

**PETRONET LNG LIMITED
NEW DELHI**

**POLICY TO DETERMINE MATERIALITY OF EVENTS TO BE REPORTED
TO THE STOCK EXCHANGES IN TERMS OF THE SEBI
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS)
REGULATIONS 2015**

1) Preamble

Securities Exchange Board of India (SEBI) with the objective of bringing all the regulatory guidelines and circulars issued from time to time governing the Listed Entities under a single document has issued SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (LODR) under the SEBI Act 1992 read with Securities Contract (Regulation) Act 1956. Under Regulation 30 of the LODR every Company shall make disclosure of any events or information which is material.

2) Specific Objectives

In order to enable investors to make well-informed investment decisions, timely, adequate and accurate disclosure of information on an ongoing basis is required. There is also a need of uniformity in disclosures made by listed entities to ensure compliance in letter and spirit. To bring uniformity Regulation 30 of LODR deals with disclosure of material events by the listed entity whose equity and convertible securities are listed.

3) Material events to be disclosed

The LODR divide the events that need to be disclosed broadly into two categories. The events that have to be necessarily reported/disclosed to the Stock Exchanges without applying any test of materiality under Para A of Part A of Schedule III, and those events that should be disclosed by the Company, if considered material, under Para B Part A of schedule III of LODR.

Para A of Part A of Schedule III is placed under **Annexure I**.

Further, pursuant to Regulation 51(2) of Listing Regulations, the Company will also make disclosure as specified in Part B of Schedule III as the Company has issued Non-Convertible Debentures. Part B of Schedule III of Listing Regulations is attached herewith as **Annexure II**.

In respect of those events that should be disclosed by the Company, if considered material, under Para B Part A of schedule III of LODR, the following criteria shall be applied for determination of materiality of events/ information:

- (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) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event / information may be treated as being material if in the opinion of the officer authorized by the board of directors of Company, the event / information is considered material.

4) Key Management Personnel for determining materiality of an event

“Regulation 5 stipulates appointment of Key Managerial Personnel (KMP) for determining materiality of event. MD&CEO and / or Director (Finance) are KMP as per the Companies Act, 2013. It is therefore proposed that MD&CEO and / or Director (Finance) shall be the officer(s) to determine the materiality of event or information under Para B of Part A of Schedule III of the regulations for the purpose of disclosure to the Stock Exchanges and their name be disclosed to the Stock Exchanges. Company Secretary shall be the nodal officer to disclose material events/information to the Stock Exchanges to comply with the regulations.”

The following events shall be disclosed to the Stock Exchanges upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30) and Para B Part A of Schedule III of LODR:

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division

The Company shall notify the Stock Exchanges regarding the 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:

The Company shall notify the Stock Exchanges regarding the Change in the general character or nature of business which will resulting change in Annual Turnover of the Company exceeding 10% of the Annual Turnover of the last audited financial statement of the Company.

3. Capacity addition

The Company shall notify the Stock Exchanges regarding any addition to the existing name plate Capacity irrespective of its size and/or volume.

4. Awarding, bagging /receiving, amendment or termination of awarded / bagged orders / contracts, not in the normal course of business:

The Company shall notify the Stock Exchanges regarding awarding, bagging /receiving, amendment or termination of awarded / bagged orders / contracts, not in the normal course of business if the value exceeds equivalent to one million tonne of LNG/RLNG for a period exceeding 3 years and more.

5. 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. as and when such an event happened and impact the operations for more than 30 days having monetary impact of more than Rs. 100 crore.

6. Effect(s) arising out of change in the regulatory framework applicable to the Company as and when such an event happened.

7. Litigation(s)/ dispute(s)/ regulatory action(s) with impact:

The Company shall notify the stock exchange(s) upon it becoming party to any litigation, assessment, adjudication, arbitration or dispute in conciliation proceedings or upon institution of any litigation, assessment, adjudication, arbitration or dispute including any ad-interim or interim orders over Rs. 100 crore passed against or in favour of the Company, the outcome of which can reasonably be expected to have an impact.

8. Options to purchase securities (including any Share Based Employee Benefit (SBEB Scheme) at the time of instituting the scheme and vesting or exercise of options, if any.

9. Giving/taking borrowing, guarantees or indemnity or becoming a surety for any third party to the extent of Rs. 500 crore or more.

10. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals, if any, having impact on business / operations of the Company exceeding Rs. 100 crore.

11. Any other information/event viz. major development that is likely to affect business of more than Rs. 100 crore, 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.

12. Without prejudice to the generality of the events / information at para 1 to 11 given above and events listed in Annexure I being the events which shall be disclosed without any application of the guidelines for materiality of the event,

the Company may make disclosures of any other event / information as may be specified by the Board from time to time.

II) Process of reporting

- a) The Company Secretary being the Compliance Officer for the SEBI/Stock Exchanges shall as soon as reasonably possible and not later than twenty four hours from the occurrence of the event or information shall report the event(s) to the recognized stock exchanges where the Company's shares are listed after consulting Director (Finance) and/or MD & CEO:
 - i. Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the Company shall, along with such disclosures provide explanation for delay.
 - ii. Provided further that in case the Company does not disclose any such specified details, it shall state appropriate reasoning for the same as part of disclosure.
 - iii. Provided further that disclosure, of events specified in Para A (4) of Annexure I of the policy, shall be made within thirty minutes of the conclusion of the board meeting.
 - iv. Provided further that SEBI (LODR) Regulations shall prevail where the policy is silent.
- b) The Company shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- c) The Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation, and 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, as disclosed on its website.
- d) The listed entity shall disclose all events or information with respect to subsidiaries, if any, which are material for the Company.
- e) The Company shall provide specific and adequate reply to all queries raised by

stock exchange(s) with respect to any events or information:

Provided that the stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable.

