

POWER FINANCE CORPORATION LIMITED
(COMPANY SECRETARIAT UNIT)

No: 1:05:341:I:CS
Dated: 11.01.2016

CIRCULAR No:1/2016

Sub: Policy for Determination of Materiality of Events

The following policy has been approved by the Board of Directors in its 341st Meeting held on 16th December, 2015:

1. Policy for Determination of Materiality of Events. (enclosed as Annexure I)

For information and necessary action, if any.


(Manohar Balwani)
Company Secretary

DISTRIBUTION

All EDs/ All HoUs — by email

Copy for information to:

PS to Director (Commercial)/Director (Finance)/Director (Projects) & CMD

POWER FINANCE CORPORATION LIMITED

**POLICY FOR
DETERMINATION OF MATERIALITY OF EVENTS**
[Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

1. Preface

SEBI vide Notification dated September 2, 2015 has notified Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. These regulations have come into force w.e.f. 1st December 2015.

To ensure compliance with the aforesaid Regulations, Board of Directors of Power Finance Corporation Limited has approved the Policy for determination of materiality of events, which is below mentioned:

2. Definitions

In this Policy, unless the context otherwise requires:-

“**Company**” means Power Finance Corporation Limited (“PFC”).

“**Regulations**” means Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015.

“**Material events/information**” means events/information which meets the criteria as mentioned under Point 3 of this policy.

Words and expressions used and not defined in this Policy but defined in the Companies Act, 2013, Securities Contracts (Regulation) Act, 1956 or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 shall have the meanings respectively assigned to them in those Acts/Rules/ Regulations etc.

3. Criteria for determining materiality of events/information”

The criteria for determining materiality of events/information shall be as follows:

- (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;
- (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors, the event / information is considered material.

4. Disclosure of material events/information:

The following events/information is to be considered “material” and shall be disclosed without any application of criteria for determining materiality of events/information.

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) PFC 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 Exchange(s), within 30 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 stock exchange(s).
5. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of PFC), 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 BIFR 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.
13. Proceedings of Annual and extraordinary general meetings.
14. Amendments to memorandum and articles of association, in brief.

15. Schedule of Analyst or institutional investor meet and presentations on financial results made by PFC to analysts or institutional investors.
16. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
17. Effect(s) arising out of change in the regulatory framework applicable to the Company being NBFC/FI.
18. Giving of guarantees or indemnity or becoming a surety for any third party.
19. Any other event/ information as specified by the Board from time to time.

5. Disclosure of events/information fulfilling criteria of materiality:

The following Events /information may also be considered material based on the Criteria of Materiality and shall be disclosed:

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. 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.
5. 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.
6. Effect(s) arising out of change in the regulatory framework applicable to the Company.
7. Litigation(s) / dispute(s) / regulatory action(s) with impact.
8. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.
9. Options to purchase securities including any ESOP/ESPS Scheme.
10. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
11. 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.

The Company shall disclose to stock exchanges events, information specified in the policy as soon as reasonably possible and within the time frame specified in the SEBI regulations.

6. Authorization to KMP for determining materiality of an event or information:

Pursuant to Regulation 30 (5) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company authorized the functional members of Board to severally and/or jointly determine materiality of any event or information based on the criteria specified in this policy and direct C.S to make disclosures to stock exchanges in terms of Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

7. Policy Review & Disclosure:

This Policy is framed based on the requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Any subsequent modification and/or amendments brought about by SEBI in these shall automatically apply to this Policy. In case of any subsequent changes in the Regulations which makes any of the provisions in the Policy inconsistent with the Regulations, the provisions of the regulations would prevail over the Policy.

