

COVANCE SOFTSOL LIMITED

POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION

1. Scope and Purpose

Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), mandates disclosure of any events or information which, in the opinion of the Board of Directors ("Board") of Covance Softsol Limited, is material.

In terms of Regulation 30(4)(ii) of the SEBI Listing Regulations, the Board of Directors of the Company, are required to formulate and adopt a Policy for Determination of Materiality of Events / Information and upload the same on the website of the Company.

A policy for determination of materiality shall not dilute any requirement specified under the provisions of these regulations. This policy for determination of materiality shall assist the relevant employees of the Company in identifying any potential material event or information and reporting the same to the authorized Key Managerial Personnel, for determining the materiality of the said event or information and for making the necessary disclosures to the Stock Exchange(s).

2. Applicability

This Policy for Determination of Materiality of Events / Information shall be applicable and binding on the Company and its Subsidiaries which are material.

3. Definitions

"Board" shall mean the Board of Directors of the Company;

"Compliance Officer" shall mean the Company Secretary of the Company;

"Key Managerial Personnel/KMP" means Key Managerial Personnel as defined in sub-section (51) of Section 2 of the Companies Act, 2013.

"Material Event or Information" shall mean such information / event as listed under Clause 4 of this Policy;

"Subsidiary" means a subsidiary as defined under Sub-section (87) of Section 2 of the Companies Act, 2013.

Unless the context requires otherwise, words and expressions not defined herein shall have the meaning ascribed to them under the SEBI Listing Regulations, the SEBI Act, 1992, the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the Securities Contracts (Regulation) Act, 1956, the Companies Act, 2013, or any other cognate statute.

4. Key principles in determining materiality -

The SEBI Listing Regulations have not only provided for the manner in which details of events/ information relating to the affairs of the Company is required to be disclosed to the Stock Exchange(s), but also the nature thereof and the time within which it must be disclosed, detailed as under-

- (i) Events / Information which, in the opinion of the Board of Directors of the Company, are fit to be considered as material and therefore shall be mandatorily disclosed, as soon as possible within a reasonable time of their occurrence, but not later than (a) twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the Company or (b) twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company.
- (ii) Events listed in Para A of Part A of Schedule III of the SEBI Listing Regulations shall be mandatorily disclosed by the Company, as soon as possible within a reasonable time of their occurrence, but not later than (a) 12 hours from the occurrence of the event or information, in case the event or information is emanating from within the Company or (b) 24 hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company i.e. without applying any test of materiality.

Provided that in case any event or information listed in Para A of Part A of Schedule III of the SEBI Listing Regulations emanates from a decision taken in a meeting of board of directors, the same shall be disclosed within 30 minutes from the closure of such meeting as against the timeline indicated in the table above.

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.

Provided further that the events listed in Sub-Para 4 of Para A of Part A of Schedule III of the SEBI Listing Regulations are deemed to be material events and as such shall be mandatorily disclosed by the Company within 30 minutes from the closure of the Board Meeting. The intimation of outcome of meeting of the Board of Directors shall also contain the time of commencement and conclusion of the meeting.

(refer Schedule III of the SEBI Listing Regulations for list of events / information to be disclosed)

- (iii) Events listed in Para B of Part A of Schedule III of the SEBI Listing Regulations shall be disclosed by the Company, as soon as possible within a reasonable time of their occurrence, but not later than: (a) 12 hours from the occurrence of the event or information, in case the event or information is emanating from within the Company or (b) 24 hours from the occurrence of the event or information, in case the event or information is not emanating from within the Company, subject to application of the following criteria to determine, whether such event is material or not.
(refer Schedule III of the SEBI Listing Regulations for list of events / information to be disclosed)

The Company shall disclose all such material events or information pertaining to itself or to its subsidiary(ies), specified in Para B of Part A of Schedule III of the SEBI Listing Regulations subject to application of guidelines for materiality, as set out under the SEBI Listing Regulations.

