

**POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS &
INFORMATION**

OF

ESDS SOFTWARE SOLUTION LIMITED

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TABLE OF CONTENTS

Sr No	Particulars	Page No
1	Preface	3
2	Objective	3
3	Effective Date	3
4	Definitions	3
5	Authority to determine Materiality of Events	4
6	Materiality Thresholds	5
7	Guidelines for determining materiality of events or information	5
8	Communication and dissemination of the policy	6
9	Timelines for disclosure of Material Event or Information	7
10	Communication and dissemination of the policy	8
11	Amendments	8
12	Scope and Limitation	8

POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS & INFORMATION

1. Preface

- 1.1 Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as “SEBI (LODR) Regulations”] mandates that every listed entity shall make disclosures of any events or information which, in the opinion of the Board of Directors of the listed company, is material as well as any price sensitive information. The listed entity shall frame a policy for determination of materiality, based on the specified criteria duly approved by its board of directors, which shall be disclosed on its website.

The Board of Directors of the listed entity shall authorise one or more Key Managerial Personnel for the purpose of determining materiality of an event or information for the purpose of making disclosures.

In view of the same, this “**Material Events Policy**” of ESDS Software Solution Limited (“the Company”) has been framed considering that stakeholders of the Company need timely, sufficient & reliable information and communication in a coherent manner regarding material events that matters / makes influence on the Company as also the regulatory requirements of Regulation 30 of the SEBI (LODR) Regulations.

The Board of Directors (the “**Board**”) of ESDS Software Solution Limited] (the “**Company**”) has approved the policy for the determination of materiality of events & information (the “**Policy**”) at its Meeting held on August 03, 2021. The Policy is framed in accordance with the requirements of the Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “**Listing Regulations**”) as amended from time to time.

2. Objective

- 2.1 The objective of the Policy is to determine materiality of events or information relating to the Company and to ensure that such information is adequately disseminated in pursuance of the Regulations and to provide an overall governance framework for such determination of materiality.

3. Effective Date

- 3.1 This Policy is effective from the date of listing of the equity shares of the Company on the stock exchange(s).

4. Definitions

- 4.1 “**Act**” shall mean the Companies Act, 2013 and the Rules framed there under, including any modifications, clarifications, circulars or re-enactment thereof.
- 4.2 “**Board of Directors**” or “**Board**” shall mean the Board of Directors of ESDS Software Solution Limited, as constituted from time to time.

- 4.3 **“Company”** shall mean [ESDS Software Solution Limited].
- 4.4 **“Uniform Listing Agreement”** shall mean an agreement entered or proposed to be entered into between a recognized stock exchanges and the Company pursuant to Listing Regulations, as amended from time to time.
- 4.5 **“Material Events” or “Material Information”** shall mean such events or information as set out in the Annexures or as may be determined in terms of Clause 6 of the Policy. In the Policy, the words, “material” and “materiality” shall be construed accordingly.
- 4.6 **“Policy”** shall mean this Policy for Determination of Materiality of events & information and as amended from time to time.
- 4.7 **“Listing Regulations”** shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.
- 4.8 **“Schedule”** shall mean Schedule III of Listing Regulations.
- 4.9 Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations or any other applicable law or regulation to the extent applicable to the Company.
- 4.10 Words importing the singular number include, where the context admits or requires, the plural number and vice versa.
- 4.11 Words importing the masculine gender also include the feminine gender and neutral gender.

5. Authority to Determine Materiality of Events

- 5.1 The respective heads of various departments (**“Designated Officers”**) who are responsible for relevant areas of the Company’s operations to which any item of information relates must report to Executive Chairman, Whole-Time Director, Chief Executive Officers or Chief Financial Officer (CFO), Company Secretary (CS) of the Company (hereafter referred as **“Key Managerial Personnel”**) any event / information which is material as defined in this Policy or of which Designated Officer is unsure as to its materiality. The company secretary of the Company shall always be marked on such communication. The event / information should be reported immediately after a Designated Officer becomes aware of it.

