



Criteria for determining materiality of events or information Policy

History of Revisions

Version	Summary of Revisions	Date of Approval
3.0	Annual Review – Regulatory Changes	28.02.2022
2.0	Annual Review	09-Nov-20
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1. Preamble

1.1 Objective of the Policy

The objective of this Policy is to provide a framework, which will enable the Equitas Small Finance Bank to determine materiality of events, or information relating to the Bank and to ensure that such information is adequately disseminated in pursuance of the Regulations and to provide an overall governance framework for such determination of materiality.

1.2 Scope of the Policy

- a. This Policy will be effective from the date of listing of shares of the Bank with the stock exchanges.
- b. This policy will cover the criteria for determining Materiality of Events at Equitas Small Finance Bank (ESFB or “ Bank”)

1.3 Definitions

- a. “Act” should mean the Companies Act, 2013 and the Rules framed there under, including any modifications, clarifications, circulars or re-enactment thereof.
- b. “Bank” should mean Equitas Small Finance Bank Limited.
- c. “Board of Directors” or “Board” should mean the Board of Directors of the Bank, as constituted from time to time.
- d. “Compliance Officer” should mean the Company Secretary of the Bank;
- e. "key managerial personnel", in relation to a company, means—
 - i. the Chief Executive Officer or the Managing Director;
 - ii. the Chief Financial Officer; and
 - iii. the company secretary;
- f. “Listing Agreement” should mean an agreement entered or proposed to be entered into between a recognized stock exchange and the Bank pursuant to Securities and Exchange Board (Listing Obligations and Disclosure Requirements), 2015, as amended from time to time.
- g. “Market Sensitive Information” should mean information concerning the Bank that a reasonable person would expect to have a material effect on the price or value of its securities or information which causes the market to maintain the price of security at or about its current level when it would otherwise be expected to move materially in a particular direction, given price movements in the market generally.

- h. "Material Event" or "Material Information" should mean such event or information as set out in the Schedule or as may be determined in terms of Clause 3 of the Policy. In the Policy, the words, "material" and "materiality" should be construed accordingly.
- i. "Policy" should mean this Policy on the criteria for determining Materiality of events or information and as amended from time to time.
- j. "Regulations" should mean Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.
- k. "Schedule" should mean Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015. Any other term not defined herein should have the same meaning as defined in the Companies Act, 2013, the Listing Agreement, Regulations or any other applicable law or regulation to the extent applicable to the Bank.

2. Regulatory Framework Applicable Regulations

2.1 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated September 2, 2015

- a. Every listed entity should make disclosures of any events or information, which, is material. (Clause 30 (1) of Regulation)
- b. Listed entity shall make disclosure of material events as mentioned in the Schedule III (Clause 30 (2) & (3) of Regulation). Further, the listed entity shall consider the criteria of determination of materiality of events / information (Clause 30(4) of the Regulation).
- c. The board of directors of the listed entity should authorize one or more Key Managerial Personnel for the purpose of determining materiality of an event or information. Also for the purpose of making disclosures to stock exchange(s) under this regulation and the contact details of such personnel should also be disclosed to the stock exchange(s) and as well as on the listed entity's website. (Clause 30 (5) of Regulation)
- d. The listed entity should first disclose to stock exchange(s) of all events, information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information (Clause 30 (6) of Regulation)
- e. The listed entity should, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations. (Clause 30 (7) of Regulation)
- f. The listed entity should disclose on its website all such events or information, which has been disclosed to stock exchange under this regulation, and such disclosures, should be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity, as disclosed on its website. (Clause 30 (8) of Regulation)

- g. The listed entity shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information: Provided that the stock exchange(s) shall disseminate information and clarification as soon as reasonably practicable (Clause 30 (10) of Regulation).
- h. In case where an event occurs or an information is available with the listed entity, which has not been indicated in Para A or B of Part A of Schedule III, but which may have material effect on it, the listed entity is required to make adequate disclosures in regard thereof (Clause 30 (12) of Regulation).

3. ESFB Policy framework

3.1 Key Principles in Determining Materiality

An information or an event is considered to be material when it is likely to impact the price of the securities of the Bank. Where the price of the securities of the Bank in the normal course is likely to be affected on the basis of the disclosure of an event or information, such event or information is to be regarded as material. Accordingly, the following events and guidelines will be considered while testing materiality for disclosure of an event/information:

3.1.1 Events that are Deemed Material Requiring Disclosures under the Regulations

- a. 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 Bank or holding company of the Bank any other restructuring;

Explanation. - 'Acquisition' will 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-
 - 1. the Bank holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
 - 2. there has been a change in holding from the last disclosure and such change exceeds two per cent of the total shareholding or voting rights in the said company.
- b. 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.;
- c. Revision in credit rating(s);
- d. Outcome of Meetings of the Board of Directors: The Bank will disclose to the Exchange(s), within 30 minutes of the closure of any meeting held to consider the following:
 - i. dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend will be paid/dispatched;
 - ii. any cancellation of a dividend with reasons thereof;

- iii. the decision on buyback of securities;
 - iv. the decision with respect to fund raising proposed to be undertaken;
 - v. increase in capital by issue of bonus shares through capitalization of reserves including the date on which such bonus shares will be credited/dispatched;
 - vi. 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 which may be to subscribed to;
 - vii. short particulars of any other alterations of capital, including calls;
 - viii. financial results;
 - ix. decision on voluntary delisting by the Bank from stock exchange(s).
- e. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that they impact management and control of the Bank), 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;
- f. Fraud/defaults by a Promoter or Key Managerial Personnel or by Bank or arrest of Key Managerial Personnel or a Promoter;
- g. Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer;
- i. In case of resignation of the auditor of the Bank, detailed reasons for resignation of auditor, as given by the auditor, will be disclosed by the Bank to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor;
 - ii. In case of resignation of an independent director of the bank, within seven days from the date of resignation, the following disclosures will be made by the Bank to the stock exchanges:
 - (a) The letter of resignation along with detailed reasons for resignation as given by the said director;
 - (b) Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any, and
 - (c) Confirmation given by the said director that there is no other material reason other than those provided.
- h. Appointment or discontinuation of share transfer agent;
- i. Corporate debt restructuring;
- j. One-time settlement with a bank;