- f) The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).
- g) In case where an event occurs or an information is available with the Company, which has not been indicated in Para A or B of Part A of Schedule III – reproduced in para 1 to 12 and Annexure I of the Policy, but which may have material effect on it, the Company is required to make adequate disclosures in regard thereof.
- h) It shall be the responsibility of the concerned Head of Department of the related events listed under Para 1 to 12 and as per Annexure I of this policy to timely inform / pass on the information to the Company Secretary, who in turn shall decide the materiality of the event for the purpose of reporting to Stock Exchanges.

III) General

Guidance on when an event / information has occurred

1. The Company may be confronted with the question as to when an event / information can be said to have occurred.

In certain instances, the answer to above question would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions, etc. the answer to the above question would depend upon the timing when the Company became aware of the event / information.

2. In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval.

The events/information can be said to have occurred when a Company becomes aware of the events/information, or as soon as, an officer of the Company has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

This policy shall be displayed in the website of the Company.

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A. Events which shall be disclosed without any application of the guidelines for materiality - sub-regulation (4) of Regulation 30 of SEBI (LODR) Regulations, 2015, (Para A of Part A of Schedule III).

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 the above disclosures the term 'acquisition' shall have the same meaning as defined in explanation of sub-para (1) of Para (A) of Part (A) of Schedule III of Listing Regulations].

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)

The listed entity shall notify the stock exchange(s), the details of any new rating or revision in rating assigned from a credit rating agency to any debt instrument of the listed entity or to any fixed deposit program or to any scheme or proposal of the Company involving mobilization of funds whether in India or abroad. In case of a downward revision in ratings, the Company shall also intimate the reasons provided by the rating agency for such downward revision.

4. Outcome of meetings of the board of directors: The listed entity shall intimate to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider or decide 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 would 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 ("CDR
10. One time settlement (OTS) with a Company.
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 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.

PART B: DISCLOSURE OF INFORMATION HAVING BEARING ON PERFORMANCE/OPERATION OF COMPANY AND/OR PRICE SENSITIVE INFORMATION: NON-CONVERTIBLE DEBT SECURITIES [See Regulation 51(2)]

- A. The Company shall promptly inform to the stock exchange(s) of all information which shall have bearing on performance/operation of the Company or is price sensitive or shall affect payment of interest or dividend of non-convertible preference shares or redemption of non-convertible debt securities or redeemable preference shares including:
- (1) expected default in timely payment of interests/preference dividend or redemption or repayment amount or both in respect of the non-convertible debt securities and non-convertible redeemable preference shares and also default in creation of security for debentures as soon as the same becomes apparent;
 - (2) any attachment or prohibitory orders restraining the Company from transferring non-convertible debt securities or non-convertible redeemable preference shares from the account of the registered holders along-with the particulars of the numbers of securities so affected , the names of the registered holders and their demat account details;
 - (3) any action which shall result in the redemption, conversion, cancellation, retirement in whole or in part of any non-convertible debt securities or reduction, redemption, cancellation, retirement in whole or in part of any non-convertible redeemable preference shares;
 - (4) any action that shall affect adversely payment of interest on non-convertible debt securities or payment of dividend on non-convertible redeemable preference shares including default by issuer to pay interest on non-convertible debt securities or redemption amount and failure to create a charge on the assets;
 - (5) any change in the form or nature of any of its non-convertible debt securities or non-convertible redeemable preference shares that are listed on the stock exchange(s) or in the rights or privileges of the holders thereof and make an

application for listing of the securities as changed, if the stock exchange(s) so require;

- (6) any changes in the general character or nature of business / activities, disruption of operation due to natural calamity, and commencement of commercial production / commercial operations;
- (7) any events such as strikes and lock outs. which have a bearing on the interest payment/ dividend payment / principal repayment capacity;
- (8) details of any letter or comments made by debenture trustees regarding payment/non-payment of interest on due dates, payment/non-payment of principal on the due dates or any other matter concerning the security, Company and /or the assets along with its comments thereon, if any;
- (9) delay/ default in payment of interest or dividend / principal amount /redemption for a period of more than three months from the due date;
- (10) failure to create charge on the assets within the stipulated time period;
- (11) any instance(s) of default/delay in timely repayment of interests or principal obligations or both in respect of the debt securities including, any proposal for re-scheduling or postponement of the repayment programmes of the dues/debts of the Company with any investor(s)/lender(s).

Explanation.- For the purpose of this sub-para, 'default' shall mean Non-payment of interest or principal amount in full on the pre-agreed date and shall be recognized at the first instance of delay in servicing of any interest or principal on debt.

- (12) any major change in composition of its board of directors, which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (13) any revision in the rating;

(14) the following approvals by board of directors in their meeting:-

(a) the decision to pass any interest payment;

(b) short particulars of any increase of capital whether by issue of bonus securities through capitalization, or by way of right securities to be offered to the debenture holders, or in any other way;

(15) all the information, report, notices, call letters, circulars, proceedings, etc concerning non-convertible redeemable preference shares or non-convertible debt securities;

(16) any other change that shall affect the rights and obligations of the holders of non-convertible debt securities / non-convertible redeemable preference shares, any other information not in the public domain necessary to enable the holders of the listed securities to clarify its position and to avoid the creation of a false market in such listed securities or any other information having bearing on the operation/performance of the Company as well as price sensitive information.