Authorised Key Managerial Personnel Means Managing Director or CEO or Chief Financial Officer or Company Secretary & Compliance Officer of the Company, who are authorised, individually or jointly, for determining the materiality of an event or information that qualifies for disclosure and to decide the appropriate time and details of its disclosure to be made to the Stock Exchange(s)

- 5.2 On receipt of a communication of a potential material event / information, the Key Managerial Personnel shall:

- A. Review the event / information and take necessary steps to verify its accuracy;
 - B. Assess if the event/information is required to be disclosed to the Stock Exchanges under the Regulations and this Policy and take necessary actions as per Clause 6 & 7 of this Policy.
- 5.3 If the Key Managerial Personnel are not certain about the materiality of any event / information, they may refer matter for external legal advice for appropriate guidance thereafter.

6. Materiality Thresholds

- 6.1 Materiality must be determined on a case-to-case basis depending on specific facts and circumstances relating to the event / information. The following will be the materiality criteria which shall apply to events specified in the Annexures to this policy only.
- 6.2 An event specified in the Annexures to the policy would be considered material if the impact of the event information as per the last audited financial statements is likely to have an impact of more than 10% (ten per cent) on the gross turnover or revenues or total income or 20% (twenty per cent) of the net worth, whichever is higher.
- 6.3 In some cases, inter-alia including disclosure of events specified in paragraph B of Part A of Schedule III of the Listing Regulations, if the materiality thresholds as prescribed above cannot be applied, the executive chairman and the chief financial officer of the Company, in such cases, shall frame their opinion on a case-to-case basis, based on specific facts and circumstances relating to the information / event.

7. Guidelines for determining materiality of events or information

- 7.1 Certain information is *per se* “material events” as defined in regulation 30(2) read with paragraph A of Part A of Schedule III of the Listing Regulations. An illustrative list of such material event / information is enclosed as **Annexure A**.
- 7.2 The following criteria shall be considered while determining the materiality of an event / information:
- a. the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available in public domain; or
 - b. The omission of an event or information, which is likely to result in significant market reaction if the said omission came to light at a later date;
 - 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 (two) percent of turnover, as per the last annual audited consolidated financial statements of the Company;
 - ii. 2 (two) percent of net worth, as per the last annual audited consolidated financial statements of the Company, except in case the arithmetic value of the net worth is negative;
 - iii. 5 (five) percent of the average of absolute value of profit or loss after tax, as per the last

three audited consolidated financial statements of the Company.

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

7.3 An illustrative list of such Material event/ information is attached as **Annexure B**.

7.4 Material events/information including events specified in **Annexure A** and **Annexure B** shall be disclosed by the Company as soon as reasonably possible and not later than twenty-four (24) hours from the occurrence of such event or information in the following manner:

- A. Inform the stock exchanges on which the securities of the Company are listed;
- B. Upload on the corporate website of the Company.

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

7.6 Provided further that disclosure with respect to events specified in Point 4 (Outcome of Meetings of Board of Directors) of **Annexure A** shall be made within thirty (30) minutes or such other time as appropriate of the conclusion of the board meeting.

7.7 The Company shall make the disclosure of events/information as specified in **Annexure B** based on application of guidelines for determining Materiality as per Clause 6 of this Policy.

7.8 All the above disclosures will be hosted on the website of the Company for a minimum period of five years and thereafter archived in accordance with the Company's policy for preservation and archival of documents.

7.9 The Company shall disclose all events or information with respect to subsidiaries which are material for the listed entity.

