

Policy for determination of materiality of information/events for disclosure to the Stock Exchanges

Regulation 30(4)(ii) of Listing Regulations

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POLICY FOR DETERMINATION OF MATERIALITY OF INFORMATION/EVENTS FOR DISCLOSURE TO THE STOCK EXCHANGES

1. Introduction

The Securities and Exchange Board of India (“**SEBI**”) notified the SEBI (Listing Obligations and Disclosure Requirements) 2015 (“**Regulations**”) on September 2, 2015. The Regulations came into force from December 1, 2015. It is mandatory in terms of the Regulation 30 for every listed company to frame a policy for determination of materiality of information/events for the purpose of disclosing the same to the Stock Exchanges under the aforesaid regulation.

2. Preamble

The Board of Directors (the “**Board**”) of SoftTech Engineers Limited (“**SoftTech**” or the “**Company**”) approved the following policy for determination of materiality of Information/Events for Disclosure to the Stock Exchanges. This policy is effective from 3rd March, 2018 and shall be applicable for disclosures to be made by the Company effective this date. This Policy is subject to the Board’s review and changes, as may be appropriate, from time to time in conformity with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**Regulations**”), as amended from time to time.

3. Objective

The objective of this Policy is to facilitate timely and adequate disclosure of information or events which are deemed to be unpublished price sensitive and have a bearing on performance or operations of the Company. This policy is based on the principles governing the disclosures as stated in the Regulations and further lays down the guidelines for determining the materiality thresholds with respect to certain events or information of the Company as permitted under the Regulations.

4. Definitions

- a. “**Board**” means the Board of the Directors of the Company;
- b. “**Key Managerial Personnel**” means the personnel as defined under Section 2(51) of the Companies Act, 2013, as amended from time to time;
- c. “**Material Event(s)**” means those event/s specified in (i) Events specified in Para A of Part A of Schedule III of the Regulations (as amended from time to time), being deemed material events, which the Company shall compulsorily disclose and (ii) Events specified in Para B of Part A of Schedule III, based on application of the Guidelines/Criteria for Materiality as specified in 4(d) herein;
- d. “**Ordinary course of business**” or “**normal course of business**” refers to all activities that are necessary, normal and incidental to the business of the Company

and if the objects of the Company permit such activity shall be deemed to be in the ordinary of course of business. These may also be common practices, historical practices and customs of commercial transactions with a pattern of frequency.

- e. “**Policy**” means this Policy for Determination of Materiality of Information/Events for Disclosure to the Stock Exchanges;

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Company.

5. **Applicability/Type of information**

5.1 The following event/s are deemed to be Material Event/s and the Company shall make disclosure of such event/s without applying any materiality thresholds:

- acquisitions including agreement to acquire;(acquisition means acquiring control either directly or indirectly OR acquiring or agreeing to acquire shares/voting rights in a company either directly or indirectly, such that the Company holds 5% or more of the shares or voting rights in the said company or if there is a change in existing holding from the last disclosure made and such change exceeds 2%of the total shareholding in the company)
- scheme of arrangement (amalgamation/ merger/ demerger/ restructuring);
- sale or disposal of any unit(s), division(s) or subsidiary;
- issuance/ forfeiture of securities, split or consolidation of shares, buyback of securities, restrictions on transferability or any alteration in the terms or structure of existing securities.
- revision in Ratings;
- outcome of Board meetings held to consider dividends/ cash bonuses, cancellation of dividends, decision on buyback of securities, fund raising proposals, alteration to capital structure including issuance of bonus, re-issue of forfeited securities or issue of securities held in reserve, financial results, voluntary delisting of securities etc.;
- execution of Agreements (including termination or making amendments) such as shareholder agreements, joint venture agreements, family settlement agreements to the extent they impact the management or control of the Company or agreements with media companies which are binding and not in the normal course of business;
- fraud/defaults by Promoter/KMP or by the Company or arrest of KMP or promoter;
- change in directors, KMPs, Auditor and Compliance Officer;
- appointment or discontinuation of share transfer agent;
- corporate debt restructuring;
- one time settlement with Banks;
- reference to BIFR and winding up petition filed by any party or creditors;

- issuance of notices, call letters, resolution and circulars sent to shareholders, debenture holders, creditors or advertised in the media;
- proceedings of general meetings;
- amendments to MOA/AOA in brief;
- Schedule of analyst or institutional investor meet and presentations on financial results made to them.

