

**POLICY ON DETERMINATION OF MATERIALITY FOR
DISCLOSURE OF EVENTS OR INFORMATION**



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A. OBJECTIVE

The Policy is devised in accordance with the requirements of the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Regulations).

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

B. DEFINITIONS

“**Act**” shall mean the Companies Act, 2013 and the Rules framed there under, including any modifications, clarifications, circulars or re-enactment thereof.

“**Authorized Persons**” shall mean all Executive Directors/CFO/CS of the Company.

“**Board of Directors**” shall mean the Board of Directors of Nucleus Software Exports Limited

“**Listing Regulations**” means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any amendment thereto and/or modification thereof from time to time;

“**Material Event**” or “**Material Information**” shall mean such event or information in terms of Part A of schedule III of Listing Regulation.

“**Material Subsidiary**” shall mean any subsidiary company of the Company which is or has been determined as a material subsidiary as per the provisions of the Listing Regulations.

“**SEBI**” means the Securities and Exchange Board of India.

“**Stock Exchanges**” means:

- (a) BSE Ltd and
- (b) National Stock Exchange of India Limited.

“**The Policy**” means Policy on Determination of Materiality for disclosure of events.

“**The Company**” means Nucleus Software Exports Limited and its Subsidiaries.

"Unless the context otherwise requires, words and expressions used in this Policy and not defined herein shall derive their meaning from Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Company as amended from time to time shall have the meaning respectively assigned to them therein.

C. APPLICABILITY OF THE POLICY

This policy shall be applicable to all the events in the Company, as and when they fall under the criteria enumerated in the policy.

D. GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION

Materiality will be determined on a case-to-case basis depending on the facts and the circumstances pertaining to the event or information.

The following criteria will be applicable for determining materiality of event or information:

1. **Qualitative criteria** would mean an event/ information:
 - a) the omission of an event or information 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.

2. **Quantitative criteria** would be calculated based on audited consolidated financial statements and would mean the omission of an event/ information whose value involved or the expected impact in terms of value, exceeds the lower of the following:
 - (a) 2% (two per cent) of consolidated turnover, as per the last audited consolidated financial statements of the Company; or
 - (b) 2% (two per cent) of consolidated 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)); or
 - (c) 5% (five percent) of average of absolute value of consolidated profit or loss after tax for last 3 years, as per the last 3 (three) audited consolidated financial statements of the Company.

For the avoidance of doubt, it is clarified that if the objective materiality threshold is not met, an event or information may be treated as being material, if in the opinion of the Board of the Company, the event or information is considered material.

E. CATEGORIES OF EVENTS/ INFORMATION:

Category I: The events as specified in Annexure I under Regulation 30 with Para A of Part A of Schedule III of the Listing Regulations shall be disclosed irrespective of Materiality. (*Annexure I attached herewith below*)

Category II: The events as specified in in Annexure II under Para B of Part A of Schedule III of the Listing Regulations shall be disclosed on application of the guidelines for Materiality defined in Clause D above. (*Annexure II attached herewith below*)

Category III: In case where the category specified in above clauses (i) to (ii) above are not applicable, an event or information may be treated as being material ,if in the opinion of the Board of Directors of the Company, the event/information is considered material.

Category IV: 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 their position and to avoid the establishment of a false market in such securities.

Without prejudice to the generality of above categories, the Company may make disclosure of events/information as specified from time to time.

F. PROCESS FOR DISCLOSURE

All events/information identified as material in line with the regulation and under this Policy shall be disclosed by the Authorized persons not later than the following:

- i. thirty minutes (30 mins) from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken.
- ii. twelve hours (12 hrs) from the occurrence of the event or information, in case the event or information is emanating from within the company.
- iii. twenty-four hours (24 hrs.) from the occurrence of the event or information, in case the event or information is not emanating from within the company:

Provided that disclosure with respect to events or information for which timelines have been specified in Part A of Schedule III of the Listing Regulations, shall be made within such timelines.