To determine whether an event or information is material, the following qualitative criteria shall be considered:

- (A) where the omission of an event or information, is likely to result in discontinuity or alteration of the event or information already available publicly; or
 - (B) where 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) where the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - (a) 2% of turnover, as per the last audited consolidated financial statements of the Company;
 - (b) 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;
 - (c) 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;
 - (D) Where the criteria specified in sub-clauses (A) (B) and (C) of 4(iii) above are not applicable, an event / information may be treated as being material, if in the opinion of Board of Directors of the Company, the event / information is deemed fit to be considered as material, for onward disclosure to the Stock Exchange(s). The Board of Directors do hereby authorize the Managing Director of the Company to make such determination.
- (iv) Where an event occurs or is available with the Company, which does not form part of Para A / Para B of Part A of Schedule III of the SEBI Listing Regulations but is likely to have a material impact on the Company, shall endeavor to make adequate disclosures in this regard.
 - (v) Events / Information relating to any major development which is likely to affect the business of the Company 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 any other information which is exclusively known to the Company, which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.
 - (vi) Events / Information relating to its subsidiary companies, which are material to the Company, shall also be disclosed to the Stock Exchange(s).
 - (vii) Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Company or of its holding, subsidiary or associate company, among themselves or with the Company 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 Company or impose any restriction or create any liability upon the Company, shall be disclosed, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements, within two working days of entering into such agreements or signing an agreement to enter into such agreements.
 - (viii) Any event or information is required to be disclosed by the Company in terms of the provisions of SEBI Listing Regulations, pursuant to the receipt of a communication from any regulatory, statutory,

enforcement or judicial authority, the Company shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

- (ix) In case there is a delay in disclosing the material event / information to the Stock Exchange(s), in terms of this Policy, the Company shall provide appropriate explanation for such delay.

5. Guiding principles on occurrence of material events/information -

- (i) The Company may be confronted with the question as to when an event/information can be said to have occurred.
- (ii) In certain instances, the answer to above question would depend upon the stage of discussion, negotiation or approval and in other instances where there is no such discussion, negotiation or approval required viz. in case of natural calamities, disruptions etc, the answer to the above question would depend upon the timing when the Company became aware of the event/information.
- (iii) In the former, 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.
- (iv) In the latter, the events/information can be said to have occurred when a Company 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. Here, the term 'officer' shall have the same meaning as defined under the Companies Act, 2013 and shall also include promoter of the Company.

6. Authority to determine materiality of any event / information -

The Chief Financial Officer of the Company has been authorized by the Board to determine whether or not an event / information could be considered as material for the purpose of disclosing it on the website.

Further, for administrative convenience, the Managing Director or the Chief Financial Officer or the Compliance Officer of the Company, have been authorized by the Board to disclose details of material events / information and to respond to any queries that may be raised in respect thereof.

7. Other provisions relating to Disclosures -

- (i) The Company shall in respect of disclosures made under the SEBI Listing Regulations make disclosures updating material development on a regular basis on the website, till such time the event is resolved / closed, with relevant explanations.
- (ii) The Company shall upload on its website all such events/ information that has been disclosed to the Stock Exchange(s) and host the same for a minimum period of 5 years, after which, the said information will be archived as per its Policy for preservation of Documents and Archival of Documents and disclosed on its website.
- (iii) In case of any amendments to the disclosures already made by the Company or those uploaded on its website, the Company shall disclose/ upload the amended content, in terms of this Policy.

- (iv) The Company shall provide specific and adequate reply to all queries raised with respect to any material events or information provided that the information and clarification shall be disseminated as soon as reasonably practicable.
- (v) The Company may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).

8. Review of the Policy

This Policy shall be reviewed at least annually or pursuant to any amendments to the SEBI Listing Regulations from time to time or for any reason as deemed appropriate by the Board.

The Chief Financial Officer of the Company has been authorized to carry out necessary changes to this Policy, as and when the same are necessitated, pursuant to any regulatory change. The aforesaid changes carried out by the Managing Director of the Company shall be ratified by the Board of Directors of the Company in their subsequent Board Meeting.
