

MEGASOFT LIMITED

POLICY FOR DETERMINING MATERIALITY OF DISCLOSURES

1. BACKGROUND:

This policy is framed pursuant to the Regulation 30(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the ‘Regulations’) which mandates every listed entity to frame a policy for determination of materiality of events and information that requires appropriate disclosure to the stock exchanges.

2. SCOPE:

The Policy applies in respect of disclosure of “material” events occurring within Megasoft Limited and its subsidiaries.

3. AUTHORISED PERSONS:

The Company’s Compliance Officer, in consultation with the Company’s Investor Relations department and Key Managerial Personnel shall have the authority to make materiality and distribution determinations covered by this Policy with respect to the information disclosed about the Company. The Compliance Officer or his/her designees, in each case, together with the Company’s investor relations department and key managerial personnel have the authority to interpret and enforce this Policy. All questions about this policy should be directed to the Compliance Officer. The Compliance Officer or his/her designee, in each case, together with the Company’s investor relations department must pre-approve any deviation from the policies and procedures outlined in this Policy.

The Compliance Officer will be the custodian of the disclosure process. In the event of absence of the said personnel on account of vacancy, leave, temporary inaccessibility for any reason, his powers and functions shall be undertaken by a Key Managerial Personnel, as determined by the Board of Directors from time to time.

4. MATERIALITY ASSESSMENT:

Information may be regarded as “material” if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to buy, sell or hold a security or where the fact is likely to have a significant effect on the market price of the security. Either positive or negative information may be material.

Materiality will be determined on a case to case basis depending on specific facts and circumstances relating to the information/event. The primary approach for determining materiality will be qualitative. The quantitative criteria given hereunder shall be used as a guide or reference for determining materiality and arriving at the overall decision on reportability of the event by the Compliance Officer, the Company’s investor relations department and Key Management Personnel.

Financial information in particular shall be considered. Information that would normally be regarded as “material” include the following although the list is not exhaustive:

- Financial results, financial condition, projections or forecasts;
- Known but unannounced future earnings or losses;
- Significant corporate events, such as a pending or proposed acquisition or joint venture;
- Plans to launch new products or features or significant products defects;
- The status of the Company’s progress toward achieving significant goals;
- Changes in auditors or auditor notification that the issuer may no longer rely on an audit report;
- Events regarding the Company’s securities (such as repurchase plans, stock splits or changes in dividends, changes to the rights of security holders, public or private sales of additional securities or information related to any additional funding);
- Bankruptcies, receiverships or financial liquidity problems;
- Pricing changes;
- Positive or negative developments in outstanding litigation, investigations or regulatory matters; or
- Known but unannounced changes in the members of the senior management, Board of Directors or the key managerial personnel.

For the avoidance of doubt, events listed in Schedule III, Part A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 shall be disclosed without application of the criteria listed here.

For the purpose of assessing whether a particular transaction or the amounts involved in that transaction are “material” the following information will also be considered, although the list is not exhaustive:

- i. Whether the transaction is in the ordinary course of business;

- ii. Whether a related party is involved in the transaction;
- iii. Whether the transaction represents a significant shift in Megasoft Limited's strategy;
- iv. Whether the transaction is an exit from, or entry into, a significant line of business.

5. Guidance on Timing of an Event or Information

The Company may be confronted with the question as to when an event/information can be said to have occurred.

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.

In the former, the events/information can be said to have occurred upon receipt of approval of Board of Directors.

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.

In the latter, the events/information can be said to have occurred when the 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 listed entity.

6. REVIEW / AMENDMENT:

Any change in the Policy shall be approved by the Board. The Board shall have the right to withdraw and/or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding. Any subsequent amendment/modification in the Act or the rules framed thereunder or the SEBI Listing Regulations and/or any other laws in this regard shall automatically apply to this Policy.

7. DISCLOSURE OF THE POLICY

This policy will be posted on the Company's website. The necessary disclosure about the policy will also be made as per requirements of applicable acts/ rules/ regulations. After completion of the minimum period as prescribed by the Regulations and/or Securities Laws the events or information shall be archived by the Company as per the Archival Policy of the Company.