All the above disclosures would be hosted on the website of the Company for a minimum period of five years and thereafter archived as per Company's policy for Preservation and Archival of Documents.

G. COMMUNICATION OF THIS POLICY

This Policy shall be hosted on the website of the Company and address of such web link thereto shall be provided in the Annual Report of the Company. This Policy shall also be hosted on Company's intranet.

H. REVIEW OF THIS POLICY

The Board may subject to the applicable laws amend any provision(s) or substitute any of the provision(s) with the new provision(s) in the Policy.

In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions here under and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Annexure I

As prescribed under Para-A of Part A of Schedule III of the SEBI Listing Regulations

A. Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of Regulation (30):

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation, merger, demerger or restructuring), sale or disposal of any unit(s), division(s), whole or substantially the whole of the undertaking(s) or subsidiary of the Company, sale of stake in associate company of the Company or any other restructuring.

Explanation (1) - For the purpose of this sub-paragraph, the word '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 existing or to be incorporated, whether directly or indirectly, such that –
 - (a) the Company holds shares or voting rights aggregating to five percent 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 subclause (a) of clause (ii) of the Explanation to this sub-paragraph and such change exceeds two per cent of the total shareholding or voting rights in the said company; or
 - (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.

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 Company; 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 subclause (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 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 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.
6. 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 to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether or not the Company is a party to such agreements.

Provided that such agreements entered into by a Company 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 Company 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 Company shall or shall not act in a particular manner.

7. Fraud or defaults by a Company, its promoter, director, key managerial personnel, senior management or subsidiary or arrest of key managerial personnel, senior management, promoter or director of the Company, whether occurred within India or abroad.
8. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), senior management, Auditor and Compliance Officer.
9. 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 twenty-four hours of receipt of such reasons from the auditor.

10. Resignation of independent director including reasons for resignation: In case of resignation of an independent director of the Company, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the Company:
 - (i) The letter of resignation along with detailed reasons for the resignation as given by the said director.
 - (ii) Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 - (iii) The independent director shall, along with the detailed reasons, also provide a confirmation that there are no other material reasons other than those provided.
 - (iv) The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the disclosures as specified in sub-clause (i) and (ii) above.
11. 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.
12. In case the Managing Director or Chief Executive Officer of the Company 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).
13. Appointment or discontinuation of share transfer agent.
14. 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.
15. One time settlement with a bank.
16. Winding-up petition filed by any party / creditors.
17. 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.
18. Proceedings of Annual and extraordinary general meetings of the Company.
19. Amendments to memorandum and articles of association of Company, in brief.
20. (a) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the meet)] and presentations made by the Company to analysts or institutional investors.

Explanation: For the purpose of this clause 'meet' shall mean group meetings or group conference calls conducted physically or through digital means.

 - (a) Audio or video recordings and transcripts of post earnings/quarterly calls, by whatever name called, conducted physically or through digital means, simultaneously with submission to the recognized stock exchange(s), in the following manner:
 - (i) the presentation and the audio/video recordings shall be promptly made available on the website and in any case, before the next trading day or within twenty-four hours from the conclusion of such calls, whichever is earlier;

