



CAPITALINDIA

Rediscover Business

POLICY FOR DETERMINATION OF MATERIALITY OF ANY EVENT/INFORMATION

Version : 1.0
Owned By : CFO
Approved By : Board
Effective From : 11 January 2018

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1. Objective

This policy for determination of materiality of any event/information (“**Policy**”) is framed in accordance with the requirements of Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (“**Regulations**”) read with SEBI circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015, which requires every listed entity to frame a policy for determination of the materiality of events and information so that the events/information which satisfy the criteria of “materiality” could be promptly disclosed to the Stock Exchange(s).

The objective of the Policy is to frame a policy for determination of the materiality of events and to ensure that such information is hosted on the website of Capital India Finance Limited (“**Company**”) and adequately disseminated to the Stock Exchange(s) in pursuance of the Regulations and to provide an overall governance framework for such determination of materiality.

The Board of Directors of the Company has duly approved and adopted the Policy at its meeting held on 11 January 2018.

Effective Date

This Policy shall be effective from 11 January 2018 and shall be applicable for disclosures made by the Company effective this date.

2. Definition

- (a) “**Act**” shall mean (i) the Companies Act, 2013, to the extent the same is in force; and (ii) the Companies Act, 1956, to the extent the same is in force, and, wherever applicable, the rules framed thereunder and any subsequent amendment, re-enactment, notification or replacement thereof for the time being in force.
- (b) “**Authorized Persons**” shall have the meaning given to such term in Clause 6 below hereto.
- (c) “**Board of Directors**” or “**Board**” shall mean the Board of Directors of the Company, as constituted from time to time.
- (d) “**Company**” shall have the meaning given to such term in Clause 1 of this Policy.
- (e) “**Key Managerial Personnel**” or “**KMP**” shall mean a ‘key managerial personnel’ as defined in Sub-section (51) of Section 2 of the Act.
- (f) “**LODR Schedule**” shall mean Schedule III of the Regulations.
- (g) “**Listing Agreement**” shall mean an agreement that has been entered into between recognized stock exchange(s) and the Company, pursuant to the Regulations.
- (h) “**Material Event**” or “**Material Information**” shall mean such event or information as set out in the LODR Schedule or as may be determined in terms of Clause 3 of the Policy and the words, “material” and

“materiality” shall be construed accordingly.

- (i) “**Policy**” shall mean this Policy, as may be amended from time to time.
- (j) “**Regulations**” shall have the meaning given to such term in Clause 1 of this Policy.
- (k) “**Schedule**” shall mean Schedule III of the Regulations.
- (l) “**SEBI**” shall mean the Securities and Exchange Board of India.
- (m) “**Stock Exchange**” shall mean a recognized stock exchange as defined under clause (f) of section 2 of the Securities Contracts (Regulation) Act, 1956, that the Company has entered into a Listing Agreement with and on which the Company has listed its securities.
- (n) “**Website**” shall mean the corporate website of the Company being www.capitalindia.com.

All capitalized terms used but not defined herein shall have the meaning given to them in the Act, the Listing Agreement, the Regulations and / or any other applicable law or regulation, to the extent applicable to the Company.

3. Guidelines for determining materiality of Events/Information

- (a) The test to determine whether an event or information is material depends on the facts and circumstances pertaining to a case and the materiality of an event occurring or of information obtained must be considered in light of such facts and circumstances and on the application of the criteria provided in this Policy.
- (b) The Authorized Persons shall apply the guidelines in this Clause 3 to determine whether an event or information is material and make the appropriate disclosures in accordance with the Guidelines.
- (c) Events / information shall be considered as material if it meets any of the following criteria:
 - (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;
 - (iii) If the event or information is likely to have an impact of 10% (Ten Percent) or more on the net worth as per the last financial statements of the Company; or
 - (iv) Any other event or information which is to be treated as being material in the opinion of the Board/Authorized Persons, as the case maybe.

