Bharat Petroleum Corporation Limited

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POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

1. Introduction

The Board of Directors (the "Board") of Bharat Petroleum Corporation Limited (the "Company") has adopted the following policy and procedures with regard to determination of Material Subsidiaries in terms of Clause 49 of the Listing Agreement with the Stock Exchanges, earlier updated in accordance with Regulation 24 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and revised now in accordance with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018. This Policy will be used to determine the material subsidiaries of the Company. The Board may review and amend this policy from time to time if considered appropriate.

2. Policy Objective

To determine the Material Subsidiaries of Bharat Petroleum Corporation Limited and to provide the governance framework for its material subsidiaries in so far as it relates to requirements of the Listing Regulations.

3. Definitions

"Policy" means Policy for Determining Material Subsidiaries.

"Significant Transaction or Arrangement" shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the unlisted subsidiary for the immediately preceding accounting year.

"Subsidiary" means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act, 2013;

4. Policy

1) A subsidiary shall be considered as a **Material Subsidiary**:
    a. if the income of the subsidiary exceeds 10 per cent of the consolidated income of Bharat Petroleum Corporation Ltd and its subsidiaries in the immediately preceding accounting year or,
    b. The net worth of the subsidiary, exceeds 10 per cent of the consolidated net worth of Bharat Petroleum Corporation Ltd and its subsidiaries in the immediately preceding accounting year.

2) At least one Independent Director of the Company shall be a director on the Board of directors of an unlisted material subsidiary, whether incorporated in India or not.
   Explanation- For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term "material subsidiary" shall mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

3) The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary Company on quarterly basis.

4) The minutes of the Board Meetings of the Unlisted Subsidiary Companies shall be placed at the Board Meeting of the Company on quarterly basis.

5) A statement of all Significant Transactions and Arrangements entered into by the unlisted subsidiary company shall be presented to the Board of Directors on half yearly basis.

6) Every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified.

5. Disposal of Shares / Assets in Material Subsidiary

The Company, without passing a special resolution in its General Meeting except under a scheme of arrangement duly approved by a Court/Tribunal, shall not:

a) dispose of shares in Material Subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50%; or cease the exercise of control over the subsidiary companies except in case where such divestment is under the Scheme of Arrangement duly approved by respective authorities or under the Insolvency Code and such event is disclosed to the stock exchanges within one day of the Resolution plan being approved.
b) Sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year. Unless the sale/disposal/lease is made under the Scheme of arrangement duly approved by the respective authorities or under the Insolvency Code and such event is disclosed to the stock exchanges within one day of the Resolution Plan being approved.

6. Disclosures

The Policy for determining material subsidiaries shall be displayed in the website of the Company and the weblink thereto should be provided in the Annual Report of the Company.

In case of any subsequent changes in the provisions of the Companies Act, 2013, or Listing Regulations which makes any of the provisions in the policy inconsistent with the Act or Listing Regulations, then the provisions of the Act or Listing Regulations would prevail over the policy.

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