- (ii) the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls:
21. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:
- (a) Filing of application by the corporate applicant for initiation of CIRP, also specifying the amount of default;
 - (b) Filing of application by financial creditors for initiation of CIRP against the corporate debtor, also specifying the amount of default;
 - (c) Admission of application by the Tribunal, along with amount of default or rejection or withdrawal, as applicable;
 - (d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
 - (e) List of creditors as required to be displayed by the corporate debtor under regulation 13(2)(c) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - (f) Appointment/ Replacement of the Resolution Professional;
 - (g) Prior or post-facto intimation of the meetings of Committee of Creditors;
 - (h) Brief particulars of invitation of resolution plans under section 25(2)(h) of Insolvency Code in the Form specified under regulation 36A(5) of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016;
 - (i) Number of resolution plans received by Resolution Professional;
 - (j) Filing of resolution plan with the Tribunal;
 - (k) Approval of resolution plan by the Tribunal or rejection, if applicable;
 - (l) Specific features and details of the resolution plan as approved by the Adjudicating Authority under the Insolvency Code, not involving commercial secrets, including details such as:
 - (i) Pre and Post net-worth of the company;
 - (ii) Details of assets of the company post CIRP;
 - (iii) Details of securities continuing to be imposed on the companies' assets;
 - (iv) Other material liabilities imposed on the company;
 - (v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
 - (vi) Details of funds infused in the company, creditors paid-off;
 - (vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;
 - (viii) Impact on the investor – revised P/E, RONW ratios etc.;
 - (ix) Names of the new promoters, key managerial personnel, if any and their past experience in the business or employment. In case where promoters are companies, history of such company and names of natural persons in control;
 - (x) Brief description of business strategy.
 - (m) Any other material information not involving commercial secrets;
 - (n) Proposed steps to be taken by the incoming investor/acquirer for achieving the MPS;
 - (o) Quarterly disclosure of the status of achieving the MPS;
 - (p) The details as to the delisting plans, if any approved in the resolution plan.
22. Initiation of Forensic audit: In case of initiation of forensic audit, (by whatever name called), the following disclosures shall be made to the stock exchanges by listed entities:

- (a) The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
 - (b) Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Company along with comments of the management, if any.
23. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a Company, in relation to any event or information which is material for the Company in terms of regulation 30 of these regulations and is not already made available in the public domain by the Company.

Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

24. Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following:
- (a) search or seizure; or
 - (b) re-opening of accounts under section 130 of the Companies Act, 2013; or
 - (c) investigation under the provisions of Chapter XIV of the Companies Act, 2013; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - (i) name of the authority;
 - (ii) nature and details of the action(s) taken, initiated or order(s) passed;
 - (iii) date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
 - (iv) details of the violation(s)/contravention(s) committed or alleged to be committed;
 - (v) impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.
25. Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Company or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Company, in respect of the following:
- (a) suspension;
 - (b) imposition of fine or penalty;
 - (c) settlement of proceedings;
 - (d) debarment;
 - (e) disqualification;
 - (f) closure of operations;
 - (g) sanctions imposed;
 - (h) warning or caution; or
 - (i) any other similar action(s) by whatever name called; along with the following details pertaining to the actions(s) initiated, taken or orders passed:
 - (i) name of the authority;
 - (ii) nature and details of the action(s) taken, initiated or order(s) passed;

- (iii) date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
- (iv) details of the violation(s)/contravention(s) committed or alleged to be committed;
- (v) impact on financial, operation or other activities of the Company, quantifiable in monetary terms to the extent possible.

26. Voluntary revision of financial statements or the report of the board of directors of the Company under section 131 of the Companies Act, 2013.

Annexure II

B. As prescribed under Para- B of Part A of Schedule III of the SEBI Listing Regulations Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30):

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Any of the following events pertaining to the Company:
 - (a) arrangements for strategic, technical, manufacturing, or marketing tie-up; or
 - (b) adoption of new line(s) of business; or
 - (c) closure of operation of any unit, division or subsidiary (in entirety or in 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) 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.
6. 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.
7. Effect(s) arising out of change in the regulatory framework applicable to the Company.
8. Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the Company.
9. Frauds or defaults by employees of the Company which has or may have an impact on the Company.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety , by whatever named called, for any third party.
12. Granting, withdrawal , surrender , cancellation or suspension of key licenses or regulatory approvals.
13. Delay or default in the payment of fines, penalties, dues etc. to any regulatory, statutory, enforcement or judicial authority.

C. 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.

D. Without prejudice to the generality of para (A), (B) and (C) above, the Company may make disclosures of event/information as specified by the Board from time to time.