

# eClerx

## Policy for Determining Material Events or Information and its Disclosure



Project	Policy for determining material events or information and its disclosure
Company	eClerx Services Ltd.
Prepared by	Legal & Secretarial

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## 1. Introduction

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This policy provides the guidelines adopted by the Company for determining materiality of events or information relating to the Company and procedures laid down for prompt disclosure of such material events/information and assistance to employees in identifying any potential material event or information and reporting the same to the stock exchanges

Accordingly, *inter-alia*, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, this policy has been adopted by the Company's Board of Directors vide its resolution dated November 2, 2015 in order to (a) set forth the guidelines for determining material events or information relating to the Company and procedures for prompt disclosure of such material events or information to the stock exchanges where the securities of the Company are listed; (b) provide a framework that instils confidence in the present and potential investors of the Company with respect to the quality, accuracy and integrity of information disclosed by the Company; (c) ensure timely, accurate and adequate disclosure of material events or information so that present and potential investors are able to take informed decision with respect to their investment in the Company (d) helping employees in identification of material event or information.

This Policy is effective from November 2, 2015 and was amended on March 15, 2022 and August 9, 2023.

In respect of provisions not specifically provided herein but laid down under the relevant regulations, both present and future, those provisions will accordingly apply.

## 2. Definitions

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**For the purposes of this policy, the following definitions apply:**

**“Act”** means Companies Act, 2013 and the rules and regulations framed thereunder, as amended from time to time

**“Board”** means Board of Directors of the Company

**“Company”** means eClerx Services Limited;

**“Default”** shall mean non-payment of the interest or principal amount in full on the date when the debt has become due and payable.

In case of revolving facilities like cash credit, an entity would be considered to be in ‘default’ if the outstanding balance remains continuously in excess of the sanctioned limit or drawing power, whichever is lower, for more than thirty days.

Default by a promoter, director, key managerial personnel, senior management, subsidiary shall mean default which has or may have an impact on the Company.

**“Directors”** means Directors of the Company

**‘Fraud’** shall include fraud as defined under Regulation 2(1)(c) of Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.

**“Key Managerial Personnel”** (KMP) in relation to the Company, means key managerial personnel as defined under the Act

**“Listing Regulations”** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time

**“Senior Management”** shall mean employees of the company who are members of its core management team (employees in the cadre of Principal and above) excluding Board of Directors. It would comprise all members of management one level below the CEO/MD/WTD/Manager (including CEO/Manager, in case they are not part of the Board) which would cover employees in the cadre of Managing Principal, the functional heads and shall also include the Company Secretary and Chief Financial Officer.

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

**“Stock Exchanges”** means BSE Limited and National Stock Exchange of India Limited

All other words and expressions used but not defined in this Policy, shall have the meaning as defined in the Listing Regulations, and if not defined therein, then as per the Securities and Exchange Board of India Act, 1992, the Act, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/ or the rules and regulations made thereunder or any statutory modification or re-enactment thereto, as the case may be.

### 3. Procedures

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This Policy will operate within the framework of the Companies Act 2013, Rules thereunder and the Listing Regulations, as amended from time to time.

#### 3.1. Deemed material events or information

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The Company shall make disclosures of the events specified in the Listing Regulations which are deemed to be material events according to the Listing Regulations, without application of the guidelines for materiality specified in Clause 3.2 below. These events currently include the following:

1. Acquisition(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/merger/demerger/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 or any other restructuring.

**Explanation.-** The word 'acquisition' shall mean,-

- a. acquiring control, whether directly or indirectly; or,
- b. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that -
  - i. the Company holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
  - ii. there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of this Explanation and such change exceeds two per cent of the total shareholding or voting rights in the said company.or
  - iii. the cost of acquisition or the price at which the shares are acquired exceeds the threshold specified in Clause 3.2 below.

“Sale or disposal of subsidiary” and “sale of stake in associate company” shall include-

- 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; or
  - 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 Clause 3.2 below
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 Board Meetings to the Stock Exchanges, within 30 (thirty) 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).

Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered.

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.
- a. 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 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, 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 the 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 the Company or they are required to be disclosed in terms of any other provisions of these regulations.

6. Fraud/defaults by the Company, its Promoter, its Directors or Key Managerial Personnel, senior management or subsidiary of the Company or arrest of Key Managerial Personnel, senior management, Promoter, Director of the Company whether occurred within India or abroad.
7. Change in Directors, Key Managerial Personnel, Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary, Senior Management, auditor and compliance officer..
- a. 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.
  - b. 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:
    - Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
    - The letter of resignation along with detailed reasons for the resignation as given by the said director

- Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
  - The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided
  - The confirmation as provided by the independent director above shall also be disclosed along with the disclosures as specified above.
- c. 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 within seven days from the date that such resignation comes into effect.
- d. (7D) In case the Managing Director or Chief Executive Officer 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).
8. Appointment or discontinuation of share transfer agent.
9. Resolution plan/ restructuring in relation to loans/borrowings from banks/financial institutions, as per the disclosure requirements given in the Listing Regulations.
10. One time settlement with a bank.
11. Winding-up petition filed by any party / creditors.
12. 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.
13. Proceedings of annual and extraordinary general meetings of the Company.
14. Amendments to memorandum and articles of association of Company, in brief.
- 15.
- a. Schedule of analyst 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.

- b. 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 Stock Exchanges, in the following manner:
- 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 24 (twenty four) hours from the conclusion of such calls, whichever is earlier;
  - the transcripts of such calls shall be made available on the website within 5 (five) working days of the conclusion of such calls:



16. The following events in relation to the corporate insolvency resolution process (CIRP) of the Company 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 Company, 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 persons(s) 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.
17. 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 the Company:
- The fact of initiation of forensic audit along with name of entity initiating the audit and reasons for the same, if available;
  - 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.
18. Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management, in relation to any event or information which is material and is not already made available in the public domain by the Company.
19. 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.
20. 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:
  - name of the authority;
  - nature and details of the action(s) taken, initiated or order(s) passed;
  - date of receipt of direction or order, including any ad-interim or interim orders, or any other communication from the authority;
  - details of the violation(s)/contravention(s) committed or alleged to be committed;
  - impact on financial, operation or other activities of the listed entity, quantifiable in monetary terms to the extent possible.

21. Voluntary revision of financial statements or the report of the board of directors of the listed entity under section 131 of the Companies Act, 2013

### **3.2. Guidelines for determining materiality of events or information**

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

#### **Qualitative Criteria**

The following qualitative criteria will be applicable for determination of materiality of events/ information:

1. The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly;
2. 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;
3. In case where the criteria specified in sub-clauses (1) and (2) above are not applicable, an event/information may be treated as being material if in the opinion of the Board the event/information is considered material.

#### **Quantitative Criteria**

The following quantitative criteria will be applicable for determination of materiality of events/information:

The omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:

1. two percent of turnover, as per the last audited consolidated financial statements of the Company;
2. two percent 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;

3. five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company;

The quantitative criteria shall be read in conjunction with the qualitative criteria for determining materiality and arriving at the overall decision on the event/ information to be reported.

### **3.3. Events or information, considered material by Board**

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Subject to provisions of Clause 3.2, the Company shall make disclosures to the Stock Exchanges of the events and information specified in the Listing Regulations if such events or information are considered material. These events/ information currently include the following

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. Fraud/defaults etc. by employees of the Company which has or may have an impact on the Company.
10. Options to purchase securities of the Company including any employee stock option scheme/ employee stock purchase scheme.
11. Giving of guarantees or indemnity or becoming a surety by whatever name 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
14. Any other information/event viz. major and material 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 any other information which is exclusively known to the

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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.

Without prejudice to the generality of above items, the Company may make disclosures of event/information as specified by the Board of Directors, from time to time.

