

Nitesh Estates Limited

CIN: L07010KA2004PLC033412

Registered Office: Nitesh Timesquare, 7th Floor, No.8, M.G. Road Bangalore-560001

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POLICY FOR DETERMINATION OF MATERIALITY OF AN EVENT (As approved by the Board at its meeting held on 10th February, 2016)

1. Introduction

The Securities and Exchange Board of India (SEBI) has introduced SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("**LODR**"), effective 1st December 2015. The Regulation 30 (4) (ii) of LODR mandates framing of a policy by all listed companies for determination of materiality of an event or information based on criteria which, in the opinion of the Board of Directors of the Company, is material to the investors.

The Company has a policy on fair disclosure of unpublished price sensitive information (UPSI) for prompt public disclosure of UPSI that would impact the price discovery, as soon as credible and concrete information comes into being, in order to make such information generally available. The said policy was approved by the Board of Directors of the Company on May 28, 2015.

In order to avoid multiple and excessive disclosures, the policy on determination of materiality is only an extended version of the policy on fair disclosure of UPSI. Accordingly, Nitesh Estates Limited (hereinafter referred to as the 'Company' or 'NEL'), has formulated and notified this Policy for determination of materiality of an event in compliance with the LODR, to be effective 1st Dec. 2015. The Board could review and amend this policy from time to time in line with the applicable laws.

2. Objective

In order to ensure fairness and efficiency in the stock market,

- (a) Timely disclosure of relevant information by the Company to achieve parity while enabling the investors to make informed investment decisions; and
- (b) Adequacy and accuracy of the information disclosed, continuously as well as on an event based.

3. Definitions

"the Board" shall mean the Board of Directors of the Company;

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"the Committee" shall mean committee of one or more Key Managerial Personnel (KMP) and / or such number of Independent directors including directors or a combination of them, as the case may be ;

"the Company" shall mean Nitesh Estates Limited;

"Key Managerial Personnel" or "KMP" means key managerial personnel as defined in sub-section (51) of Section 2 of the Companies Act , 2013 i.e.-

- (a) Chief Executive Officer (CEO) /Managing Director ("MD")
- (b) Whole time director (WTD")
- (c) Chief Financial Officer (CFO")
- (d) Company Secretary ("CS")

"Stock Exchange", means the stock exchanges where the securities of a Company are listed;

"Subsidiary" means subsidiary of the Company defined under subsection (87) of Section 2 of the Companies Act, 2013;

"Policy" means this Policy for determination of materiality of an event or information.

"Material Events" are those that are specified in Paragraphs B, C and D of Part A of Schedule III of the LODR.

Words and expressions not defined in this policy shall have the same meaning but defined in SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, Securities and Exchange Board of India Act 1992 (15 of 1992), the Securities Contracts (Regulation) Act 1956, the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 and rules and regulations made there-under.

4. Categories of events or information requiring disclosure

The events requiring disclosure may be divided broadly into the following categories:

4.1 The events that are deemed to be material are have to be necessarily disclosed without applying any test of materiality are indicated in Paragraph A of Part A of Schedule III of the LODR and have also been listed in Schedule I of this Policy.

4.2 Paragraph B of Part A of Schedule III of the LODR indicates the events that should be disclosed by the listed entity, if considered material. These events are specified in Schedule 2 and shall be

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considered material subject to the application of the guidelines mentioned in Clause 5 (Determination of Materiality) hereunder.

4.3 Other events or information that may be considered material may include major development that is likely to affect business, and shall be considered material, subject to the application of guidelines mentioned in Clause 5 (Determination of Materiality). These events may include but are not restricted to the following:

4.3.1 Emergence of new technologies

4.3.2 Expiry of patents

4.3.3 Any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof;

4.3.4 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.

