

**POLICY ON DETERMINATION AND DISCLOSURE OF MATERIALITY OF
EVENTS**

(Version 06)

Owner: Legal and Secretarial

Department Review Frequency –

(Annual)

Last Reviewed On: (February 03, 2024)

Document Control

Version	Author	Reviewer	Approved by	Date
Version-1	N.V.S Pavan Kumar	-	Board of Directors	December 24, 2016
Version-2	Amol Purandare	-	Board of Directors	October 28, 2017
Version-3	Nilay Shah	Nayana Ovalekar	Board of Directors	November 25, 2021
Version-4	Nilay Shah	Nayana Ovalekar	Board of Directors	February 01, 2023
Version-5	Nilay Shah	Nayana Ovalekar	Board of Directors	August 18, 2023
Version-6	Nilay Shah	Nayana Ovalekar	Board of Directors	February 03, 2024

Table of Content:

Sr. No.	Particulars	Page nos.
1.	Introduction/Background	4
2.	Scope	4
3.	Interpretation	4
4.	Roles and Responsibilities	4
5.	Policy Details	5
6.	Review of the Policy	7
7.	Policy Exception	8
8.	Change History	8

1. **Introduction/Background/ Purpose of the Policy:**

Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI Listing Regulations**"), mandates disclosure of any Events or Information which, in the opinion of the Board of Directors/ Governing Board ("**Board**") of Central Depository Services (India) Limited ("**CDSL**" or the "**Company**"), is Material. Regulation 30(4) of the SEBI Listing Regulations requires every Listed Entity to frame a policy for Determination of Materiality of Events or Information that requires appropriate disclosure to the Stock Exchange.

Accordingly, the **Company** herein sets out a Policy for Determination of Materiality of Events, Information and Disclosure (hereinafter referred to the "**Policy**").

2. **Scope:**

This Policy is applicable to the Company for determining Materiality of Events and/or Information for making disclosures under Regulation 30 of the SEBI Listing Regulations.

This policy is also applicable to its Subsidiaries, Directors, Promoters, Key Managerial Personnel, Senior Management Personnel to the extent applicable under SEBI Listing Regulations for making disclosures under Regulation 30 of the SEBI Listing Regulations.

3. **Interpretation:**

All words and expressions used but not defined in this Policy shall have the same meaning as defined in the Companies Act, 2013 read with Rules made thereunder, SEBI Listing Regulations, SEBI (Depositories and Participants) Regulations, 2018, the Depositories Act, 1996 and any other laws applicable to the Company including any statutory modification(s) or re-enactment thereof as the case may be.

4. **Roles and Responsibilities:**

The Managing Director & CEO, Chief Regulatory Officer, Chief Financial Officer & Head Human Resource, Chief Risk Officer, Chief Technology Officer, Chief Data and Operations Officer, Chief of Business Development & New Projects, and Company Secretary and Head Legal of the Company ("**Designated Officers**") are authorized for the purposes of determining Materiality of a particular Event/Information based on application of the guidelines for materiality, as specified in para 5.2 and making disclosures to the Stock Exchange under this Policy.

Apart from the above, the Senior Management Personnel and such other persons, as determined by the aforesaid Designated Officers shall be relevant employees to identify potential Event or Information pertaining to their functional roles based on application of the guidelines for Materiality and report the same to said Designated Officers.

The Designated Officers shall take care to ensure that they are reasonably satisfied that any Event/Information being disclosed is true and correct and does not contain any misrepresentations.

Provided that the disclosure to be made on the basis of the application of guidelines of Materiality, is submitted to the Stock Exchange after receipt of approval of majority of Designated Officers.

In case of non-regulatory matters/ business matters (i.e. the matters which are not identified under SEBI Listing Regulations but needs to be reported to the Stock Exchanges as such matters can be either material/ price sensitive), the Exchange communication shall be prepared by head of the concerned departments in coordination with Company Secretary & Head Legal, who shall be responsible for obtaining the necessary approvals of the other Designated Officers.

5. Policy Details:

5.1. Mandatory Disclosures

The Company shall without application of Materiality guidelines listed in this Policy disclose Events/Information which are deemed to be Material as indicated in Para 'A' of Part 'A' of Schedule III of the SEBI Listing Regulations.

5.2. Disclosure on the basis of application of guidelines for Materiality

Events/Information that have to be disclosed on basis of application of guidelines for Materiality are indicated in Para 'B' of Part 'A' of Schedule III of the SEBI Listing Regulations.

Criteria for determination of Materiality:

The Designated Officers shall determine Materiality on case-to-case basis, based on specific facts and circumstances relating to the Events/Information as and while doing so, it may consider any of the following factors:

1. 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;
 - (2) two percent of net worth, as per the last audited consolidated financial statements, 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;
2. Whether there would be any direct or indirect impact on the reputation of the Company and/or any of its Subsidiaries; or materially affect the price of shares of the Company;
3. Whether non-disclosure can lead to creation of false market in the securities of the Company;
4. Whether there would be a significant impact on the operations or performance

- of the Company and/or any of its Subsidiaries;
5. The omission of an event or information, which is likely to result in discontinuity or alteration of Event or Information already available publicly;
 6. 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.

