

POLICY ON DETERMINATION OF MATERIALITY
OF THE COMPANY
ITL FINLEASE & SECURITIES LIMITED

*[Pursuant to Regulation 30 of Securities and Exchange Board
of India, (Listing Obligations and Disclosure Requirements)
Regulations, 2015]*

POLICY STATEMENT

In an endeavor to promote transparency and to enable the investor to take well-informed decision thereby providing a vision to the listed entities to clearly outline a methodology for determination of material events, the Securities and Exchange Board of India (hereinafter referred as “SEBI”) has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that cast a responsibility on every listed company to have a policy on determination of material events and disclosures thereof.

The Policy outlines the guidelines to be followed by ITL Finlease & Securities Limited (hereinafter referred as “the Company”) for the consistent, transparent, regular and timely public disclosure and dissemination of material events/information. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and strives to disseminate factual, timely and accurate disclosures in terms of applicable statutes.

OBJECTIVE OF POLICY

- The policy has been framed with the objective of providing adequate and appropriate disclosures that are consistent with the facts of the material events.

- While making any disclosures, it shall be company's endeavor to refrain from misrepresentation and to ensure that the information provided to recognized Stock Exchange(s) and investors is not misleading.
- The Company shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and governance of the Company, in the following manner:
 - (i) Information shall be prepared and disclosed in accordance with the prescribed standards of accounting, financial and non-financial disclosure;
 - (ii) Channels for disseminating information shall provide for equal, timely and cost efficient access to relevant information by users;
 - (iii) Minutes of the meeting shall be maintained explicitly recording dissenting opinions, if any.

The policy is intended to ensure the determination of materiality of an events/information and reporting of transactions thereof. The policy regulates:

- The events prescribed in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- The aspects for determining the materiality of the events/information;
- The procedure governing the disclosure of the events that are deemed to be material;
- The decisions pertaining to the instances when the material events have occurred and the time frame within which the information is to be disclosed.

DEFINITIONS

- i. **“Company”** means ITL Finlease & Securities Limited;
- ii. **“Board”** means the board of directors of ITL Finlease & Securities Limited;
- iii. **“Listing Regulations”** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- iv. **“Policy”** means this Policy on Determination of Materiality of ITL Finlease & Securities Limited;
- v. **“SEBI Circular”** means the Circular issued by SEBI bearing Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015;
- vi. **“Schedule III”** means Schedule III of the Securities and Exchange Board of India, (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Any other term not defined herein shall have the same meaning as prescribed to it under the Companies Act, 2013, Listing Agreement, Listing Regulations framed by the Securities Exchange Board of India or any other relevant regulation/legislation applicable to the Company.

INTERPRETATION:

In this document, unless the contrary intention appears:

- a) The singular includes the plural and vice versa;
- b) Any word or expression importing the masculine, feminine or neuter genders only, shall be taken to include all three genders.

REFERENCES:

Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.

COMPLIANCE OFFICER:

The Company Secretary of the Company shall be the Compliance Officer of the Company.

EFFECTIVE DATE:

This policy is effective from 1st December, 2015.

MATERIALITY

In a business parlance, **Materiality** is a concept or convention within auditing, accounting, and securities regulation relating to the importance/significance of an amount, transaction, or discrepancy.

BASIC CRITERIA FOR DETERMINING MATERIALITY

The Company shall consider the following criteria for determining the materiality of the events:

- a) Any omission/misstatement of an event or information which is likely to influence the commercial and economic decision of the stakeholders or result in discontinuity/alteration of an event or information already available publicly; or
- b) Any omission/misstatement of an event or information which if comes into limelight at a future date would result in significant market reaction;

AUTHORITY AND RESPONSIBILITY

The Compliance Officer, as designated by the Board of the Company in this behalf, shall be responsible for determining the materiality of an event/information and to deal with the dissemination of information and disclosure of any material event or information covered under this Policy to the Stock Exchange, where the shares of the Company are listed, as well as hosting the said event or information on the website of the Company simultaneously.

DISCLOSURES COVERED BY THIS POLICY:

The Company shall make timely disclosure of events which are material in nature in terms of this Policy to the stock exchange where the shares of the Company are listed. The events/information are broadly classified as follows:

- (a) Events/information as mentioned in Part-I of this policy covers the aspects laid down in Para A of Part A of Schedule III of the Listing Regulations read with Part A of the SEBI Circular bearing no. CIR/CFD/CMD/4/2015 dated September 09, 2015 shall be considered as material and the company is required to make mandatory disclosures to the Stock Exchanges within the stipulated time period;

- (b) Events/information as mentioned in Part-II of this policy covers the aspects laid down in Para B of Part A of Schedule III of the Listing Regulations read with Part A of the SEBI Circular bearing no. CIR/CFD/CMD/4/2015 dated September 09, 2015 are needed to be verified on the test of materiality. Based on the materiality, the Company shall make mandatory disclosure of such events and information.

PART I: Material Events needed to be disclosed without any application of the guidelines for materiality

- a) Acquisitions (including agreement to acquire), Scheme of Arrangement (amalgamation/ merger/ demerger/restructuring), or sale or disposal of any unit, division or subsidiary of the listed entity or any other restructuring.
- b) 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.
- c) Revision in Ratings.
- d) Agreements (viz. shareholder agreement, joint venture agreement, family settlement agreement (to the extent that it impacts management and control of the listed entity), agreement treaty/contract with media companies) which are binding and not in normal course of business, revision or amendment and termination thereof.
- e) Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
- f) Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.) Auditor and Compliance Officer.
- g) Appointment or discontinuation of share transfer agent;
- h) Corporate debt restructuring.
- i) One time settlement with a bank.
- j) Reference to BIFR and winding-up petition filed by any party/creditors.
- k) 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 listed entity.
- l) Proceedings of Annual and extraordinary general meetings of the listed entity.
- m) Amendments to memorandum and articles of association of listed entity, in brief.
- n) Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors;

As regards each of the above matters, the Company shall, within the stipulated time frame, make the requisite Disclosures of the mandated information/ details, to the Stock Exchange(s), where the shares of the Company are listed.