4.3.5 Market sensitive information; and

4.3.6 Any event which in the view of the Board is material.

4.4 The Company shall disclose all events/information with respect to Subsidiaries which are material for the Company.

5. Determination of Materiality

Subject to the provisions of the LODR, 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 or not, the Committee of Key Management Personnel may consider 'quantitative' or 'qualitative criteria(s)' as mentioned below.

5.1. Quantitative criteria of determining materiality shall become applicable to an event / information:

Where the value involved or the impact exceeds:

(a) 10% of the total income; or

(b) 10% of the Profit before tax; or

(c) 10% of the net worth

(Whichever is lower shall be taken as a trigger);

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The above threshold shall be determined on the basis of audited consolidated financial statements of the previous financial year.

5.2 Qualitative criteria to determine materiality shall become applicable to an event of information: The omission of which is likely to result in —

- (i) a discontinuity of information already available publicly; or
- (ii) Significant market reaction if the said omission came to light at a later date.

5.3 In the opinion of the Board of Directors of the Company, the event / information is considered material. In circumstances where 'quantitative' test may not be applicable, 'qualitative' test may be applied to determine materiality. If a particular information or event in question satisfies any of the 'qualitative' or 'quantitative' criteria, the Company shall be under an obligation to disclose the same to the stock exchanges.

6. List of information to be disclosed to Stock Exchange(s)

Company shall make disclosures of any events or information which, in the opinion of the Board of the Company, is material.

The Company shall first disclose to stock exchange(s) of all events, as specified in Part A of Schedule III of the LODR, or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information:

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:

Provided further that disclosure with respect to events specified in sub-para 4 of Paragraph A of Part A of Schedule III of the LODR shall be made within thirty minutes of the conclusion of the Board Meeting.

In terms of Regulation 30 (3) of the LODR, the Company shall make disclosure of the following events, based on application of the guidelines for materiality.

SI. No	Disclosure of events based on materiality	Criteria
1	Signing of or Commencement of New JDA/ Project	Quantitative
2	Any postponement in / delay of the Project	Quantitative

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3	Change in the general character or nature of business brought about by any arrangements for (i) strategic, (ii) technical (iii) Construction (iv) marketing tie-up, (v) adoption of new lines of business	Quantitative
4	Project launch	Quantitative
5	Awarding orders or any amendment or termination thereof, not in the normal course of business	Quantitative
6	Bagging / receiving contracts or any amendment or termination thereof, not in the normal course of business.	Quantitative
7	Agreements which are binding and not in normal course of Business and revision(s) or amendment(s) or termination(s) thereof.	Qualitative
8	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	Quantitative
9	Effect(s) arising out of change in the regulatory framework applicable to the Company	Quantitative
10	Litigation(s) /dispute(s) / regulatory action(s) against the Promoters / KMPs / Company with impact	Quantitative
11	Fraud / defaults etc. by directors (other than key managerial personnel) or employees of Company.	Qualitative
12	Options to purchase any scheme including ESOP	Quantitative
	Giving of guarantees or indemnity or becoming a surety for any third party.	Quantitative
13	Grant, withdrawal, surrender, cancellation or suspension of licenses or regulatory approval	Qualitative
14	Change of accounting policy	Qualitative
15	Emergence of new technology	Qualitative

Information for disclosure / dissemination is required to be approved by the Committee or by Chairman or Managing Director of the Company.

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In case of listed subsidiary, the holding company shall only disclose the impact of such material events / information on its operations or performance, if any, along with a reference to the link on Stock Exchange(s) website where announcement made by listed subsidiary is available.

The Company shall make disclosures of all material event(s) / information / transaction(s) or arrangement(s) with respect to its unlisted subsidiaries.

The Company shall supplement the information released to Stock Exchanges by public announcements and / or by simultaneously publishing such information on the Company's website.

In case of any ambiguity or inappropriateness in determining the materiality of an event or information, the decision of the Committee shall prevail.

7. Administrative Measures

7.1 The Committee shall be authorized for the purpose of determining materiality of an event or information as enumerated in Clause 4.2, Clause 4.3 and Clause 4.4 (basis the Guidelines mentioned in Clause 5 of the Policy) and making disclosures to the Stock Exchange.