7.10 The Company shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information.

7.11 The Company may on its own initiative also, confirm or deny any reported event/information to stock exchange(s).

8. VERIFICATION OF MARKET RUMOURS

- a) With effect from September 24, 2026, the Company shall be required to confirm, deny or clarify, upon Material Price Movement, any reported event or information in the Mainstream Media which is not general in nature, and which indicates a rumour of an impending specific event or information. The confirmation, denial or clarification would be made to the Stock Exchanges as soon as reasonably possible, however, not later than twenty-four hours from the Material Price Movement. Directors, key managerial personnel and senior managerial personnel of the Company shall provide adequate, accurate and timely response to queries raised or explanation sought by the Company /

Company Secretary / Compliance Officer / Charman & Managing Director / Executive Director in order to ensure compliance with the requirements of verification of market rumours and the Company shall disseminate the response received from such individual(s) promptly to the Stock Exchanges. In case there are no rumours as envisaged above, the Company need not clarify to the Stock Exchanges. For the purpose of confirmation, denial or clarification of any reported event or information in the mainstream media, the company shall consider the look back period /review period for disclosure of such event/information.

9. Timelines for disclosure of Material Event or Information

- A. An event or information, required to be disclosed in terms of this policy, or in terms of Regulation 30 of the Listing Regulations, shall be disclosed, as soon as reasonably possible and in any case not later than the following:
- i. 30 (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 listed entity 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.

Or

- ii. 12 (twelve) hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity; or
- iii. 24 (twenty-four) hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity.

Provided that if all the relevant information, in respect of claims which are made against the listed entity under any litigation or dispute, other than tax litigation or dispute, in terms of sub-paragraph 8 of paragraph B of Part A of Schedule III, is maintained in the structured digital database of the listed entity 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 listed entity:

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

Without prejudice to the above, disclosure with respect to events for which timelines have been specified in Part A of Schedule III of the Listing Regulations, shall be made within such

timelines.

Provided further that in case the disclosure is made after the timelines specified above of the occurrence of such event/ information, the Company shall, along with such disclosure(s) provide an explanation for the delay.

Provided that if there is a claim against a Company under any litigation or dispute, other than tax litigation or dispute and if all the relevant information 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.

- B. The Company shall disclose to the stock exchange(s) material updates on the events/ information disclosed under this Policy till such time that the event is resolved/ closed, with relevant explanations.

Without prejudice to the generality of provisions of this policy, the Company may make disclosures of any event / information as specified by the Board from time to time.

10. Communication and dissemination of the policy

- 10.1 This Policy after duly approved by the Board of Directors shall be notified and communicated to the all employees / functional head of respective departments of the Company. The new employees shall be informed about the Policy by the human resource and administration departments. For all the employees and Directors, whether existing or new, a copy of this Policy shall be posted on the website of the Company.

11. Amendments

- 11.1 The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with new provision(s) or replace the Policy entirely with a new Policy. The Policy is subject to review from time to time. However, no such amendment or modification shall be inconsistent with the applicable provisions of any law for the time being in force.

12. Scope and Limitation

- 12.1 In the event of any conflict between the provisions of this Policy and the Listing Regulations / the Companies Act, 2013 or any other statutory enactments, rules, the provisions of the Listing Regulations / the Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

ANNEXURE A

Events which shall be mandatorily disclosed *without any further consideration of the guidelines for materiality*

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 (1) - 'Acquisition' shall mean, -

- (i) acquiring control, whether directly or indirectly; or
- (ii) acquiring or agreement 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 twenty (20) 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 and such change exceeds five (5) per cent of the total shareholding or voting rights in the said company.
 - c. the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Provided that acquisition of shares or voting rights aggregating to five percent or more of the shares or voting rights in an unlisted company and any change in holding from the last disclosure made under this proviso exceeding two per cent of the total shareholding or voting rights in the said unlisted company shall be disclosed on a quarterly basis in the format as may be specified.

Explanation (2) - For the purpose of this sub-paragraph, "sale or disposal of subsidiary" and "sale of stake in associate company" shall include-

- (i) an agreement to sell or sale of shares or voting rights in a company such that the company ceases to be a wholly owned subsidiary, a subsidiary or an associate company of the listed entity; or
- (ii) an agreement to sell or sale of shares or voting rights in a subsidiary or associate company such that the amount of the sale exceeds the threshold specified in sub-clause (c) of clause (i) of sub-regulation (4) of regulation 30.

Explanation (3)- For the purpose of this sub-paragraph, "undertaking" and "substantially the whole of the undertaking" shall have the same meaning as given under section 180 of the Companies Act, 2013.