- k. Reference to BIFR and winding-up petition filed by any party/creditors;
- l. 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 Bank;
- m. Proceedings of Annual and extraordinary general meetings of the Bank;
- n. Amendments to memorandum and articles of association of Bank, in brief;
- o. Schedule of Analyst or institutional investor meets and presentations on financial results made by the Bank to analysts or institutional investors.
- p. 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 recognized stock exchange(s), in the following manner:
 - i. 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 twenty-four hours from the conclusion of such calls, whichever is earlier
 - ii. the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls

The requirement for disclosure of audio/ Video recordings and transcript is mandatory with effect from April 1, 2022

- q. In case of initiation of forensic audit, (by whatever name called), the following disclosures will be made to the stock exchanges:
 - i. The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available
 - ii. Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the listed entity along with comments of the management, if any
- r. The following events will be deemed material events and accordingly will be disclosed to stock exchanges as soon as reasonably possible and not later than twenty four hours from the occurrence of the event:
 - i. receipt of request for re-classification by the listed entity from the promoter(s) seeking re-classification
 - ii. minutes of the board meeting considering such request which would include the views of the board on the request
 - iii. submission of application for re-classification of status as promoter/public by the listed entity to the stock exchanges
 - iv. decision of the stock exchanges on such application as communicated to the listed entity

The above events will be disclosed in accordance with the extant Regulations 2015 or guidelines issued there under, including any amendments thereto.

3.1.2. Events to be considered Material

The Following Events will be considered Material subject to the Application of the Guidelines mentioned in clause 3.1.3

- a. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
- b. Change in the general character or nature of the business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-ups, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal);
- c. Capacity addition or product launch;
- d. Awarding, bagging/receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business
- e. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in the normal course of business and revision(s) or amendment(s) or termination(s) thereof;
- f. Disruption of operations of any one or more units or divisions of the Bank due to a natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.;
- g. Effect(s) arising out of change in the regulatory framework applicable to the Bank;
- h. Litigation(s) / dispute(s) / regulatory action(s) with impact;
- i. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of Bank;
- j. Options to purchase securities including any ESOP/ESPS Scheme;
- k. Giving of a guarantee or an indemnity or becoming a surety for any third party other than for subsidiary companies;
- l. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals;
- m. Any other information/ event/ major development that is likely to affect business
 - e.g. emergence of new technologies, expiry of patents, any change of accounting
 - i. 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 Bank which may be necessary to enable the holders of securities of the Bank to appraise its position and to avoid the establishment of a false market in such securities.
- n. Any market sensitive information as may be determined by any two Key Managerial Personnel (KMPs) jointly, from time to time;
- o. Any event, which in the view of the Board / whole-time directors of the Bank is material.

3.1.3 The Events mentioned in Clause 3.1.2 above will be considered Material only on application of the following guidelines

- 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. 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 Board, the event/ information is considered material

3.2 Administrative Measures

- a. Unless otherwise decided by the Board, any two KMPs acting jointly will be authorized for the purpose of determining materiality of an event or information for disclosing it to the stock exchanges.
- b. Further for administrative convenience, any one of the KMPs (MD & CEO or CFO or CS) of the Bank, can make disclosures to the stock exchange. Any decision taken by them will be valid and binding on the Bank.
- c. The contact details of all the KMP will be disclosed to the stock exchange and also be placed on the website of the Bank.
- d. The KMPs will take into consideration the factors surrounding the particular information to take a view on whether the information is market sensitive or not.

3.3 Interpretation

In any circumstance where the terms of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Bank, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as this Policy is amended to conform to the law, rule, regulation or standard.

3.4 Disclosure

The Bank will observe the following for proper and timely disclosure of any material events/ information as defined hereon:

- a. For determining materiality of any event/transaction, reference is to be made to this Policy and the Regulations.
- b. Disclosure of the events enumerated in Clause 3.1.1(d) above will be made within 30 minutes of the conclusion of the Board Meeting at which such events were discussed along with the time of commencement and conclusion of the meeting.
- c. All other events mentioned under Clause 3.1.1 and 3.1.2 above, other than those mentioned in the foregoing clause will be disclosed by the Bank as soon as reasonably possible but not later than 24 hours from the occurrence of a particular event.
- d. Disclosure of any material development will be made on a regular basis of any event, till the time the event is resolved/closed.
- e. All the disclosures made to the stock exchanges under this Policy will also be placed on the Bank's website and the same will be available for a minimum period of five years.
- f. The Bank will also disclose all the events or information with respect to its subsidiaries, which are material for the Bank.

4. Provisions in policy over and above but in consonance with SEBI guide lines

None

5. Changes to the Policy

Regulatory Changes has been introduced to paragraph 2.1 & 3.1.1.

6. Periodicity of Review of the Policy

The Board will review this policy at annual intervals and at such intervals as may be required on the regulatory and other exigencies.

Author of the Policy	Secretarial
Reviewer of the Policy	Compliance
Name of Committee which recommended to the Policy Formulation Committee of the Board	Executive Policy Formulation Committee
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