4. Guidance on when an Event/Information has occurred

As per the Regulations read with SEBI circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015, in case of events where the criteria specified in Clause 3 above are not applicable, an event may be considered material if, the Board of Directors, in their opinion, consider the event as material event, warranting disclosure. The Authorized Persons of this Policy will have the authority to determine on the materiality and disclosures of events based on facts/ circumstances relating to the event and apply such other qualitative/ quantitative criteria, as may be deemed appropriate, while analyzing the indicative events. While determining the test of materiality they will have regard to the nature and ordinary course of business and be guided by the principles laid down in SEBI circular No.CIR/CFD/CMD/4/2015 dated September 09, 2015.

The Authorized Persons are also empowered to seek appropriate counsel or guidance, as and when

necessary, from other internal or external stakeholders as they may deem fit.

5. Disclosures of Events or Information

(a) Events specified in **Annexure A** are deemed to be Material Events and the Company shall make disclosure of such events or information as soon as reasonably possible, and in any event, not later than 24 (Twenty Four) hours from the occurrence of such event or information in the following manner:

- (i) Inform the Stock Exchange on which the securities of the Company are listed; and
- (ii) Upload the event or information on the corporate website of the Company.

Provided that, in case the disclosure is made after 24 (Twenty Four) hours of occurrence of such event or information, the Company shall, along with such disclosure(s), provide an explanation for such delay.

Provided further that, disclosures with respect to events or information specified in Para 4 of **Annexure A** shall be made within 30 (Thirty) minutes of the conclusion of the meeting of the Board.

- (b) The Company shall make disclosure of events or information as specified in Annexure B based on application of guidelines for determining materiality of events / information as per Clause 3 and 4 of this Policy.
- (c) In relation to the disclosures made under Policy, the Company shall also make disclosures, update material developments on a regular basis, till such time the event is resolved / closed, with relevant explanations.
- (d) The Company shall disclose all events or information with respect to subsidiaries which are material for the Company.
- (e) The Company shall provide specific and adequate replies to all queries raised by the Stock Exchange(s) with respect to any events or information. Further, it may, on its own initiative also, confirm or deny any reported event or information to the Stock Exchange(s).
- (f) In case an event occurs, or information is available with the Company, which has not been indicated in Annexure A or Annexure B, but which may have material effect on it, the Company will make adequate disclosures in regard thereof.
- (g) The Company shall make disclosures of events / information as specified by SEBI from time to time.

All the above disclosures shall be hosted on the website for a minimum period of 5 (Five) years and thereafter as per the 'Records and Archives Management Policy' of the Company.

6. Authority to Key Managerial personnel

The Managing Director and/or any Key Managerial Personal, or any other person(s) as authorized by the Board of Directors of the Company ("Authorized Persons") shall be responsible for the purpose of determining the materiality of any event or information which has bearing on the performance/share price of the Company. They shall inform to the Company Secretary about the materiality of any information/event through e-mail or any other mode communication as deemed proper which shall then be intimated by the Company Secretary to the Stock exchanges as a part of Disclosure compliance. The contact details of the Authorized Persons shall be disclosed to the Stock Exchange (s) and displayed on the Website of the Company.

7. Amendments

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors 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 in this respect shall be final and binding.

8. Scope and Limitation

In the event of any conflict between the provisions of this Policy and the Listing Agreement; the Act; the Regulations or any other statutory enactments, rules, the provisions of such Listing Agreement, Act, Regulations or statutory enactments, rules shall prevail over this Policy and the part(s) so repugnant shall be deemed to be severed from the Policy and the rest of the Policy shall remain in force.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail over the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc. from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

ANNEXURE A

Events or information which shall be disclosed without any application of the guidelines for determining materiality of events/information as specified in Clause 5 of 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 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 per cent 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 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. Outcome of Meetings of the Board of Directors: The Company shall disclose to the Stock Exchange, within 30 (Thirty) 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) 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 Company from the Stock Exchange.
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 Company or arrest of key managerial personnel or promoter.
 7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary 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 NCLT 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 the 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 B

Events or information which shall be disclosed upon application of the guidelines for materiality as specified in Clause 5 of the Policy:

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 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, 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 units or division 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 the 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.
13. 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.
14. Any other event as specified by the Board or the Authorized Persons.