



BHARAT HEAVY ELECTRICALS LIMITED

**POLICY FOR DETERMINATION
OF MATERIALITY OF
EVENTS & INFORMATION
AND
THEIR DISCLOSURE,
2015**



**(As approved by the Board of Directors of the Company
at its Meeting held on 11th February, 2016)**



BHARAT HEAVY ELECTRICALS LIMITED
POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS & INFORMATION AND
THEIR DISCLOSURE, 2015

1. Preface

Pursuant to Regulation 30 (4)(ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Bharat Heavy Electricals Limited in its 478th meeting held on 11th February 2016 has approved the “BHEL Policy for Determination of Materiality of Events & Information and their Disclosure, 2015 to be effective from 1st December, 2015.

2. Objective of the Policy

The purpose of this Policy is to determine materiality of events and/or information which are required to be disclosed by the Company to the Stock Exchanges in terms of para B of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and to adopt suitable practices and procedures to ensure appropriate and adequate dissemination of material events and/ or information

3. Applicability

This Policy shall be applicable throughout BHEL. All events and/or information which are required to be disclosed by the Company in terms of para B of Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be subject to the criteria of materiality as provided in the Policy.

4. Definitions

In this Policy, unless the context otherwise requires:

- (i) **“Board of Directors”** or **“Board”** means the Board of Directors of Bharat Heavy Electricals Limited, as constituted from time to time;
- (ii) **“Company”** means Bharat Heavy Electricals Limited (BHEL);
- (iii) **“Code of Fair Disclosure”** means the Code of Practice & Procedure for Fair Disclosure as provided under the BHEL Code of Conduct for Regulating & Reporting Trading by Insiders and for Fair Disclosure, 2015, approved by the Board and modified from time to time;
- (iv) **“Listing Regulations”** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof;
- (v) **“Material Event”** or **“Material Information”** shall mean
 - (a) Such event or information set out in Paras 7.1, 7.3 & 7.4 of this Policy; or

(b) Such event or information set out in Para 7.2 as determined to be material in terms of Para 6 of the Policy;

(vi) "Policy" means this Policy for Determination of Materiality of Events & Information and their Disclosure, 2015 and as may be amended from time to time.

(vii) "Stock Exchanges" means:

- (a) BSE Ltd and
- (b) National Stock Exchange of India Limited;

Any other term not defined herein shall have the same meaning as defined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

5. Authorised Officers

- 5.1 Director (Finance) and Director (HR) (Director (E, R&D), in the absence of Director (HR)) shall be the officers authorised for determining materiality of any event or information and for ensuring that disclosures of the same are made to the Stock Exchanges, subject to the provisions of this Policy.
- 5.2 Contact details of Director (Finance), Director (HR) and Director (E, R&D) shall be separately disclosed to the Stock Exchanges as well as uploaded on the Company's website (www.bhel.com).
- 5.3 Director (Finance) shall be authorised for interpretation of this Policy and issuing required clarifications on the same from time to time.

6. Criteria for determination of materiality of events / information

- 6.1 As per Regulation 30 of the Listing Regulations, the Company is required to make disclosure of certain events/ information specified in Para: A of Part A of Schedule III to the Stock Exchanges without any application of the guidelines for materiality. However, events/ information specified in para B of Part A of Schedule III to the Listing Regulations are to be disclosed only if they meet the criteria of Materiality.
- 6.2 The Company shall consider an event/ information as material if it meets any of the following criteria specified in Regulation 30 (4) (i) of the Listing Regulations:
 - (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly;
 - (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) any other event/information which is treated as being material in the opinion of the Board of Directors of the Company.

- 6.3 Apart from the criteria at 6.1 & 6.2 above, an event/ information shall be deemed as material if it is likely to have value of +/-10% or more of the turnover as per the last standalone annual accounts of the Company.

7. Material Events/ Information

- 7.1 **The Company shall make disclosure of the following events/ information specified in para A of Part A of Schedule III to the Listing Regulations upon their occurrence, to the Stock Exchanges without any application of the guidelines for materiality:**

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 Company 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 Company 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 Company 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).
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.

6. Fraud/defaults by promoter or key managerial personnel or by the Company 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 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. Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;

7.2 The Company shall make disclosure of the following events/ information specified in para B of Part A of Schedule III to the Listing Regulations upon their occurrence, to the Stock Exchanges after following the procedural guidelines as given at Para 8 of this Policy:

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 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 Company
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.
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.

- 7.3 The Company shall also make disclosure of 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 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.
- 7.4 Without prejudice to the above, the Company may make disclosures of event/information as specified by SEBI from time to time.
- 7.5 In case of any amendments/ updations in the list of information/ events specified in Part A of Schedule III of the Listing Regulations, the above list of material information/ events shall stand accordingly modified.

8. Procedure for disclosure of events/ information

- 8.1 The Board of Directors of the Company has already adopted the Code of Fair Disclosure which provides the practices and procedures for fair disclosure of unpublished price sensitive information. The same shall be used for disclosure of material events/ information under Regulation 30 of the Listing Regulations.
- 8.2 However, in order to better ensure that the Company complies with the disclosure obligations under Regulation 30 of the Listing Regulations, the following additional procedures are prescribed.
- 8.3 In case of the occurrence of any information/ event under Paras 7.1, 7.3 & 7.4, the concerned Corporate Functional Heads/ HOU/ Head Business Sectors shall follow the procedure established under Para 8 of Code of Fair Disclosure.
- 8.4 In case of the occurrence of any information/ event under Para 7.2, the concerned Corporate Functional Heads/ HOU/ Head Business Sectors shall first apply the criteria of materiality, take necessary approval and thereafter procedure established under Para 8 of Code of Fair Disclosure shall be followed.
- 8.5 In the event of any doubt with regard to the 'materiality' of an event/ information, the interpretation/ view of Director (Finance) shall be deemed to be final.
- 8.6 All Material Events/ Information (except those given at Sl. No. 7.1 (4)) shall be disclosed to the stock exchanges as soon as reasonably possible but in no case later than 24 hours from the occurrence of the event. In case disclosure is made after 24 hours of the occurrence of the event/ information, the concerned Department shall ensure that reasons for the delay be explained in the announcement to the Stock Exchanges.

- 8.7 Events/ information mentioned at Sl. No. 7.1 (4) shall be disclosed to the stock exchanges within 30 minutes of the conclusion of the Board Meeting in which they were submitted.
- 8.8 The concerned Corporate Functional Heads/ HOU/ Head Business Sectors shall ensure that submissions to Corporate Communications incorporate all requisite details set out in SEBI circular No. CIR/CFD/CMD/4/2015 dated 09.09.2015 and as amended from time to time.
- 8.9 After lodgement of the announcement regarding the material information or occurrence of a material event with the Stock Exchanges, the concerned Corporate Functional Heads/ HOU/ Business Sectors shall arrange to upload the same on the website of the Company.
- 8.10 All announcements made under this Policy shall be kept on the website for a minimum period of 5 years and thereafter as per the Policy of the Company in this regard.

9. Circulation of the Policy

A copy of this Policy shall be circulated to all Directors and Corporate Functional Heads/ HOU/ immediately on approval by the Board and also uploaded on the website of the Company.

10. Amendment

Chairman & Managing Director on recommendation of Director (Finance), is authorised to make any amendment in the Policy and Internal Operating Guidelines as deemed fit, or from time to time in line with statutory requirements.