In respect of the aforesaid items, if a prompt disclosure is required and it is not feasible and possible to immediately procure Board of Directors approval for the same, then any such disclosure for aforesaid material events/information to Stock Exchanges can be made with approval of Executive Director or Chief Financial Officer of the Company.

## 4. Authority for determining materiality and dissemination of information

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The Board *vide* resolution dated March 15, 2022 has severally authorized Executive Director and Chief Financial Officer of the Company (“**Authorized Personnel**”), to:

- a. review and assess an event or information on the basis of the prevailing facts and circumstances with the objective of ascertaining the materiality of an event/ information and deciding whether it qualifies for disclosure, as per this Policy and/ or the Listing Regulations,
- b. determine the appropriate time at which disclosure in relation to a material event/ information is to be filed with the Stock Exchanges based on an assessment of actual time of occurrence of such a material event/ information;
- c. determine the nature and extent of details in relation to the material event/ information that may be disclosed and filed with the Stock Exchanges, keeping in mind the best interest of the present and potential investors of the Company but subject to the Listing Regulations and the relevant acts, rules, regulations, notifications, orders, circulars, clarifications etc. on the subject as may be issued by relevant statutory authorities, from time to time; and
- d. remove doubts in case any ambiguity arises in relation to this Policy including in case of any acts, rules, regulations, notifications, orders, circulars, clarifications etc. on the subject as may be issued by relevant statutory authorities, from time to time, not being consistent with the provisions laid down under this Policy.

The Authorized Personnel may seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders, as they deem fit, for purposes of effectively exercising the aforementioned powers.

The Board *vide* resolution dated March 15, 2022 has authorized Executive Director, Chief Financial Officer and/or the Company Secretary to make the relevant disclosure in relation to a material event/ information with the Stock Exchanges, upon determination of the nature and timing of such disclosure by any of the Authorized Personnel in accordance with the terms of this Policy.

The employees shall at all times be vigilant and intimate their respective Head of Department or practice as the case may be (HODs) promptly via email with all the relevant details about material events on the basis of the materiality thresholds mentioned in the policy. The HODs shall in turn intimate Authorized Personnel about such events for disclosure to Stock Exchanges within the timelines.

## 5. Disclosure of Material events or information

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### Timing of disclosure

The Company shall first disclose to the stock exchange(s) all events or information which are material in terms of the provisions of this regulation as soon as reasonably possible and in any case not later than the following:

- i. thirty minutes 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 from the occurrence of the event or information, in case the event or information is emanating from within the Company;
- iii. twenty four hours 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 for which timelines have been specified in Part A of Schedule III shall be made within such timelines.

Provided further that in case the disclosure is made after the timelines specified under this regulation, the Company shall, along with such disclosure provide the explanation for the delay.

In case an event or information is required to be disclosed by the Company in terms of the provisions of this regulation, 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.

The listed entity may on its own initiative also, confirm or deny any reported event or information to stock exchange(s)

### Nature of disclosure

Any disclosure made to the Stock Exchanges pursuant to this Policy, shall contain the necessary information as specified in the Listing Regulations. In case the Company does not disclose any such specified details, it shall state appropriate reasoning for the same as part of the disclosure.

### Disclosure of information related to subsidiaries


The Company shall disclose all events or information with respect to subsidiaries which are material for the Company.

### Disclosure on website

The Company shall disclose on its website all such material events or information which have been disclosed to the Stock Exchanges, and such disclosures shall be hosted on the website of the Company for a minimum period of 5 (five) years and thereafter as per the Company's Policy on preservation of documents and archival, as disclosed on its website.

### Disclosure updates

The Company shall, with respect to disclosures referred to in this Policy, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

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## **6. Amendments to the Policy**

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The Board of Directors on its own can amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the rules, regulations, notifications, orders, circulars, clarifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

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 over the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

**Date: August 9, 2023**

**Place: Mumbai**

**Priyadarshan Mundhra**

**(Executive Director)**