applied to determine materiality.

**5.3** The authority for determining the materiality of an event or information for the purpose of this clause shall be Director (Finance) and the Compliance Officer in consultation with the Functional Director / Chairman & Managing Director.

## **6.0 DISCLOSURE OBLIGATION:**

**6.1** All Senior Management Personnel / Officers of HPCL who are having information shall be under an obligation to disclose material event and/or price sensitive information to the Director Finance and Compliance Officer with respect of events specified in 4.1 and 4.2. Proposals placed before the Board for approval requiring disclosure as above, if any, shall specify in terms of this policy that the details shall be disclosed to Stock Exchanges and also hosted on website.

- 6.2** Upon receipt of information as mentioned in point no.6.1, the Compliance Officer of HPCL shall make disclosure of the material events / price sensitive information to the Stock Exchanges with necessary consultation /approval in the line with the objective of the policy.
- 6.3** The Compliance Officer shall disclose all material events / information mentioned in clause 4.1 [other than 4.1 (4)] as soon as reasonably possible and not later than 24 hours from the occurrence of events or receipt of the information.
- 6.4** In case the receipt of information of disclosure is made after twenty four hours of occurrence of events or information, the explanation for delay shall also be provided along with the disclosure.
- 6.5** Further with respect to events specified under clause 4.1.(4), disclosure shall be made within 30 minutes of the conclusion of the Board Meeting.
- 6.4** All disclosure made by the company to the stock exchanges shall also be hosted on the website of the company and shall be maintained for a minimum period of 05 (Five) years.

## **7. AMENDMENTS TO THE POLICY**

Any subsequent notifications, circulars, guidelines etc. or amendments under the Regulations, revised Listing Agreement, and all other applicable laws, in this regard, as may be issued from time to time shall be mutatis mutandis applicable to HPCL without any further modification or amendment in this policy.

Director (Finance) is authorized to clarify any doubts or rectify any anomalies that may exists in connection with the effective execution of this Policy. The Director (Finance) and Company Secretary are also authorized to amend this policy from time to time based on changing requirements as prescribed by SEBI / Stock Exchanges, and such changes shall be placed before the Board for Information.

## **8. PUBLICATION OF POLICY**

A copy of the policy shall also be hosted on the website of the company.