The disclosure/dissemination of the material events/information is required to be determined and approved by the Committee or by any managing director of the Company. In case of any ambiguity or inappropriateness in determining the materiality of an event or information, the decision of the Committee shall prevail.

7.2 The Committee may also be guided by previous guidance of SEBI or comparable international Regulators about materiality, while expressing a view on whether the information is material or not.

7.3 The contact details of the members of the Committee, who shall act as the coordinator between the management and the stakeholders, shall be disclosed to the Stock Exchange and also be disseminated on the Company's website.

8. When to disclose an event/information be said to have occurred?

8.1. The disclosure would depend upon the timing when the Company became aware of the event / information. Certain disclosure depends upon the facts of each case, i.e.,

(a) at the stage of discussion, negotiation or approval, wherever required; and

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(b) upon occurrence of natural calamities, disruptions etc., where there is no such discussion, negotiation or approval required.

8.2. In the case of 8.1.(a), 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, disclosure shall be made on receipt of approval of Board of Directors pending Shareholder's approval.

8.3. In the case of 8.1.(b), the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, KMP of the Company have, or ought to have reasonably come into possession of the information in the course of the performance of their duties.

8.4. At times the preliminary information about an event is such that the Committee or the KMP of the Company cannot reasonably determine whether the information is material / price sensitive or not and may need to wait for more information or seek expert advice or conduct investigation/inquiry in order to determine the nature of the information.

In such cases, the Committee or the KMP shall be construed to have become aware of the event/information when the probable impact of the event / information becomes known/ assessable to the extent of 75% of materiality threshold and not when the impact is finally and accurately assessed.

9. Medium of disclosure/ dissemination

9.1 Disclosure/dissemination of information may be done through various media such as publication of results in Newspapers, briefings on meetings with analysts and other investor relations conferences on the Company's website and/ or press release so as to achieve maximum reach and quick dissemination.

9.2 The Company shall ensure that disclosure of information to Stock Exchanges is made promptly, by the Authorised KMPs of the Company.

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9.3 The information filed by the Company with Stock Exchanges under continuous disclosure requirement under the Regulations will also be made available on the Company's website.

Authorised persons for disclosure

Name of the KMP	Designation	Address and Telephone	e-mail
Mr. Nitesh Shetty	Chairman & Managing Director	Nitesh TimesSquare 7 th Floor, No 8, M G Road, Bangalore-560 001 +91 80 4017 4000	nitesh.shetty@niteshgroup.com
Mr. L. S. Vaidyanathan	Executive Director		Vaidyanathan.l.s@niteshestates.com
Mr. Ashwini Kumar	Executive Director & COO		ashwini.kumar@niteshestates.com
Mr. Venkateshan M A	Chief Finance Officer		venkateshan.ma@niteshestates.com
Mr. Srinivasan D	Company Secretary & Chief Compliance Officer		srinivasan.d@niteshestates.com

SCHEDULE 1

Events that have to be necessarily disclosed without applying any test of materiality are stated as follows;

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;
2. Issuance or for 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 the Company
The Company shall disclose to the exchange within 30 minutes of the closure of the meeting, held to consider the following:
 - 4.1 declaration of 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;
 - 4.2 any cancellation of dividend with reasons thereof;
 - 4.3 the decision on buyback of securities;
 - 4.4 the decision with respect to fund raising proposed to be undertaken

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- 4.5 increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - 4.6 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;
 - 4.7 short particulars of any other alterations of capital, including calls;
 - 4.8 financial results;
 - 4.9 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 Company or arrest of Key Managerial Personnel or promoter;
 7. Change in Directors, Key Managerial Personnel, 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 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;

SCHEDULE 2

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;

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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 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.

Without prejudice to the generality of the above, the Company shall make disclosure of event / information as specified by the Board from time to time.

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