

***POLICY FOR DETERMINATION OF
MATERIALITY***

Approved by the Board of Directors at its meeting held on April 19, 2023

Background

Five-Star Business Finance Limited (“**Company**”) is committed to being open and transparent with all stakeholders and believes in disseminating information in a fair and timely manner.

Pursuant to Regulation 30 read along with Part A and Part B of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**LODR Regulations**”) the Board of Directors (“**Board**”) has adopted this Policy for determination of materiality (“**Policy**”) so that such events / information can be promptly disclosed to the stock exchanges, as per the regulations.

This Policy is effective from the date of listing of securities of the Company.

Definitions

In this Policy, unless the context requires otherwise:

“**Board**” shall mean the Board of Directors of the Company;

“**Chief Financial Officer**” shall mean the person heading, responsible and for discharging the finance function of the Company as disclosed by it to the recognized stock exchange(s) in its filing under the LODR Regulations;

“**Companies Act**” shall mean the Companies Act, 2013, as amended;

“**Key Managerial Personnel**” or “**KMP**” pursuant to section 2(51) of the Companies Act shall include the following persons:

- 1.the Chief Executive Officer or the Managing Director or the manager;
- 2.Company Secretary;
- 3.Whole-Time Directors;
- 4.such other officers, not more than one level below the directors who is in whole-time employment, designated as Key Managerial Personnel by the Board; and
- 5.such other officer as may be prescribed by the applicable laws.

“**Officer**” includes any Director, Manager or Key Managerial Personnel or any person in accordance with whose directions or instructions the Board of Directors or any one or more of the Directors is or are accustomed to act and includes Promoter of the Company;

“**Promoter**” and “**Promoter Group**” shall have the same meaning as assigned to them respectively in clauses (oo) and (pp) of sub-regulation (1) of Regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; and

“**Subsidiary**” means a subsidiary as defined under sub-section (87) of section 2 of the Companies Act.

All other words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

Objectives of the Policy

The objectives of this Policy are as follows:

- a) To ensure that the Company complies with the disclosure obligations of a listed company laid down by the LODR Regulations, various securities laws and any other applicable laws (in India and overseas);
- b) To ensure that the information disclosed by the Company is timely, transparent and continuous till the termination of the specific event or information;
- c) To ensure that to the best of the knowledge of the management, the corporate documents and public statements are accurate and do not contain any misrepresentation;
- d) To protect the confidentiality of material/price sensitive information within the context of the Company's disclosure obligations;
- e) To provide a framework that supports and fosters confidence in the quality and integrity of information released by the Company; and
- f) To ensure uniformity in the Company's approach to disclosures, raise awareness and reduce the risk of selective disclosures.

Type of Information

The events or information which will be necessary to be disclosed to the Stock Exchanges are divided into three categories as specified in Part A of Schedule III of the SEBI LODR Regulations.

- a) Certain information would be *per se* material information as per the LODR Regulations. The details of these *per se* disclosures are attached in **Annexure 1** to this Policy.
 - Besides *per se* material information, an event/information, would be deemed as material information as per the criteria prescribed by SEBI from time to time.
- b) In some cases, to ascertain materiality, thresholds as prescribed in this Policy, cannot be applied, the KMPs, in such cases, shall frame their opinion on a case to case basis, based on specific facts and circumstances relating to the information/event and while doing so, it may consider, among other factors, the following factors:
 - Whether there would be any direct or indirect impact on the reputation of the Company;
 - Whether non-disclosure can lead to creation of false market in the securities of the Company;
 - Whether there would be a significant impact on the operations or performance of the Company; or
 - Whether the omission of an event or information which is likely to result in a discontinuity or alteration of an event or information already available publicly.

Provided that any confidential information which if disclosed is likely to put at risk the business interest of the Company shall not be disclosed. The Company to that extent shall make qualified disclosure to the stock exchanges. The details of disclosures to be made based on this Policy are attached in **Annexure 2**.

Person(s) Responsible for Disclosure

The Key Managerial Personnel consisting of the Managing Director, the Whole-time Director, the Chief Financial Officer and the Company Secretary of the Company, shall jointly and severally be the authority to determine the materiality of any information, classify it as a material information, decide the appropriate time at which disclosure is to be filed with the stock exchanges and details

that may be filed in the best interest of present and potential investors. The objective of this Policy is to lay down the criteria for determination of materiality of events and information that need to be disclosed to the stock exchanges in a timely manner and other matters related thereto.

“**Authorized Person(s)**” shall include Managing Director, Chief Financial Officer, and Company Secretary of the Company.

The Authorized Person(s) shall have the following powers and responsibilities for determining the material events or information:

- a) To review and assess an event or information that may qualify as ‘material’ and may require disclosure, on the basis of facts and circumstances prevailing at a given point in time.
- b) To determine the appropriate time at which the disclosures are to be made to the stock exchanges based on an assessment of actual time of occurrence of an event or information.
- c) To disclose developments that are material in nature on a regular basis, till such time the event or information is resolved/closed, with relevant explanations.
- d) To consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the LODR Regulations and determine the materiality, appropriate time, and contents of disclosure for such matters.
- e) To disclose all events or information with respect to the subsidiaries which are material for the Company.

Obligations of Internal Stakeholders and Authorized Person for disclosure

- a) Any event or information, including the information forming part of Annexure 1 and Annexure 2 to the Policy shall be forthwith informed to the Authorized Person(s) upon occurrence, with adequate supporting data/information, to facilitate a prompt and appropriate disclosure to the stock exchanges.
- b) The Authorized Person will then ascertain the materiality of such event(s) or information based on the above guidelines.
- c) On completion of the assessment, the Authorized Person shall, if required, make appropriate disclosure(s) to the stock exchanges.

