

POLICY FOR DETERMINATION **OF MATERIALITY OF EVENTS**

POLICY ON DETERMINATION OF MATERIALITY FOR DISCLOSURE OF EVENTS OR INFORMATION

1. BACKGROUND AND OBJECTIVE

The Securities and Exchange Board of India (SEBI) has issued and notified “SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Regulations”) requiring the listed Companies to make disclosure of events / information in a timely manner so as to regulate the market and control the flow of false information among the stake holders.

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations), a listed entity is required to frame a policy for determination of materiality for disclosure of events or information to Stock Exchanges, based on the criteria as specified under Sub Reg. 4 of Regulation 30 and the same is also required to be disclosed on the Company’s website.

The Policy shall be applicable to all the events relating to the Company, as and when they come under the criteria elucidated in the below. This policy has been framed based on the amendments made to Regulation 30 and Schedule III of the Listing Regulations, by way of the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 and the SEBI Circular dated July 13, 2023.

The objective of the Policy:

1. To systematically identify, categorize, review and determine materiality of event / information for the purpose of disclosure to Stock Exchanges as required under Listing Regulations.
2. To ensure that the information disclosed by the Company is adequate, accurate, timely and transparent.
3. To provide guidance to the Board of Directors, Key Managerial Persons and other executives and staff working in the Company in making decisions and to assist them in identifying any potential material event or information and reporting the same to the authorized persons, in terms of Regulation 30 (5) of the Listing Regulations.

2. DEFINITIONS

In this Policy, unless the context otherwise requires:

- a) **“Act”** shall mean the Companies Act, 2013 and the Rules framed thereunder, including any

modifications, clarifications, circulars or re-enactment thereof

- b) **“Board of Directors”** or **“Board”** means the Board of Directors of Veefin Solutions Limited, as constituted from time to time.
- c) **“Company”** means Veefin Solutions Limited.
- d) **“Key Managerial Personnel”** mean key managerial personnel as defined in subsection (51) of section 2 of the Companies Act, 2013;
- e) **“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 Regulations.
- f) **“LODR Regulations”** mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.
- g) **“Net Worth”** shall have the meaning assigned to it in Section 2(57) of the Act;
- h) **“Rules”** means the rules made under the Act.
- i) **“Stock Exchange(s)”** means BSE SME, where the equity shares of the Company are listed.
- j) **“Turnover”** shall have the meaning assigned to it in Section 2(91) of the Act;
- k) **“Website”** mean website of the Company www.veefin.com

Any other term not defined herein shall have meaning respectively assigned to them under the SEBI's LODR, 2015 and in the absence of its definition or explanation therein, as per the Companies Act, 2013 the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

3. EVENTS WHICH ARE DEEMED TO BE MATERIAL:

The Company shall disclose all such events which are specified in Para A of Part A of Schedule III of the Listing Regulations (as applicable from time to time) (**“Para A Events”**) without any application of the guidelines for materiality, as specified in Regulation 30 (2) of LODR Regulations and in accordance with requirements of the SEBI Circular dated July 13, 2023 (as applicable from

time to time). Details to be provided to the Stock Exchanges while disclosing Para A Events shall be in compliance with the requirements of the SEBI Disclosure Circular.

4. EVENTS WHICH ARE DEPENDENT ON APPLICATION OF GUIDELINES FOR MATERIALITY:

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 LODR Regulations ("**Para B Events**") subject to application of guidelines for materiality, as set out under the LODR Regulations.

GUIDELINES FOR DETERMINING MATERIALITY OF EVENTS OR INFORMATION:

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.

In terms of the SEBI Disclosure Circular, if the average of absolute value of profit or loss is required to be considered by disregarding the 'sign' (positive or negative) that denotes such value as the said value / figure is required only for determining the threshold for 'materiality' of the event and not for any commercial consideration.

The details to be provided to the Stock Exchanges while disclosing Para B Events shall be in compliance with the requirements of the SEBI Disclosure Circular.

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.

Qualitative criteria would mean an event/ information:

- (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; or

(c) any other event/information may be treated as being material if in the opinion of the Board of directors of Company, the event / information is considered material.

5. GUIDELINES ON OCCURRENCE OF AN EVENT/INFORMATION & ITS TIMELY DISCLOSURE :

5.1 The occurrence of material events/information could be either emanating from within or outside the listed entity by the Company's own accord or for reasons not in the hands of the Company. It can be categorized as under:

- (a) depends upon the stage of discussion, negotiation or approval; and
- (b) in case of natural calamities disrupting operations etc., it would depend upon the timing when the company became aware of the event/information.

In respect of the events under 5.1(a), the events/information can be said to have occurred upon receipt of approval of the 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. Approvals other than final approvals, such as in-principle approvals, exploratory approvals etc. will not require disclosure under this Code.

In respect of the events under 5.1(b), 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. The term 'officer' shall have the same meaning as defined under the Act and shall also include Promoter of the Company.

6. AUTHORITY FOR DETERMINATION OF MATERIALITY OF EVENTS/ INFORMATION

The Key Managerial Personnel as authorised by the Board of Directors will determine the materiality of events / information. The Board of Directors have authorised the CFO, WTD and Company Secretary to determine the materiality of an event/ information.

7. DISCLOSURE

7.1 All events/information identified as material in line with the regulation and under this Policy shall be disclosed as soon as reasonably possible and, in any case, not later than the following:

- i. For all material events/ information for which decision is taken in a Board meeting within 30 (thirty) minutes from the closure of the board meeting;
- ii. For all material events/ information emanating from within the Company within 12 (twelve) hours from the occurrence of the event or information;
- iii. For all material events/ information relating to the Company but emanating from outside the Company within 24 (twenty-four) hours from the occurrence of the event or information.

a) In case the disclosure is made after the stipulated timeline, the Company shall provide an explanation for the delay along with the disclosure.

b) The Company shall disclose all further material developments with respect to the disclosures referred to in this Policy on a regular basis, till the event is resolved / closed, with relevant explanations.

8. AUTHORISATION TO SUO MOTO CONFIRM, DENY OR CLARIFY REPORTED 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 listed entity became aware of the event/information.

The Company shall confirm, deny or clarify any reported event or information in the mainstream media, which is not general in nature and indicates that rumours of an impending specific material event or information that are circulating amongst the investing public and also provide the current stage of such event or information. Such disclosure will be as per the timelines prescribed under Listing Regulations as applicable to the Company and amendment made thereon from time to time.

9. REVIEW AND AMENDMENT OF POLICY

The policy shall be subject to review as may be deemed necessary and in accordance with any statutory/regulatory requirements and can be amended depending upon the circumstances and situations from time to time by the Board of Directors.

10. WEBSITE

As per the provisions of the listing regulations, the policy shall be disclosed on the website of the company.
