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# POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS & INFORMATION AND THEIR DISCLOSURE

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JULY 14, 2023

**BHARAT HEAVY ELECTRICALS LTD**




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**“Policy for Determination of Materiality of Events &  
Information and their Disclosure”**

(For Internal circulation only)

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

### **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 478<sup>th</sup> meeting held on 11<sup>th</sup> February 2016 had approved the “BHEL Policy for Determination of Materiality of Events & Information and their Disclosure, 2015 to be effective from 1<sup>st</sup> December, 2015.

Subsequently pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023, notified on 14<sup>th</sup> June 2023, the “Policy for Determination of Materiality of Events & Information and their Disclosure” is revised, and to be effective from 14<sup>th</sup> July, 2023.

### **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 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.

The Policy also aims at assisting relevant employees of the Company in identifying any potential material event or information and reporting the same to the authorized Key Managerial Personnel, for determining the materiality of the said event or information, and for making the necessary disclosures to the Stock Exchanges.

### **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 Sections 7.1, 7.3 & 7.4 of this Policy;  
or
  - (b) Such event or information set out in Section 7.2 as determined to be material in terms of Section 6 of the Policy;
- (vi) **“Policy”** means this “Policy for Determination of Materiality of Events & Information and their Disclosure” and as may be amended from time to time;
- (vii) **“SEBI”** means the Securities and Exchange Board of India;
- (viii) **“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. Authorized Officers

- 5.1 Director (Finance) and Director (HR) shall be the officers authorized 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. However, in absence of Director (HR), Director (E, R&D) shall assume the subject responsibility. Company Secretary shall be overall responsible for coordinating with the stock exchanges, assisting in timely disclosures and ensuring compliances under the 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](http://www.bhel.com)).
- 5.3 Director (Finance) shall be authorized 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 stock 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:
  - (1) two percent (2%) of turnover, as per the last audited consolidated financial statements of the Company;
  - (2) two percent (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) five percent (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;
- d) In case where the criteria specified in sub-sections (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the company, the event or information is considered material.

## **7. Material Events/ Information**

7.1 The Company shall make disclosure of the events and/or 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.

*(refer Schedule III of the Listing Regulations together with Internal Operating Guidelines)*

7.2 The Company shall make disclosure of the events and/or 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 in Section 8 of this Policy.

*(refer Schedule III of the Listing Regulations together with Internal Operating Guidelines)*

- 7.3 The Company shall also make disclosure of any other events/ information 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 apprise 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 events/ information specified in Part A of Schedule III or Part B 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 events/ information under Sections 7.1, 7.3 & 7.4 which do not require approval of the Board of Directors, the concerned Head of Units/ Regions/ Corp. Functions/ Business Sectors shall follow the procedure established under Section 8 of Code of Fair Disclosure.
- 8.4 In case of the occurrence of any events/ information under Section 7.2, which do not require approval of the Board of Director, the concerned Head of Units/ Regions/ Corp. Functions/ Business Sectors shall first apply the criteria of materiality, as mentioned in Section 6 of the policy, take necessary approval (as applicable) and thereafter procedure established under Section 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) and Director

(HR), (through concerned Business Director, if applicable) shall be final.

*However, for those/that events/ information whose materiality is established as per this document or as a precedent, it is the responsibility of the concerned Head of Units/ Regions/ Corp. Functions/ Business sectors to report the events/ information to CC/CS for further reporting to stock exchanges, under established timelines, and as per established procedure.*

- 8.6 In case approval of the Board of Directors is required for any event and/ or information referred in Section 7, then the existing Company process for seeking such approval and subsequent disclosure to the Stock Exchanges as Code of Fair Disclosure shall continue.
- 8.7 For detailed procedure for disclosure of events and/ or information, concerned Head of Units/ Regions/ Corp. Functions/ Business Sectors shall refer to the Internal Operating Guidelines to the Policy.
- 8.8 The company shall first disclose to the stock exchange(s) all events or information which are material in terms of the provisions of this regulation as soon as reasonably possible and in any case not later than the following:
- i. thirty minutes (30 mins) from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken;
  - ii. twelve hours (12 hrs) from the occurrence of the event or information, in case the event or information is emanating from within the company;
  - iii. twenty four hours (24 hrs) from the occurrence of the event or information, in case the event or information is not emanating from within the company:

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

Provided further that in case the disclosure is made after the timelines specified under this regulation, the company shall, along with such disclosure provide the explanation for the delay.

*Note: The above-mentioned timelines are total hours, including working and non-working hours.*

- 8.9 The concerned Head of Units/ Regions/ Corp. Functions/ Business Sectors shall ensure that their submissions to CC/CS for further

submission to the Stock Exchanges incorporate all requisite details set out in SEBI circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated 13.07.2023 and any further amendments in this regard.

- 8.10 After lodgment of the announcement regarding the material information or occurrence of a material event with the Stock Exchanges, the concerned Head of Units/ Regions/ Corp. Functions/ Business Sectors shall also ensure that the same has been uploaded on the website of the Company.
- 8.11 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 Head of Units/Regions/Corp. Functions/Business sectors immediately on approval by the Board/ subsequent revisions and also uploaded on the website of the Company.

### **10. Amendment**

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

### **11. Document Control**

This document is issued and controlled by CSM. Visit 'Document Control Sheet' above.

#### **11.1 Record of Revision**

<b>Revision No</b>	<b>Date of Issue</b>	<b>Details of Revision</b>
00	14 <sup>th</sup> July 2023	Revision to existing policy issued in 2016
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