

THE COMPANY'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 "HPCL/ the Company") 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 the Company to the Stock Exchanges on an ongoing basis to enable the investors to take an informed investment decision(s).
- 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** The Company 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 the time such 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 the Company and **which if published** is likely to materially affect the price of Securities of the Company.
- 3.3** "Board of Directors" shall mean the Directors on the Board of the Company, so appointed.
- 3.4** "Chairman" shall mean the Chairman of the Board of Directors of the Company, so appointed.
- 3.5** "Director (Finance)" shall mean the Chief Financial Officer of the Company, so appointed.
- 3.6** "Compliance Officer" shall mean the Company Secretary of the Company, so appointed.

- 3.7** “Senior Management Personnel” shall mean the officers and personnel of the Company who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.
- 3.8** “Securities” shall mean Securities as defined in Securities Contract (Regulations) Act, 1956 and shall include shares, scrips, bonds, debentures, debenture stock or other marketable securities of like nature issued by the Company from time to time.
- 3.9** “Stock Exchange” shall mean the BSE Ltd. and National Stock Exchange of India Ltd. on which securities of the Company 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 or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the Company, sale of stake in associate company of the Company or any other restructuring.
- 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.** New Rating(s) or 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 Company from stock exchange(s):

[Provided that in case of Board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.]

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.

5A. Agreements entered into by the Shareholders, Promoters, Promoter Group Entities, Related Parties, Directors, Key Managerial Personnel, Employees of the Company or of its Holding, Subsidiary or Associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements.

Provided that such agreements entered into by the Company in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or they are required to be disclosed in terms of any other provisions of Listing regulations.

6. Fraud or defaults by the Company, its Promoter, Director, Key Managerial Personnel, Senior Management or Subsidiary or arrest of Key Managerial Personnel, Senior Management, Promoter or Director of the Company, whether occurred within India or abroad.

For the purpose of this sub-paragraph:

- a. Fraud shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- b. Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.
7. Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Senior Management, Auditor and Compliance Officer.

(7A) In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Company to the stock exchanges as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor.

(7B) Resignation of Independent Director including reasons for resignation: In case of resignation of an Independent Director of the Company, within seven days from the

date of resignation, the following disclosures shall be made to the stock exchanges by the Company.

i. The letter of resignation along with detailed reasons for the resignation as given by the said director.

(ia) Names of listed entities in which the resigning Director holds directorships, indicating the category of directorship and membership of Board committees, if any.

ii. The Independent Director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.

iii. The confirmation as provided by the Independent Director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.

(7C) In case of resignation of key Managerial Personnel, Senior Management, Compliance Officer or Director other than an Independent Director; the letter of resignation along with detailed reasons for the resignation as given by the Key Managerial Personnel, Senior Management, Compliance Officer or Director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.

(7D) In case the Managing Director or Chief Executive Officer of the Company was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).

8. Appointment or discontinuation of Share Transfer Agent.

9. Resolution plan/ Restructuring in relation to loans/ borrowings from banks / financial institutions including the following details:

i. Decision to initiate resolution of loans/borrowings;

ii. Signing of Inter-Creditors Agreement (ICA) by lenders;

iii. Finalization of Resolution Plan;

iv. Implementation of Resolution Plan;

v. Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.

10. One time settlement with a bank.

11. 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 the Company, in brief.

15. (a) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet) and presentations made by the Company to analysts or institutional investors.

(b) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the stock exchange(s), in the following manner:

- i. the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;
 - ii. the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls.
- 16.** The following events in relation to the corporate insolvency resolution process (CIRP) of The Company (if listed corporate debtor) under the Insolvency Code:
- a. Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
 - b. Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
 - c. Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
 - d. Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
 - e. List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - f. Appointment/ Replacement of the Resolution Professional;
 - g. Prior or post-facto intimation of the meetings of Committee of Creditors;
 - h. Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - i. Number of resolution plans received by Resolution Professional;
 - j. Filing of resolution plan with the Tribunal;
 - k. Approval of resolution plan by the Tribunal or rejection, if applicable;
 - l. Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:
 - i. Pre and Post net-worth of the Company;
 - ii. Details of assets of the Company post CIRP;
 - iii. Details of securities continuing to be imposed on the companies' assets;
 - iv. Other material liabilities imposed on the Company;

