

Nirlon Limited's Determination of Materiality of Events/Information (**DMEI**)  
Policy  
(Effective from March 29, 2016)\*

**I. Introduction of LODR, 2015 by SEBI and Adoption of the DMEI Policy**

i. Introduction of LODR, 2015 by SEBI

SEBI introduced Listing Obligations & Disclosure Requirements Regulations, 2015 (**LODR, 2015**) effective from December 1, 2015. The LODR, 2015 provides, inter alia, various regulations, annexures and schedules, and all listed companies are required to comply with the LODR, 2015.

ii. Adoption of the DMEI Policy

The Directors on March 29, 2016 approved the DMEI Policy in compliance with the LODR, 2015.

**II. Objectives**

In terms of Regulation 30 of the LODR, 2015, Nirlon Limited (hereinafter referred to as "**the Company**") is required to frame a Policy for determination of materiality of events/information.

The DMEI Policy for determination of materiality of events/information aims at:

- a. ensuring that all investors have equal access to important information that may affect their investment decisions;
- b. ensuring that adequate and timely information is provided to investors;
- c. avoiding establishment of a false market in the securities of the Company; and
- d. Communicating the principles of materiality based on which the Company shall make disclosures of events or information.

**III. Definitions**

- i. **Act**" means Companies Act, 2013 and any modifications and/ or any re-enactment thereof;
- ii. **Board**" means the Board of Directors of the Company from time to time;
- iii. **Company**" or **Nirlon**" refers to Nirlon Limited;
- iv. **Regulation**", means Regulation 30 of the LODR, 2015 and any modification and amendment thereto.
- v. **Schedule**" means a schedule annexed to the Listing Regulations;
- vi. **Stock Exchange**" means a recognised stock exchange as defined

- under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956; and
- vii. **“Subsidiary(s)”** shall mean subsidiaries of the Company as defined under the Act.
  - viii. **“SEBI (LODR) Regulations, 2015”/“LODR,2015”** means Listing Obligations and Disclosure Requirements Regulations, 2015 as notified by the Securities and Exchange Board of India on September 02, 2015 effective from December 01, 2015, and any modification and amendment thereto;
  - ix. **“Key Managerial Personnel”** means a person defined in section 2 (51) of the Companies Act, 2013 and shall include :-
    1. Executive Director;
    2. Company Secretary; and
    3. Chief Financial Officer
  - x. **“Policy”** means determination of materiality of events/information (**DMEI**) Policy;

#### **IV. Determination of Materiality of Events and Information and Disclosure Events and Information**

##### **A. Determination of Materiality of Events and Information**

1. The Company is required to make disclosures of any events or information which, in the opinion of the Board of the Company, is material.

It is clarified that the events specified in **Para A of Part A of Schedule III** of the Regulations are deemed to be material events, and the Company is mandatorily required to make disclosure of such events. The Company is also required to make disclosure of events specified in **Para B of Part A of Schedule III** of the Regulations, based on application of the guidelines for materiality as set out in the DMEI Policy.
2. The events specified in **Para A of Part A of Schedule III** of the Regulations and as set out in **Annexure I** to the DMEI Policy shall be disclosed by the Company as applicable from time-to-time and in a manner as set out in the Regulations and the DMEI Policy.
3. For disclosing the events specified in **Para B of Part A of Schedule III** of the Regulations, the Company shall consider the following criteria for determination of materiality of an event/information:
  - a. the omission of an event or information, which is likely to result in discontinuity or alteration of an event or information already available publicly; or
  - b. the omission of an event or information which is likely to result in a significant market reaction if the said omission came to light at a later date;
  - c. Where it would be difficult to report any event including events specified in **Para B of Part A of Schedule III** of the Regulations and set out in **Annexure II** to the DMEI Policy, based on

qualitative criteria as stated in points a) and b) above, the same may be considered material for disclosure, upon meeting materiality thresholds as mentioned herein below:

- i. For events specified in **Annexure II** of the DMEI Policy, if the impact of the occurrence of such an event would exceed five (5) % of the gross standalone turnover of the Company, in the immediately preceding accounting year.
  - ii. For events specified in **Annexure II** of the DMEI Policy with respect to a Subsidiary of the Company, if the impact of the occurrence of such an event would exceed five (5) % of the gross consolidated turnover of the Company, in the immediately preceding accounting year.
  - d. In case where the criteria specified in sub-clauses (a) to (c) are not applicable, an event/information may be treated as being material if in the opinion of the Board and/or the Executive Director and the CFO of the Company, the event/information is considered material.
  - e. Following shall be the additional considerations in determining the materiality thresholds as stated above:
    - materiality to be assessed at the level of each individual disclosure requirement and, where relevant, on an aggregate basis; and
    - additional considerations to be taken into account by the Company when they are considered as plausible and objectively reasonable.
5. As specified in **Para C of Part A of Schedule III** of the Regulations, the Company shall promptly disclose 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 financial statements of the Company 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.

