

POLICY FOR DETERMINATION OF MATERIALITY OF EVENT OR INFORMATION

1. Preface

Pursuant to Regulation 30(4)(ii) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 (**Listing Regulations**), the Board of Directors ("**the Board**") of Sakthi Finance Limited ("**the Company**") has adopted this Policy at their meeting held on 12th February 2016 for determination of materiality of events or information for disclosure to the Stock Exchanges under the Listing Regulations.

2. Criteria for determination of materiality of events or information

The Company shall consider the criteria as specified in clause (i) of sub-regulation (4) of Regulation 30 of the Listing Regulations 2015 for determination of materiality of events or information.

3. Guidelines for determining materiality

- A. Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to events or information. In order to determine whether a particular event or information is material in nature, 'quantitative' criteria will be applied.
- B. Events or information that are to be disclosed on application of materiality criteria and the basis for determination of materiality are given in the **Annexure**.
- C. In cases where the quantitative criteria are not applicable or can not be applied, materiality will be determined based on the criteria specified in clause (i) of sub-regulation (4) of Regulation 30 of the Listing Regulations.
- D. Notwithstanding the above, all the events or information specified in para A of Part A of Schedule III to the Listing Regulations shall be deemed to be material events or information and will have to be disclosed without application of materiality criteria upon occurrence of the event.



4. Authorisation to Key Managerial Personnel (KMP) for determining materiality of an event or information

In terms of Regulation 30(5) of the Listing Regulations, the Board of Directors of the Company severally authorises Sri M. Balasubramaniam, **Vice Chairman and Managing Director**, and Dr S Veluswamy, **Director (Finance and Operations)** for the purpose of determining materiality of an event or information and the appropriate period/stage for disclosures to be made, based on the guidelines of this policy on matters not falling within the events or information and the criteria mentioned in Annexure. Sri S. Venkatesh, Company Secretary (Compliance Officer), has been authorised for the purpose of making disclosures to the Stock Exchanges and on the website of the Company based on the decision of the Vice Chairman and Managing Director.

5. Effective Date

This Policy comes into force with immediate effect.

6. Amendment

Any amendment/modification to the Listing Regulations and/or other applicable laws in this regard shall become applicable to this Policy and this Policy shall be deemed to have been amended accordingly.

The Board of Directors shall have the right to withdraw, substitute and/or amend this Policy at any time as it may deem necessary and appropriate. The decision of the Board in this respect shall be final and binding.



ANNEXURE

Events or information and corresponding criteria for determining their materiality pursuant to Para B of Part A of Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3 of this Policy.

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division
2. Change in 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. Agreements (Loan Agreements as borrower) or any other agreements which are binding and not in the normal course of business and amendment or termination thereof
4. Disruption of operations of any one or more units or division due to natural calamity (like earthquake, flood, fire, etc.), *force majeure* or events such as strikes, lockouts, etc.
5. Effect(s) arising out of change in the regulatory framework applicable to the Company
6. Litigation(s) / dispute(s) / regulatory action(s) with impact
7. Fraud/defaults, etc. by Directors (other than key managerial personnel) or employees of the Company
8. Options to purchase securities including any ESOP/ESPS Scheme
9. Giving guarantees or indemnity or surety for any third party
10. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals

Explanation 1: An event or information under points 6 and 9 will be considered as "material" if the value involved therein exceeds 10% of the total income of the company as at the end of the immediately preceding financial year.

Explanation 2: An event or information under point 7 will be considered as "material" if the value involved therein exceeds Rs one crore of the total income of the company as at the end of the immediately preceding financial year.