Policy Review

The Authorized Persons may review the Policy from time to time. Material changes to the Policy will need the approval of the Board. Should there be any inconsistency between the terms of the Policy and the LODR Regulations, the provisions of the LODR Regulations shall prevail.

Any amendments to the LODR Regulations shall mutatis mutandis be deemed to have been incorporated in this Policy.

Website

As per the provisions of the LODR Regulations, the Policy shall be disclosed on the website of the Company. Further, the Company shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under the LODR Regulations and such disclosures shall be made available on the website of the Company for a period of five years and thereafter as per the documentation retention and archival policy of the Company.

Company Secretary

Questions or clarifications about the Policy or disclosures made by the Company should be referred to the Company Secretary, who is in charge of administering, enforcing and updating this Policy.

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

ANNEXURE 1

Indicative list of events to be disclosed under the Regulations

The following events should be disclosed immediately on occurrence. This is an inclusive list and shall act only as a guidance document.

Events or information that are to be disclosed WITHOUT any application of Materiality Guidelines listed in the Policy

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 listed entity or any other restructuring.
Explanation: For the purpose of this sub-para, the word 'acquisition' shall mean-
 - a) acquiring control, 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 of clause (ii) of the explanation to this sub-para and such change exceeds two per cent 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. Agreements [viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s)] to the extent that it impacts management and control of the listed entity, [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.
5. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
6. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
7. In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the company to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor
8. In case of resignation of independent director of the Company including reasons for resignation within seven days from the date of resignation, the following disclosures shall be made to the stock exchange by the Company:
 - a) the letter of resignation along with detailed reasons for resignation as given by the said director
 - b) Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 - c) The independent director shall, along with the detailed reasons, also provide a confirmation that there are no other material reasons other than those provided.
 - d) The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.
9. Appointment or discontinuation of share transfer agent.
10. Resolution plan/Restructuring in relation to loans/borrowings from banks/financial institutions

including the following details:

- (i) Decision to initiate resolution of loans/borrowings;
 - (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
 - (iii) Finalization of Resolution Plan;
 - (iv) Implementation of Resolution Plan;
 - (v) Salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders.
11. One time settlement with a bank.
 12. Reference to BIFR and winding-up petition filed by any party / creditors.
 13. Issuance of Notices, call letters, resolutions and circulars sent to shareholders, debentureholders or creditors or any class of them or advertised in the media by the listed entity.
 14. Proceedings of annual and extraordinary general meetings of the listed entity.
 15. Amendments to memorandum and articles of association of listed entity, in brief.
 16. Schedule of analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;
 17. Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:
 - (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier.
 - (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls.
 18. The following events in relation to the corporate insolvency resolution process (“**CIRP**”) of a listed corporate debtor under the Insolvency & Bankruptcy Code, 2016 (“**Insolvency Code**”):
 - i. Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
 - ii. Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
 - iii. Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
 - iv. Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
 - v. List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - vi. Appointment/ Replacement of the resolution professional;
 - vii. Prior or post-facto intimation of the meetings of committee of creditors;
 - viii. Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - ix. Number of resolution plans received by resolution professional;
 - x. Filing of resolution plan with the tribunal;
 - xi. Approval of resolution plan by the tribunal or rejection, if applicable;
 19. Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:
 - (a) Pre and Post net-worth of the company;
 - (b) Details of assets of the company post CIRP;
 - (c) Details of securities continuing to be imposed on the companies’ assets;
 - (d) Other material liabilities imposed on the company;
 - (e) Detailed pre and post shareholding pattern assuming 100% conversion of convertible

- securities;
- (f) Details of funds infused in the company, creditors paid-off;
 - (g) Additional liability on the incoming investors due to the transaction, source of such funding etc;
 - (h) Impact on the investor – revised P/E, RONW ratios etc.;
 - (i) Names of the new promoters, key managerial persons(s), if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
 - (j) Brief description of business strategy.
20. Approval of resolution plan by the Tribunal or rejection, if applicable;
21. Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
22. Quarterly disclosure of the status of achieving the MPS;
23. The details as to the delisting plans, if any approved in the resolution plan.
24. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called),the following disclosures shall be made to the stock exchanges by listed entities:
- a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
 - b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any.

Note: If the Company is not in a position to inform the stock exchanges within 24 hours of the decision taken at the Board Meeting, then it shall inform the stock exchanges as soon as it is possible with an explanation as to reason for delay in disclosing the said information.

Further, the following disclosures shall be made within 30 minutes of the outcome of the meeting of the Board where they considered:

- 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; and
- i) Decision on voluntary delisting by the Company from stock exchange(s).

ANNEXURE 2

Events or Information that are to be disclosed based on Materiality Guidelines listed in the Policy

1. Commencement or any postponement in the date of commencement of any project.
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 such as product launch, signing of definitive JDA, JV etc.
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged 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 normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
6. Disruption of operations of any one or more projects or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Impact on financial, operational, strategic or reputation arising out of change in the regulatory framework.
8. Litigation(s) / dispute(s) / regulatory action(s) with that impacts the financial, operational, strategic or reputation of the Company.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving significant guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key/material licenses or regulatory approvals.

Any other information /event viz. 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 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.

Without prejudice to any of the above, the Company may make disclosures of event/information as specified by the Board or Securities Exchange Board of India from time to time.