PART II: Other Events that needed to be disclosed upon clearing the test of materiality

The below mentioned are the other events whose materiality shall be determined as per the criteria specified in this Policy. The Compliance officer of the Company shall be responsible for determining the materiality of the other events in consultation with the Managing Director of the Company:

- a) Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
- b) 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).
- c) Capacity addition or product launch.
- d) Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
- e) Agreements (viz. loan agreement (as a borrower) or any other agreement which are binding and not in normal course of business) and revision or amendment or termination thereof.
- f) Disruption of operations of any one or more units or division of the listed entity due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
- g) Effect arising out of change in the regulatory framework applicable to the listed entity
- h) Litigation/dispute/regulatory action with impact.
- i) Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
- j) Options to purchase securities including any ESOP/ESPS Scheme.
- k) Giving of guarantees or indemnity or becoming a surety for any third party.
- l) Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- m) Any event or the information which comes in the knowledge of the Compliance officer, though not covered above but has material effect on the operations of the Company will be adequately disclosed to the Stock Exchange. In the event the Compliance Officer of the Company, as authorized by the Board in this behalf is not sure about whether a particular event constitutes a material event or not for the Company, he/she should immediately consult the Board of Directors/ Audit Committee in order to clarify the situation.

As regards the above mentioned events, the “materiality” shall be tested on the basis of parameters, as enumerated in the preceding paragraphs and relevant disclosures shall be made to the Stock Exchange(s), where the shares of the Company are listed.

MANNER OF DISCLOSURES OF MATERIAL INFORMATION

The disclosure and communication of the material events and information shall be addressed in a clear and precise manner. The Compliance Officer of the Company will furnish prompt and accurate reply to the stock exchange on the queries raised by the stock exchange in relation to any events or information disclosed to it.

The access to all the disclosures made by the Company to stock exchange(s) will also be made available on the website of the Company at www.itlfinlease.com. Any material developments in the events disclosed to the stock exchange shall also be disclosed in the requisite time frame.

PROCESS OF DISCLOSURES OF MATERIAL INFORMATION

In case any Functional Head becomes aware of any material event/information about the Company, then as per Schedule III of the Listing Regulations, the said Functional Head shall inform the Compliance Officer of the Company.

If the said event/information is covered under Part-I of this Policy then the Compliance Officer shall take all requisite measures to disseminate the information to the Stock Exchanges within the stipulated time period.

If the said event/information is covered under Part-II of this Policy then the Compliance Officer would determine in consultation with the of the Company, whether the said event/ information is required to be disclosed to the Stock Exchange(s) or not, in terms of the criteria laid down in this Policy read with the Listing Regulations.

Thereafter, the concerned Compliance Officer will prepare the content of the disclosure and make the adequate disclosure of the said event/information to the stock exchange as per the timeframe defined in this Policy. Subsequently, the said disclosures are required to be taken on record by the Board.

TIMELINE FOR DISCLOSURE OF MATERIAL EVENTS

- **PRIOR INTIMATIONS:** With regard to the following events, the prior intimation is required to be given by the Company to the Stock Exchanges:
 - a) ***For Financial Results:*** At least 5 days advance notice (*excluding the date of intimation and date of meeting*) before consideration of Financial Results of the company;
 - b) ***For Corporate Actions:*** At least 2 working days advance notice (*excluding the date of intimation and date of meeting*) for considering the proposals related to buyback of securities, voluntary delisting, fund raising including determination of issue price;
 - c) ***For alteration in the date of payment of interest or nomenclature of the specified securities:*** At least 11 working days' advance notice for considering the proposals pertaining to:
 - (i) Change in nomenclature of any of the securities listed on the Stock Exchange;
 - (ii) Alteration in the date on which,
 - the interest is required to be paid on debentures or bonds;
 - the redemption amount is required to be paid on redeemable shares or debentures or bonds.

- **OUTCOMES OF BOARD MEETINGS WITHIN 30 MINUTES:** In respect of the following events, the disclosure by the Compliance Officer shall be made within 30 minutes of the closure of the meeting of the Board held to consider the following events:
 - 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 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 listed entity from stock exchanges.

- **DISCLOSURE WITHIN 24 HRS OF THE CONCLUSION OF THE MEETINGS:** The Company will disclose all the material events or information concerning its affairs to the Stock Exchange within 24 hours of the conclusion of the meeting of both, the Board of Directors of the Company and the shareholders of the Company where the said event has been discussed or approved or the Board of Directors/ Members of the Company, as the case may be.
- **REPLY TO THE CLARIFICATIONS SOUGHT BY STOCK EXCHANGES:** In respect of the clarification sought by the Stock Exchanges in relation to any events or information disclosed, the Compliance Officer of the Company will furnish reply to the stock exchange within 2working days. .

DELAY IN DISCLOSING MATERIAL INFORMATION

In certain unavoidable circumstances or for maintaining confidentiality for a limited period of time till the transactions gets finalized, the Company might delay in disclosing the material event/information to the stock exchange, in that case the disclosure regarding delay in disclosing the material event/ information along with the reasonable explanation and clarification will be disseminated to the stock exchange by the Compliance Officer of the Company.

REVIEW OF THE POLICY

This policy shall be subject to review by the Board as may be deemed necessary and in accordance with any regulatory amendments.