



POLICY ON DETERMINATION OF MATERIALITY OF DISCLOSURES

Fusion Finance Limited

(Formerly Fusion Micro Finance Limited)

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POLICY ON DETERMINATION OF MATERIALITY OF DISCLOSURES

I. Background

Fusion Finance Limited (Formerly known as Fusion Micro Finance Limited) is committed to being open and transparent with all stakeholders and believes in disseminating information in a fair and timely manner.

Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“**Listing Regulations**”), requires the Company to frame and adopt a policy to determine the material events by testing the materiality for the purpose of proper, sufficient and timely disclosure of the same to the stock exchanges.

Accordingly, the Board of Directors (“**Board**”) has adopted this Policy for determination of materiality of events (“**Policy**”) in its meeting held on July 25, 2021.

II. Definitions

In this Policy, unless the context requires otherwise:

- a) “**Board**” shall mean the Board of Directors of the Company;
- b) “**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 Listing Regulations;
- c) “**Companies Act**” shall mean the Companies Act, 2013, as amended;
- d) “**Key Managerial Personnel**” or “**KMP**” pursuant to section 2(51) of the Companies Act shall include the following persons:
 - i. Chief Executive Officer, or the Managing Director or the Manager;
 - ii. Company Secretary;
 - iii. Whole-Time Director;
 - iv. Chief Financial Officer;
 - v. Compliance Officer;
 - vi. Such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vii. Such other officer as may be prescribed.

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.

III. Objective 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 Listing 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.

IV. Type of Information

The Listing Regulations have classified disclosure of material events/information, into the following categories:

- i. Events which are deemed material events, and which need to be disclosed without application of the "materiality criteria". These events are specified in Para A of Part A of Schedule III of Listing Regulations.
- ii. Events which need to be disclosed based on the application of the "materiality criteria". These events are specified in Para B of Part A of Schedule III of Listing Regulations. The materiality criteria will be decided based on these factors:-
 - 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; or
 - c. The omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:-
 - (i) 2% of turnover, as per the last audited consolidated financial statements of the company;
 - (ii) 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;
 - (iii) 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;

In case where the criteria specified in sub-clauses a, b and c is not applicable, an event or information may be treated as being material if in the opinion of the board of directors of the listed entity, the event or information is considered material:

- iii. Other events as specified in Para C of Part A of Schedule III of Listing Regulations.

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.

V. Timeframe for disclosure to the stock exchange

In accordance with the Listing Regulations, all material events or information shall be disclosed to the Stock Exchanges as soon as reasonably possible and in any case not later than the following:

- i. thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken;

Provided that in case the meeting of the board of directors closes after normal trading hours of that day but more than three hours before the beginning of the normal trading hours of the next trading day, the company shall disclose the decision pertaining to the event or information, within three hours from the closure of the board meeting.

Provided further that in case the meeting of the Board of Directors is being held for more than one day, the financial results shall be disclosed within thirty minutes or three hours, as applicable, from closure of such meeting for the day on which it has been considered.

- ii. twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the company;
- iii. twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the company.

Provided that if all the relevant information, in respect of claims which are made against the Company under any litigation or dispute, other than tax litigation or dispute, in terms of subparagraph 8 of paragraph B of Part A of Schedule III, is maintained in the structured digital database of the Company in terms of provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the disclosure with respect to such claims shall be made to the stock exchange(s) within seventy-two hours of receipt of the notice by the Company.

The disclosure with respect to events for which timelines have been specified in Part A of Schedule III shall be made within such timelines.

In case the disclosure is made after the timelines specified above, the company shall, along with such disclosure provide the explanation for the delay.

Normal trading hours shall mean time period for which the recognized stock exchanges are open for trading for all investors.

VI. Person(s) Responsible for Disclosure

“**Authorized Person(s)**” shall include the KMP or any other person authorized by the

Board/Committee for this purpose.

The Authorized Person (s), shall jointly or severally be the authorised 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 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 Listing 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.

VII. Obligations of Internal Stakeholders and Authorized Person for disclosure

- a) Any event or information including events as mentioned in Para A, B and C of Part A of Schedule III of Listing Regulations 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.

VIII. Policy Review

The Authorized Person 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 Listing Regulations, the provisions of the Listing Regulations shall prevail.

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

IX. Website

As per the provisions of the Listing 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 Listing 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.