5.2 The following events will be deemed to be Material Event/s based on application of the materiality guidelines to be decided by the Managing Director(MD) or Chief Financial Officer (CFO):

- Commencement or postponement in the date of commencement of commercial production or commercial operations of any unit/ division.
- change in general character or nature of business brought by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/ division;
- capacity addition or product launch;
- awarding, bagging/receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business;
- agreements viz. loan agreements or any other agreements which are binding and not in the normal course of business including any revision or termination thereof;
- disruption of operations of one or more units or division of the Company due to natural calamity or force majeure conditions or events like strikes, lockouts etc.
- effects arising out of change in regulatory framework applicable to the Company;
- Litigations/ disputes/ regulatory actions with impact.
- fraud/defaults by directors or employees;
- Options to purchase securities including ESOP/ESPS scheme.
- giving guarantees or indemnity or becoming surety for third party;
- Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

5.3 Any other major information or event likely to affect business which are exclusively known to the Company and which may be necessary to be disclosed to enable holders of securities to appraise its position and avoid establishment of false market in the securities also needs to be disclosed

6. **Persons Responsible for disclosure**

Pursuant to Regulation 30(5) of the Regulations, the Managing Director or the Chief Financial Officer be and are hereby severally authorized by the Board for the purpose of determining materiality of an event or information and for the purpose of making disclosures to the Stock Exchange(s) under the Policy. In their absence the Company Secretary be and is hereby authorized to determine materiality of an event or information for the purpose of making disclosures to stock exchange(s) under the Policy and Regulations.

7. Guidelines for determining Materiality

The Managing Director or CFO, Director, shall decide on the materiality of the event or information based on input received by them and the guidelines set in the guidance manual approved by the Board.

The quantitative factors which may be considered while determining the materiality of an event or information would be those impacting or likely to impact at least 10% of the turnover or the net worth or the profitability (profits before tax) of the Company as may be appropriate for the event/information. The factors to be considered shall be determined based on the last audited financial statements of the Company.

The guidance manual approved by the Board of Directors in this regard is to be used while electing the appropriate factor before making public dissemination.

While determining the materiality of events/information, the following criteria will be considered:

- 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; or
- iii. in case where the criteria specified in sub-clauses d(i) and (ii) above are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of listed entity, the event/information is considered material.

8. Guidance on when an event/information has occurred

8.1 An event/information can be said to have occurred

- a. In case of any discussions, negotiations or approval it would depend upon the stage of discussion, negotiation or approval.
- b. in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc., it would depend upon the timing when the Company became aware of the event/information.

8.2 In the former [8.1(a)], the events/information can be said to have occurred upon receipt of approval of Board of Directors e.g. further issue of capital by rights issuance and in certain events/information after receipt of approval of both i.e. Board of Directors and Shareholders.

However, considering the price sensitivity involved, for certain events e.g. decision on declaration of dividends etc., disclosure shall be made on receipt of approval of the event by the Board of Directors, pending Shareholder's approval.

8.3 In the latter [8.1(b)], the events/information can be said to have occurred when a listed entity becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

9 Contents of communication

The Communication to stock exchanges and public dissemination may contain the minimum details that need to be provided as stipulated by Regulations from time to time. In case, the Company is unable to disclose any specific details for any reason as stipulated by Regulations, it can make the disclosure without such specific details provided an appropriate reasoning for the same forms part of the disclosure.

While care should be exercised in making adequate and appropriate disclosures, it should also be ensured that the disclosure does not result in establishing a false market for the Company's securities.

10 Time of Disclosure

10.1 The disclosure of event/s or information specified in Schedule III of the Regulations (except Sub-Para 4) as amended from time to time, shall be made as soon as possible but within 24hours from the occurrence of the event/ information. However, in cases where the disclosure cannot be made within the stipulated time limit of 24 hours, the Company can disseminate the same after 48 hours provided an explanation for the delay is given.

10.2 The disclosure of event/s or information specified in sub-para 4 of Para A of Part-A of Schedule III of the Regulations shall be made within thirty minutes of the conclusion of the Board Meeting.

11 Updation

The Company shall, with respect to the disclosures made pursuant to this Policy, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations therefore.

12 Manner of Disclosure

Any information to be disseminated is required to be given in a separate letter to Stock Exchange(s) and sent vide e-mail/ fax or posted on the electronic platform as specified by the stock exchanges. The Company shall also disclose on its website all such events or information which has been disclosed to stock exchange(s) under this Policy and, and such disclosures shall be hosted on the website of the Company for a minimum period of five years and thereafter as per the Company's Archival Policy, as disclosed on its website.

13 Dissemination of the Policy

This policy shall be hosted on the website of the Company.
