

***POLICY FOR DETERMINATION OF
MATERIALITY***

Approved by the Board at its meeting held on January 31, 2025

1. 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.

2. Definitions

In this Policy, unless the context requires otherwise, the words, terms, expressions and derivations used, shall have the meaning given in the LODR Regulations.

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

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

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

“**Key Managerial Personnel**”/“**KMP**” means personnel as defined under Section 2(51) the Companies Act, 2013 read with the rules and regulations issued thereunder, as amended from time to time.

“**Material Event**” or “**Material Information**” shall mean such event or information as set out in this Policy or as may be determined in terms of Clause 4 of this Policy. In this Policy, the words, “material” and “materiality” shall be construed accordingly.

“**Promoter**” shall have the meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time (“**ICDR Regulations**”).

“**Promoter Group**” shall have the meaning assigned to it under the ICDR Regulations.

“**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, SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015, 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.

3. 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 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.
- c) To ensure that the information disclosed by the Company is timely, transparent and continuous till the termination of the specific event or information;
- d) 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;

- e) To protect the confidentiality of material/price sensitive information within the context of the Company's disclosure obligations;
- f) To provide a framework that supports and fosters confidence in the quality and integrity of information released by the Company; and
- g) To ensure uniformity in the Company's approach to disclosures, raise awareness and reduce the risk of selective disclosures.

4. Guidelines for Determining Materiality of Events or Information

- a) Events or information specified in Para A of Part A of Schedule III to the LODR Regulations, shall be deemed to be material. Such events shall be disclosed without any application of the guidelines for materiality.
- b) In respect of events or information specified in Para B of Part A of Schedule III to the LODR Regulations, the following criteria shall be applied for determination of materiality:-
 - (i) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
 - (ii) 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
 - (iii) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:-
 - (a) 2% of turnover, as per the last audited consolidated financial statements of the Company;
 - (b) 2% of net worth, as per the last audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
 - (c) 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company;
 - (iv) for the purpose of determining the materiality in terms of this Policy, the relevant employees, as defined herein, may identify any potential material event or information and reporting the same to the Authorized Persons, in terms of sub-regulation (5) of Regulation 30, for determining the materiality of the said event or information and for making the necessary disclosures to the stock exchange(s). For the purpose of this Policy, Relevant Employees shall mean such employee as identified by Managing Director of the Company.

The Company to that extent shall make qualified disclosure to the stock exchanges.

- (v) In case where the criteria specified in sub -clauses (i), (ii) and (iii) is not applicable , an event or information may be treated as being material if in the opinion of the Board of Directors of the Company, the event or information is considered material:

Provided that any continuing event or information which becomes material pursuant to notification of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 (Amendment Regulations) shall be disclosed by the Company within thirty days from the date of coming into effect of the Amendment Regulations.

- c) 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,

any of 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;
- d) 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 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.
- e) Without prejudice to the generality of para (a), (b) and (c) above, the Company may make disclosures of event/information as specified by SEBI from time to time.

5. Disclosures of Events or Information

- a) The Company shall disclose to the stock exchange(s) all the events or information as specified in Clause III above, within such time as specified in the LODR Regulations.
- b) The Company shall make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- c) All the above disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter archived as per the Archival Policy of the Company.
- d) The Company shall disclose all events or information with respect to subsidiaries which are material for the Company.
- e) In case an event or information is required to be disclosed by the Company in terms of the provisions of the LODR Regulations, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

6. Authorisation of Key Managerial Personnel

The Key Managerial Personnel consisting of the Managing Director, the Chief Executive Officer, Chief Financial Officer and the Company Secretary of the Company, shall jointly and severally be the authority to determine the materiality of any information subject to the provisions of this policy, classify it as a material information, decide the appropriate time (*based on occurrence/happening or not happening of events/receipt of information etc.*) 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.

7. Responsibilities of Authorised Persons/Relevant Employees

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 Relevant employees 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 no later than timelines and in the manner provided under provisions of SEBI LODR Regulations and any circulars issued by SEBI in this regard.

8. Response to Stock Exchange

The Company shall provide a specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information. Provided that the stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable.

9. Response to information in the Mainstream Media

The Company shall, to the extent required under the provisions of LODR Regulations, confirm, deny or clarify upon the material price movement as may be specified by the stock exchanges any reported event or information in the Mainstream Media which is not general in nature and which indicates that rumours of an impending specific event or information in terms of the provisions of this regulation are circulating amongst the investing public, as soon as reasonably possible and not later than twenty-four hours from trigger of material price movement.

If the Company confirms any reported event or information, then it shall also provide the current stage of such event or information.

The promoter, director, key managerial personnel or senior management of a listed entity shall provide adequate, accurate and timely response to queries raised or explanation sought by the Company in order to ensure compliance with the above requirements and the Company shall disseminate the response received from such individual(s) promptly to the stock exchanges.

For the purpose of this clause, Mainstream media shall have the same meaning assigned to it under SEBI (Listing Obligations & Disclosure Requirements), Regulations 2015.

10. Agreements to which the Company is not a party

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 agreements specified in clause 5A of para A of part A of schedule III of LODR Regulations, 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, for the purpose of making requisite disclosure in terms of LODR Regulations.

11. Policy Review/Amendment to the Policy

- a. 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.
- b. Any amendments to the LODR Regulations shall mutatis mutandis be deemed to have been incorporated in this Policy.
- c. In the event of any conflict between the provisions of this Policy and of the LODR Regulations and/or or any other governing law, the provisions of the LODR Regulations and/or any other governing law, as the

case may be, shall prevail over this Policy and shall be adhered to accordingly and this Policy shall not dilute any requirement specified under the LODR Regulations.

- d. Any subsequent amendment(s)/modification(s) in the LODR Regulations or any other governing law, which makes any of the provision of this Policy inconsistent with such LODR Regulations or other governing law, then the provisions of LODR Regulations or any other governing law shall prevail and the authorised KMPs of the Company are severally authorized to carry out any further changes in the Policy to make it consistent with the amended LODR Regulations or other governing law and the Board shall be kept informed of the same. Further, the Policy may be amended from time to time by the Board.

12. Communication and Dissemination of the Policy

A copy of this Policy shall be hosted on the intranet and on the website of the Company for compliance by the concerned employees of the Company.

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.