

## **POLICY FOR DETERMINATION OF MATERIALITY OF EVENT / INFORMATION**

Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the “SEBI Listing Regulations”) mandates disclosure of any events or information which, in the opinion of the Board of Directors of the Company (the “Board”), is material. Regulation 30(4) of the SEBI Listing

In this context, the Policy on Determination of Materiality of Events (“Policy”) has been framed by the Board of Directors (“Board”) of Virtualsoft Systems Limited (“VSL/Company”). The Policy aims at ensuring that all investors have equal access to important information that may affect their investment decisions and that such information is adequately disseminated in a fair and timely manner in pursuance with the Listing Regulations and to provide an overall governance framework for determination of materiality. This Policy can be modified and/or amended with the approval of the Board of Directors only.

### **DISCLOSURE OF EVENTS OR INFORMATION**

In terms of Regulation 30 of the said Listing Regulations, the events requiring disclosure by the Companies, are provided as follows:

- a. Events specified in Annexure A forming part of this Policy are deemed to be material events and the Company is required to make disclosure of the same as soon as reasonably possible and not later than twenty-four (24) hours from the occurrence of such event or information.

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

- b. Events specified in Annexure B forming part of this Policy shall be disclosed by the Company based on the guidelines formulated by the Disclosures Committee.

This Policy shall also apply to the events which are not indicated in Annexure A or Annexure B, but may have a material effect on the Company.

All the above disclosures would be hosted on the website of the Company for a minimum period of five years or as per the Policy on Preservation & Archival of Documents. Annexure A & Annexure B will be read in conjunction with the SEBI Listing Regulations and any proposed changes in the SEBI Listing Regulations in the said regard shall apply mutatis mutandis to the Annexures forming part of this Policy.

### **OBJECTIVES OF THE POLICY**

The objectives of this Policy are as follows:

- a. To ensure that the Company complies with the disclosure obligations to which it is subject as a publicly-traded company as laid down by the Listing Regulations, various securities laws and any other legislations.
- b. To ensure that the information disclosed by the Company is timely and transparent.

- c. To ensure that 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.
- f. To ensure uniformity in the Company's approach to disclosures, raise awareness and reduce the risk of selective disclosures.

#### **CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS/INFORMATION**

The Company shall consider the criteria as specified in Clause (i) of Sub-regulation 4 of Regulation 30 of the Listing Regulations for determination of materiality of events/ information as under:

- (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;
- (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/ information may be treated as being material if in the opinion of the Chairman & Managing Director or Director (Commercial) or Director (Finance) of the Company, the event / information is considered material.

#### **EVENTS WHICH SHALL BE DISCLOSED WITHOUT ANY APPLICATION OF THE GUIDELINES FOR MATERIALITY AS SPECIFIED IN SUB-REGULATION (4) OF REGULATION (30)**

A. The following events / information specified in para A of Part A of Schedule III to the Listing Regulations upon occurrence of which the Company shall make disclosure to the Stock Exchanges without any application 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 listed entity or any other restructuring.

Explanation: For the purpose of this sub-para, the word 'acquisition' shall mean-

- i. acquiring control, whether directly or indirectly; or,
- ii. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or

indirectly, such that-

- a) the listed entity holds shares or voting rights aggregating to five (5) 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 sub-clause a) of clause (ii) of the Explanation to this sub-para and such change exceeds two (2) percent of the total shareholding or voting rights in the said company.

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. Revision in Rating(s).
4. Outcome of Meetings of the board of directors: The listed entity shall disclose to the Exchange(s), within thirty (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 listed entity 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 listed entity), 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. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer.
8. In case of resignation of the auditor, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Company to the stock exchange(s) as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor
9. 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) Letter of Resignation alongwith the detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the Company to the stock exchange(s)
  - (ii) Names of the 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 is no other material reasons other than those provided

(iv) 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.

10. Appointment or discontinuation of share transfer agent.

11. Corporate debt restructuring.

12. One-time settlement with a bank.

13. Reference to BIFR1 and winding-up petition filed by any party/creditors.

14. 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 listed entity.

15. Proceedings of Annual and extraordinary general meetings of the listed entity.

16. Amendments to memorandum and articles of association of listed entity, in brief.

17. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investors.

B. The following events/ information specified in para B of Part A of Schedule III to the Listing Regulations upon occurrence based on application of guidelines on materiality as given in clause 5 of this Policy:

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 business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, 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 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 listed entity 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 listed entity.

8. Litigation(s) / dispute(s) / regulatory action(s) with impact.

9. Fraud/defaults etc. by Directors (other than key managerial personnel) or employees of listed entity.

10. Options to purchase securities including any ESOP/ ESPS Scheme.

11. Giving of guarantees or indemnity or becoming a surety for any third party.

12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

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 listed entity 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.

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.

E. The Company shall make disclosures updating Material developments on a regular basis, till such time the event is resolved/ closed, with relevant explanations.

F. The Company shall disclose all events or information with respect to its Material Subsidiaries, if any.

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

#### **AUTHORIZATION FOR DISCLOSURES**

The following Key Managerial Personnel (“KMP”) of the Company are 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 Exchanges. The KMP’s may also seek external legal advice in case of any ambiguity/clarification:

Chairman and Chief Executive Officer

Managing Director

Chief Financial Officer

Company Secretary and Compliance Officer;

The Compliance Officer shall be responsible for making disclosures to the Stock Exchanges. The contact details of the Compliance Officer shall be made available to the Stock Exchanges and shall also be available on the website of the Company.

#### **DISCLOSURE PROCESS**

Any event purported to be reportable under Regulation 30 of the Regulations shall be informed to the Key Managerial Person authorised by the Board, as defined above, on an immediate basis with supporting data/information to facilitate a prompt and appropriate disclosure. Any other event, even if not covered under the Regulations but is potentially of price sensitive nature, must also be informed, for further evaluation of KMPs.

The KMP authorised by the Board, shall severally be responsible and authorised for ascertaining the materiality of events considering its nature and its disclosure after taking into consideration the various provisions of the Regulations and this policy

After evaluation, the Company Secretary and Compliance Officer in his absence any one of the KMPs shall make disclosure to the Stock Exchanges.



The Company shall use the electronic facilities provided by the Stock Exchanges for dissemination of the information and may subsequently disclose the same via other media, including the press release, website, etc.

Statutory timeframes for disclosure shall be adhered to. Delay, if any, should be sufficiently explained along with the disclosure.

Regular updates, where relevant, shall be made with relevant explanations.

## **DISCLOSURE**

This Policy shall be disclosed on the website of the Company i.e. [www.virtsoft.com](http://www.virtsoft.com). The Company shall also disclose on its website all such events or information which has been disclosed to the relevant stock exchange under this Policy, and such disclosures shall be hosted on the website of the Company for a minimum period of five years and, thereafter, as per the archival policy of the Company.

## **MODIFICATION OF THE POLICY**

This Policy is framed based on the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, in case of any subsequent amendments to the Regulations which makes any of the provisions in the Policy inconsistent, the provisions of the Regulations shall prevail. This Policy shall be subject to review, if necessary. Any change/amendments in applicable laws with regard to Policy for Determination of Materiality shall be deemed to be covered in this Policy without any review. Any change/amendments to this policy shall be approved by the Board of Directors.