In case where the above factors are not applicable, an Event or Information may be treated as being Material if in the opinion of the Governing Board, the Event or Information is considered Material.

Provided that any confidential information which, if disclosed, is likely to put at risk the business interest of the Company and/or any of its Subsidiaries, shall not be disclosed. The Company to that extent shall make qualified disclosure to the Stock Exchange.

5.3. Guidance on occurrence of Event/availability of Information:

- i. The timing of occurrence of an Event and/or availability of Information has to be decided on a case-to-case basis.
- ii. The Designated Officers of the Company may seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders.
- iii. In case of natural calamities, disruptions etc. the Events/Information can be said to have occurred when the Company becomes aware of the information.
- iv. In matters which would depend on the stage of discussion, negotiation or approval, the Events/Information can be said to have occurred upon receipt of approval by the Governing Board and shareholders, as the case may be.

5.4. Guidelines for Rumour Verification

The Company may also, if the Designated Officers or the Governing Board so desires, confirm or deny any reported Event/Information to Stock Exchanges, including matters reported in the news or otherwise in the public domain. However, with specific reference to any reported Event or Information in the mainstream media which is not general in nature and which indicates that rumours of an impending specific material Event or Information, are circulating amongst the investing public, the Company shall based on its market capitalization to be determined as at the end of the immediately preceding financial year, comply with such additional disclosure requirements as specified in the proviso to Regulation 30(11) of the SEBI Listing Regulations.

5.5. Disclosure:

- i. The Company shall first disclose to the Stock Exchange all Events or Information which are Material in terms of the Policy and SEBI Listing Regulations as soon as reasonably possible and in any case not later than the following:
 - ✓ 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;
 - ✓ Twelve hours from the occurrence of the Event or Information, in case the Event or Information is emanating from within the Company;
 - ✓ Twenty four hours from the occurrence of the Event or Information in case the Event or Information is not emanating from within the Company.

- ii. The Company shall ensure that the updated disclosure with respect to the Material Event/Information is made to the Stock Exchange on a regular basis till such time the Event/Information is resolved/closed, with relevant explanation.
- iii. The Company shall also disclose all such Events or Information with respect to Subsidiaries which are Material for the Company.
- iv. In case an Event or Information is required to be disclosed by the Company in terms of the provisions of Regulation 30, 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.
- v. The disclosures to be made under this Policy shall include such Event/Information or details as required under various SEBI Circulars issued on Disclosure of Material Events/Information for Listed Companies pursuant to Regulation 30 and 30A of the SEBI Listing Regulations or as may be otherwise specified by SEBI from time to time, as may be applicable.
- vi. The Company shall explain to the Stock Exchange any delay in such disclosure beyond timeline specified in these Regulations of the occurrence of the Event or Information.
- vii. In the event, if Stock Exchange raises any queries with respect to Events/Information disclosed under this Policy, the Company Secretary & Head Legal shall provide an adequate reply to the Stock Exchange and satisfactorily answer the queries or provide the clarifications sought.
- viii. The disclosure of Events/Information of price sensitive nature (such as decision on declaration of dividend) shall be made on receipt of approval of the Event by the Governing Board pending the shareholder's approval.
- ix. It is clarified that as regard any Event/Information, only such impact which is direct and perceivable, and not remote, shall be considered.
- x. The Company shall disclose on its Website all such Events or Information which has been disclosed to the 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 its Archival Policy.
- xi. In case where an Event occurs or an Information is available with the Company, which has not been indicated in Para A or B of Part A of Schedule III of SEBI Listing Regulations, but which may have material effect on it, then the Company shall make adequate disclosures in regard thereof.

6. Review of the Policy

The Board may review the Policy on annual basis. Material changes to the Policy will need the approval of the Board of Directors. Any subsequent amendment/modification in the SEBI Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy. In the event of any conflict between the provisions of this Policy and of the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.

7. Policy Exception: Not Applicable.

8. Version Change History:

Version Change History			
Sr. No	Old Version	New Version	Change Details
1.	-	Version -1	Policy on Determination and Disclosure of Materiality of Events is created on this date.
2.	Version-1	Version-2	Alignment of Policy on Determination and Disclosure of Materiality of Events with the changes made in Listing Regulations.
3.	Version-2	Version-3	Executive Management Committee and Group Company Secretary of the Company as " Designated Officer ".
4.	Version-3	Version-4	Defined Criteria for determination of Materiality.
5.	Version-4	Version-5	Updation in the Policy pursuant to amendments in the SEBI Listing Regulations.
6.	Version- 5	Version -6	To align it with current corporate practices by inclusion of Designation in the Roles and Responsibilities.