- v. Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
 - vi. Details of funds infused in the Company, creditors paid-off;
 - vii. Additional liability on the incoming investors due to the transaction, source of such funding etc.;
 - viii. Impact on the investor – revised P/E, RONW ratios etc.;
 - ix. Names of the new Promoters, Key Managerial Personnel, if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
 - x. Brief description of business strategy
 - m. Any other material information not involving commercial secrets.
 - n. Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
 - o. Quarterly disclosure of the status of achieving the MPS;
 - p. The details as to the delisting plans, if any approved in the resolution plan.
- 17. Initiation of Forensic audit:** In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by the Company:
- a. The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
 - b. Final Forensic Audit Report (other than for forensic audit initiated by regulatory/enforcement agencies) on receipt by the Company along with comments of the management, if any.
- 18. Announcement or communication through social media intermediaries or mainstream media** by directors, promoters, key managerial personnel or senior management of a listed entity, in relation to any event or information which is material for the listed entity in terms of regulation 30 of these regulations and is not already made available in the public domain by the listed entity.
- 19. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its Directors, Key Managerial Personnel, Senior Management, Promoter or Subsidiary, in relation to the Company, in respect of the following:**
- a) search or seizure; or
 - b) re-opening of accounts under section 130 of the Companies Act, 2013; or
 - c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - i. name of the authority;
 - ii. nature and details of the action(s) taken, initiated or order(s) passed;

- iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
 - iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
 - v. Impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.
- 20.** Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its Directors, Key Managerial Personnel, Senior Management, Promoter or Subsidiary, in relation to the Company, in respect of the following:
- a. suspension;
 - b. imposition of fine or penalty;
 - c. settlement of proceedings;
 - d. debarment;
 - e. disqualification;
 - f. closure of operations;
 - g. sanctions imposed;
 - h. warning or caution; or
 - i. any other similar action(s) by whatever name called;
- along with the following details pertaining to the actions(s) initiated, taken or orders passed:
- i. name of the authority;
 - ii. nature and details of the action(s) taken, initiated or order(s) passed;
 - iii. date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
 - iv. details of the violation(s)/contravention(s) committed or alleged to be committed;
 - v. Impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.
- 21.** Voluntary revision of financial statements or the report of the Board of Directors of the listed entity under section 131 of the Companies Act, 2013.
- 22.** For the purpose of this Policy the explanation given in the respective point of the event shall be guided by Listing Regulations.

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. Any of the following events pertaining to the Company:
 - a. arrangements for strategic, technical, manufacturing, or marketing tie-up; or
 - b. adoption of new line(s) of business; or
 - c. closure of operation of any unit, division or subsidiary (in entirety or in 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) 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 the Company.
 8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
 9. Frauds or defaults by employees of the Company which has or may have an impact on the Company.
 10. Options to purchase securities including any ESOP/ESPS Scheme.
 11. Giving of guarantees or indemnity or becoming a surety, by whatever name called, for any third party.
 12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
 13. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.”
- 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 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.

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, the omission of which or whose value or the expected impact in terms of value, exceeds the lower of the following:

- (1) 2% of turnover, as per the last audited consolidated financial statements of the Company;
- (2) 2% 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;
- (3) 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;

(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 the Company, 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 with Director (Finance) and the Compliance Officer in consultation with the Functional (Executive) Director / Chairman & Managing Director.

6.0 DISCLOSURE OBLIGATION:

6.1 All Senior Management Personnel / Officers of the Company 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 of Directors 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 the Company 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 as soon as reasonably possible and not later than the following–

(i) 30 minutes from the closure of the meeting of the Board of directors in which the decisions pertaining to the event(s) or information(s) indicated in clause 4.1.(4) above has/have been taken;

(ii) 12 hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity;

(iii) 24 hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity:

Provided that disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines.

6.4 In case the receipt of information of disclosure is made after the aforesaid prescribed time limit of occurrence of events or information, the explanation for delay shall also be provided along with the disclosure.

6.5 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 Listing Regulations, and all other applicable laws, in this regard, as may be issued from time to time shall be mutatis mutandis applicable to the Company without any further modifications or amendments in this policy.

Director (Finance) is authorized to clarify any doubts or rectify any anomalies that may exist in connection with the effective execution of this Policy. 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.