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. New Rating(s) or Revision in credit 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 any meeting held to consider the following outcomes of such meeting:
- (i) dividends recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
 - (ii) any cancellation of a dividend with reasons thereof;
 - (iii) the decision on buyback of securities;
 - (iv) the decision with respect to fund raising proposed to be undertaken
 - (v) including by way of issue of securities (excluding security receipts, securitized debt instruments or money market instruments regulated by the Reserve Bank of India), through further public offer, rights issue, American Depository Receipts/ Global Depository Receipts/ Foreign Currency Convertible Bonds, qualified institutions placement, debt issue, preferential issue or any other method;
 - (vi) increase in capital by issue of bonus shares through capitalization of reserves including the date on which such bonus shares shall be credited/dispatched;
 - (vii) 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 which may be subscribed to;
 - (viii) short particulars of any other alterations of capital, including calls;
 - (ix) financial results;
 - (x) 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 they impact 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;
- 5A. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, shall be disclosed to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the listed entity is a party to such agreements:
- Provided that such agreements entered into by a listed entity in the normal course of business shall not be required to be disclosed unless they, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or they are required to be disclosed in terms of any other provisions of these regulations.
- Explanation: For the purpose of this clause, the term “directly or indirectly” includes agreements creating obligation on the parties to such agreements to ensure that listed entity shall or shall not act in a particular manner.
6. Fraud/defaults by a listed entity, its Promoter, Director, Key Managerial Personnel, senior management or subsidiary or arrest of Key Managerial Personnel senior management,

promoter or director of the listed entity, whether occurred within India or abroad;

For the purpose of this sub-paragraph:

- (i) 'Fraud' shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
- (ii) 'Default' shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

Explanation 1- In case of revolving facilities like cash credit, an entity would be considered to be in 'default' if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Explanation 2- Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the listed entity.

Explanation 3 – Fraud by senior management, other than who is promoter, director or key managerial personnel, shall be required to be disclosed only if it is in relation to the listed entity.

7. Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Senior Management Personnel, Auditor and Compliance Officer;

- (i) In case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Company to the stock exchanges as soon as possible but not later than 24 hours of receipt of such reasons from the auditor.
- (ii) In case of resignation of an independent director of the listed entity, within 7 days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities.
 - a. A letter of resignation along with detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the Company to the stock exchanges.
Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any;
 - b. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
 - c. The confirmation as provided by the independent director above shall also be disclosed by the Company to the stock exchanges along with the detailed reasons as specified in sub-clause (i) above."

In case of resignation of key managerial personnel, senior management, Compliance Officer or director other than an independent director; the letter of resignation along with detailed reasons for the resignation as given by the key managerial personnel, senior management, Compliance Officer or director shall be disclosed to the stock exchanges by the listed entities within seven days from the date that such resignation comes into effect.

In case the Managing Director or Chief Executive Officer of the listed entity was indisposed or unavailable to fulfil the requirements of the role in a regular manner for more than forty five days in any rolling period of ninety days, the same along with the reasons for such indisposition or unavailability, shall be disclosed to the stock exchange(s).

8. Appointment or discontinuation of registrar to an issue and share transfer agent;
9. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details:
 - (i) Decision to initiate resolution of loans/borrowings;
 - (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
 - (iii) Finalization of Resolution Plan;
 - (iv) Implementation of Resolution Plan;
 - (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
10. One-time settlement with a bank;
11. 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 Company, in brief;
15. Schedule of Analyst or institutional investor meets and presentations on financial results made by the Company to analysts or institutional investors.
16. Any other disclosures as per para A of Part A of Schedule III of the Listing Regulations

ANNEXURE B

Illustrative list of events which shall be disclosed *upon application* of the guidelines for materiality:

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 the business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-ups, 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 the 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 divisions of the Company due to a 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 their possible impact;
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Company;
10. Options to purchase securities including any ESOP/ESPS Scheme;
11. Giving of a guarantee or an 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 / 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 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 information as may be required by Board, from time to time.