#### **B. Disclosure Events and Information**

1. Any event required to be reported under Regulation 30 of the Regulations shall be informed to the Executive Director or Company Secretary of the Company on an immediate basis with adequate supporting data or information to facilitate a prompt and appropriate disclosure.
2. Any other event, even if not covered under the Regulations but is potentially of a price sensitive nature, must also be informed, for further evaluation to the Company Secretary. The process of disclosure shall be in line with the process set out under the Internal Code of conduct for Regulating, Monitoring and Reporting of Trades under the SEBI (Prohibition of Insider Trading) Regulations, 2015.

3. The Executive Director and the Company Secretary of the Company shall severally be responsible and authorised for ascertaining the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the Regulations and the DMEI Policy.
4. The contact details of the persons authorised to determine materiality of events under the DMEI Policy are as follows:
  1. Mr. Rahul V. Sagar, Executive Director  
Nirlon Limited, Pahadi Village, Off the Western Express Highway, Goregaon (East), Mumbai – 400 063.  
Email id: [rahulsagar@nirlonltd.com](mailto:rahulsagar@nirlonltd.com);  
Tel no.: (022) 4028 1919; Fax no.: (022) 4028 1940
  2. Mr. Jasmin K Bhavsar, Company Secretary & Vice President (Legal)  
Nirlon Limited, Pahadi Village, Off the Western Express Highway, Goregaon (East), Mumbai – 400 063.  
Email id: [jasminbhavsar@nirlonltd.com](mailto:jasminbhavsar@nirlonltd.com)  
Tel no.: (022) 4028 1919; Fax no.: (022) 4028 1940
5. The Executive Director and the Company Secretary of the Company shall severally be responsible and authorised for dissemination of such events and information in accordance with provisions of the Regulations or any other law as may be applicable.
6. The Company shall first disclose to the stock exchange(s) all events, as specified in **Part A of Schedule III** of the Regulations, or information as soon as reasonably possible and in accordance with the provisions of the Regulations, as may be amended from time to time.
7. The disclosures made under the Regulations shall be hosted on the website of the Company ([www.nirlonltd.com](http://www.nirlonltd.com)) and simultaneously communicated to the Stock Exchanges in the permitted mode. All disclosures shall be available on the website of the Company for a period of five (5) years in accordance with the Archival Policy of the Company.

**V. Power to Remove Difficulties**

If any difficulties arise in giving effect to the provisions of DMEI Policy, the Chairman in consultation with the Board, may by an order make such provisions as it appears to be necessary or expedient for removing the difficulty by suitably amending/modifying, such provisions and such amendment/ modification shall be displayed on the website of the Company.

This is always provided that such amendment/modification shall in no event be inconsistent with the provisions of the Act.

**VI. Overriding Effects**

The DMEI Policy shall not override the Act and / or Regulation, and any amendment and/or modification to the Act / Regulation shall prevail over the DMEI Policy.

Any provision contained in the DMEI Policy to the extent to which it is inconsistent or repugnant to the provisions of the Act / Regulation shall become or be void, as the case may be.

**\* POST INTRODUCTION OF LODR, 2015 BY THE SEBI**

## ANNEXURE I TO THE DMEI POLICY

### PARA A OF PART A OF SCHEDULE III OF LODR, 2015:

(Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation (30))

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 **(5) % 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 (2) %** 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) any decision on buyback of securities;
  - d) any 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 the arrest of key managerial personnel or promoter;
  7. Change in directors, key managerial personnel (Executive Director, Company Secretary, Chief Financial Officer 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 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.

## **ANNEXURE II TO THE DMEI POLICY**

(Illustrative list of events which shall be disclosed upon application of the guidelines for materiality)

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 a 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, confirming/receiving, amendment or termination of awarded/confirmed 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 the 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 divisions 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.