

POLICY ON DETERMINATION OF MATERIALITY OF EVENTS/ INFORMATION



SUMEDHA
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POLICY ON CRITERIA FOR DETERMINING MATERIALITY OF EVENTS

1. LEGAL FRAMEWORK

This Policy for Determination of Materiality of Events or Information is aimed at providing guidelines to the management of Sumedha Fiscal Services Limited, to determine the materiality of events or information, which could affect investment decisions and ensure timely and adequate dissemination of information to the Stock Exchange(s) (as hereinafter defined).

This Policy has been formulated in accordance with the current guidelines laid down by Securities Exchange Board of India under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), with respect to disclosure of events and information.

Pursuant to the SEBI Listing Regulations issued on September 2, 2015, the Board of Directors approved the "Policy for Determination of Materiality of Events or Information". The Board shall review, and if found required, may amend this Policy from time to time.

2. OBJECTIVE

The objective of this Policy is to serve as a guiding charter to the management to ensure that timely and adequate disclosure of events or information are made to the investor community by the Company under the SEBI Listing Regulations, to enable them to take well informed investment decisions with regard to the securities of the Company. Further, to assist the employees of the Company in identifying any potential material event or information and reporting the same to the person(s) responsible for disclosure.

3. DEFINITION

- a. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- b. "Acquisition" shall mean-
 - a. acquiring control of the Company, whether directly or indirectly; or
 - b. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –
 - i. the Company holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company; or

- ii. there has been a change in holding from the last disclosure made under sub-clause (i) of clause (b) above and such change exceeds two per cent of the total shareholding or voting rights in the said company.
- iii. the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.
- c. “Board” means the Board of Directors of the Company.
- d. “Company” means Sumedha Fiscal Services Limited.
- e. “Designated securities” means-
 - Specified securities;
 - Non-convertible debt securities;
 - Non-convertible redeemable preference shares;
 - Perpetual debt instrument;
 - Perpetual non-cumulative preference shares;
 - Indian Depository Receipts;
 - Securitised debt instruments;
 - Security receipts;
 - Units issued by mutual funds;
 - Zero Coupon Zero Principal Instruments and
 - Any other securities as may be specified by the Securities and Exchange Board of India;
- f. “Key Managerial Personnel” mean key managerial personnel as defined under sub-section (51) of Section 2 of the Companies Act, 2013.
- g. “Listing Regulations” mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- h. “Policy” means this Policy, as amended from time to time.
- i. “Sale or disposal of subsidiary” and “sale of stake in associate company” shall include-
 - (i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the Company; or
 - (ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.
- j. “SEBI” means the Securities and Exchange Board of India.
- k. “Rules” means the rules made under the Companies Act, 2013.
- l. “Stock Exchange(s)” means Exchange, where the Equity Shares of the Company are listed.

- m. “Undertaking” and “substantially the whole of the undertaking” shall have the same meaning as given under section 180 of the Companies Act, 2013.”

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 or Listing Regulations as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. KEY PRINCIPLES IN DETERMINING MATERIALITY

The Regulations, 2015 divide the events that need to be disclosed broadly in two categories. The events that have to be necessarily disclosed without applying any test of materiality are indicated in Para A of Part A of Schedule III of the Listing Regulations. Para B of Part A of Schedule III indicates the events that should be disclosed by the Company, if considered material.

5. EVENTS WHICH ARE DEEMED TO BE MATERIAL EVENTS

The Company shall disclose all such events which are specified in Para A of Part A of Schedule III of the Listing Regulations (as applicable from time to time) without any application of the guidelines for materiality as specified in sub-regulation (4) of Regulation 30 of the SEBI Listing Regulations.

6. EVENTS WHICH ARE DEPENDENT ON APPLICATION OF GUIDELINES FOR MATERIALITY

The Company shall disclose all such material events pertaining to itself or its subsidiary(ies), specified in Para B of Part A of Schedule III of the Listing Regulations subject to application of guidelines for materiality.

GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION:

Quantitative Criteria

An event or information, shall be considered material, where the value or the expected impact in terms of value, of event or information or omission thereto, exceeds any of the following:

- (a) 2% of the Gross Turnover as per latest Audited Financial Statements; or
- (b) 2% of the Net Worth as per latest Audited Financial Statements; or
- (c) 5% of three - year average of absolute value of profit/loss after tax, as per the last three Audited Standalone Financial Statements.

Dissemination or Communication to public through social media intermediaries / mainstream media / news channel / otherwise by the Company's official(s), being directors, promoters, key managerial personnel or senior management personnel, in

relation to any event or information which is material in terms of regulation 30 of Listing Regulations and is not already made available in the public domain by the Company, shall be disseminated after giving due intimation to Stock Exchanges.

Qualitative Criteria would mean an event/ 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; or

In case where the criteria specified above is not applicable, an event or information may be treated as being material if in opinion of the Board of Directors of the Company, the event or information is considered material.

7. TIMELINES FOR DISCLOSURE OF MATERIAL EVENT OR INFORMATION

An event or information, required to be disclosed in terms of this policy, or in terms of Regulation 30 of the SEBI Listing Regulations, shall be disclosed, within following timelines:

- thirty minutes from the closure of the meeting of the board of directors, in which the decision pertaining to the event or information has been taken; or

“Provided that in case the meeting of the board of directors closes after normal trading hours of that day but more than three hours before the beginning of the normal trading hours of the next trading day, the Company shall disclose the decision pertaining to the event or information, within three hours from the closure of the board meeting:

Provided further that in case the meeting of the board of directors is being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of such meeting for the day on which it has been considered.”

- twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company; or
- twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.

Provided that if all the relevant information, in respect of claims which are made against the Company under any litigation or dispute, other than tax litigation or dispute, in terms of sub-paragraph 8 of paragraph B of Part A of Schedule III, is maintained in the structured digital database of the Company in terms of provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the disclosure with respect to such claims shall be made to the stock exchange(s) within seventy-two hours of receipt of the notice by the Company.

Without prejudice to the above, disclosure with respect to events for which timelines have been specified in Part A of Schedule III of the SEBI Listing Regulations, shall be made within such timelines.

Explanation: Normal trading hours shall mean time period for which the recognized stock exchanges are open for trading for all investors

8. ANY OTHER INFORMATION / EVENT WHICH IS TO BE DISCLOSED BY THE COMPANY

The Company shall disclose major developments that are likely to affect business 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.

9. GUIDELINES ON OCCURRENCE OF AN EVENT / INFORMATION

The occurrence of material event/information would be either by the Company's own accord or not in the hands of the Company. It can be categorized as under:

- a. depends upon the stage of discussion, negotiation or approval; and
- b. in case of natural calamities, disruptions etc., it would depend upon the timing when the Company became aware of the event/information.

In respect of the events under Serial 9(a) above, the events/information can be said to have occurred upon receipt of approval of Board, e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board 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, pending Shareholder's approval.

In respect of the events under Serial 9(b) above, the events/information can be said to have occurred when the Company becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

The term 'officer' shall have the same meaning as defined under the Act and shall also include Promoter of the Company.

10. AUTHORIZE KEY MANAGERIAL PERSONNEL (KMP) FOR THE PURPOSE OF DETERMINING MATERIALITY OF AN EVENT OR INFORMATION AND FOR THE PURPOSE OF MAKING DISCLOSURES TO STOCK EXCHANGE

The following KMPs are hereby severally authorized by Board of Directors for the purpose of determining materiality of an event or information and for the purpose of making disclosures to Stock Exchange(s) ("Authorized Person(s)");

- a. Wholetime Director.
- b. Chief Financial Officer in consultation with Wholetime Director.
- c. Company Secretary in consultation with Wholetime Director & CFO.

The materiality of events outlined above are indicative in nature. There may be a likelihood of some unforeseen events emerging due to the prevailing business scenario from time to time. Hence, the relevant Authorized Persons should exercise his/her own judgement while assessing the materiality of events associated with the Company. In case the relevant Authorized Person perceives any doubt regarding materiality he/she may consult Chairman before disclosing the information to the Stock Exchange(s).

Details of above KMPs shall be also disclosed to the Stock Exchange(s) and as well as on Company's website.

11. RESPONSIBILITY ON EMPLOYEES OTHER THAN AUTHORISED PERSONS

The Employees of the Company shall be under an obligation, to disclose to the Authorized Persons mentioned above, any event or information, for which they have knowledge, and which may be deemed to be material in terms of this policy.

The Authorized persons shall, in turn determine the materiality of such event or information, according to provisions of this Policy and SEBI Listing Regulations, make necessary disclosures to the Stock Exchange, if required.

12. DISCLOSURE OF EVENTS /INFORMATION

The Authorized persons of the Company shall observe the following criteria for proper and timely disclosure of any material events/ information:

- a) The events/ information specified in Para A of Part A of Schedule III of Listing Regulations shall be deemed to be material events/ information and the same shall be disclosed without applying any test of materiality;
- b) The events/ information specified in Para B of Part A of Schedule III of Listing Regulations shall be considered material if such events/ information qualifies the test of materiality specified in Clause 6 of this policy and the same shall be disclosed if considered material;
- c) Any events/ information which are not covered in point a) and b), but which are considered material, in the opinion of the Board of Directors, the same shall be disclosed by the Company at the appropriate stage;
- d) All above disclosures shall be made within the timelines as specified in Clause 7 of this policy or as specified in Listing Regulations, as applicable;
- e) The Company shall make disclosures, updating material developments in the event/information covered above, on a regular basis, till such time the event/information is resolved/closed, with relevant explanations.

13. DISCLOSURE REQUIREMENTS FOR CERTAIN TYPES OF AGREEMENT BINDING THE COMPANY

All the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel and employees of the Company or of its holding, subsidiary and associate company, who are parties to the agreement¹, shall inform the Company about the agreement to which the Company is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements.

¹Explanation: Agreement means agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or impose any restriction or create any liability upon the Company, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements.

Provided that such agreements entered into by the Company in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the Company or they are required to be disclosed in terms of any other provisions of the Listing regulations.

14. AMENDMENTS AND LIMITATION

This policy will be reviewed by the Board of Directors of the Company as they deem necessary. Any change in the Policy shall be approved by the Board of Directors of the Company or its Committee. The Board of Directors or its Committee (as may be authorized by the Board of Directors in this regard) shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board of Directors in this respect shall be final and binding. Any subsequent amendment/modification in the Listing Regulations, Companies Act, 2013 or the Rules framed thereunder and/or any other laws in this regard shall automatically apply to this Policy. Further, in the event of any conflict between the provisions of this Policy and the Companies Act, 2013 or any other statutory enactments or rules and SEBI Listing Regulations, the provisions of Companies Act, 2013 or statutory enactments or Rules made thereto, and SEBI Listing Regulations shall prevail over this Policy.

15. INTERPRETATION

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the law, rule, regulation or standard.

16. DISSEMINATION OF POLICY

This Policy shall be hosted on the website of the Company at *www.sumedhafiscal.com*.