



Policy on criteria for determining Materiality of events

History of Revisions

Version	Summary of revisions	Date of approval
4.0	Review - Regulatory changes	17-Nov-23
3.0	Annual Review - Regulatory changes	28-Feb-22
2.0	Annual Review	09-Nov-20
1.0	Policy Formulation	21-Nov-19

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1. Preamble

1.1 Objective of the Policy

The Policy is framed in accordance with the requirements of Regulation 30(4) (ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The objective of this Policy is to provide an overall governance framework to determine materiality of events, or information relating to the Bank and to ensure timely dissemination of such information to the Stock Exchange(s) in pursuance of the Regulations

1.2 Scope of the Policy

- a. This Policy is effective from the date of listing of shares of the Bank with the stock exchanges.
- b. The Policy shall cover the criteria for determining Materiality of Events at Equitas Small Finance Bank Limited (ESFBL or "Bank")

1.3 Definitions

- a. "Act" means the Companies Act, 2013 and the Rules framed there under, including any modifications, clarifications, circulars or re-enactment thereof.
- b. "Bank" means Equitas Small Finance Bank Limited.
- c. "Board of Directors" or "Board" means the Board of Directors of the Bank, as constituted from time to time.
- d. "Compliance Officer" means the Company Secretary of the Bank;
- e. "Key Managerial Personnel" means key managerial personnel as defined under sub-section (51) of section 2 of the Companies Act, 2013.
- f. "Listing Agreement" means 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), Regulations, 2015, as amended from time to time.
- g. "Mainstream Media" shall include print or electronic mode of the following:
 - i. Newspapers registered with the Registrar of Newspapers for India
 - ii. News channels permitted by Ministry of Information and Broadcasting under Government of India;
 - iii. Content published by the publisher of news and current affairs content as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics code) Rules, 2021; and
 - iv. Newspapers or news channels or news and current affairs content similarly registered or permitted or regulated, as the case may be, in jurisdictions outside India;
- h. "Market Sensitive Information" means 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.
- i. "Material Event" or "Material Information" means such event or information as set out in the Schedule or as may be determined in terms of Clause 3 (i) and (ii) of the Policy. In the Policy, the words, "material" and "materiality" should be construed accordingly.

- j. "Material Subsidiary" means any subsidiary company of the Bank which is or has been determined as a material subsidiary as per the provisions of the LODR Regulations.
- k. "Net Worth" shall have the meaning assigned to it in Section 2(57) of the Act.
- l. "Policy" means this Policy on the criteria for determining Materiality of events or information , as amended from time to time.
- m. "Regulations/LODR/Listing Regulations" means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any modifications, clarifications, circulars or re-enactment thereof.
- n. "Schedule" means Schedule III of the SEBI (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.
- o. "Senior management" means the officers and personnel of the Bank who are members of its core management team, excluding the Board of Directors and shall also comprise all the members of the Management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.
- p. "Stock Exchange(s)" means National Stock Exchange of India Limited (NSE) and BSE Limited ("BSE") or any other stock exchange where the securities of the Bank are listed.
- q. "Turnover" shall have the meaning assigned to it in Section 2(91) of the Act.

2. Regulatory Framework

This policy is framed as per the requirement of SEBI regulations and applicable circulars issued in this regard from time to time. The hyperlinks for the latest regulation and circulars are given below.

1. [Securities And Exchange Board Of India \(Listing Obligations And Disclosure Requirements\) Regulations, 2015](#)
2. [Disclosure of material events / information by listed entities under Regulations 30 and 30A of Securities and Exchange Board of India \(Listing Obligations and Disclosure Requirements\) Regulations, 2015](#)

3.ESFB Policy framework

(i) Key Principles in determining Materiality

As per Clause 30 of the Regulations, the Bank is required to make disclosure of the following material events/ information to the Stock Exchanges:

- Events/ information which are considered material and ought to be disclosed in the opinion of the Board of Directors of the Bank.
- Events/ information specified in Para A of Part A of Schedule III of the Regulations that have to be necessarily disclosed without any application of the guidelines for Materiality

- Events/ information specified in Para B of Part A of Schedule III of the Regulations which are to be disclosed only if they meet the criteria of Materiality as specified under clause 30(4) of the Regulations.
- SEBI (LODR) Regulations 2015, Schedule III -PARA A & B items indicated in **Annexure**.

(ii) Criteria for determination of materiality of events / information

The Bank shall consider an event/ information as material if it meets any of the following criteria as specified in clause 30 (4) (i) of the Regulations which is enumerated herewith:

- 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 stock market reaction if the said omission came to light at a later date; [or]
- c) 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 (2%) of turnover, as per the last audited consolidated financial statements of the Bank;
 - (2) two percent (2%) of net worth, as per the last audited consolidated financial statements of the Bank, except in case the arithmetic value of the net worth is negative;
 - (3) five percent (5%) of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Bank.

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.

- d) In case where the criteria specified in sub-sections (a), (b) and (c) as referred above, is not applicable, an event or information may be treated as being material if in the opinion of the Board of Directors of the Bank, the event or information is considered material.

(iii) Authorization for determining materiality of event /information and administration of disclosures thereof

- a. Unless otherwise decided by the Board, any two KMPs acting jointly are authorized for the purpose of determining materiality of an event or information for disclosing it to the Stock Exchanges. Any decision taken by them will be valid and binding on the Bank.
- b. Further for administrative convenience, any one of the KMPs (of the Bank, can make disclosures to the Stock Exchanges.
- c. The contact details of all the KMPs are disclosed to the Stock Exchanges and also 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.

(iv) Timelines for disclosure of material events/information

The Bank 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 Bank;

(iii) Twenty-four hours from the occurrence of the event or information, in case the event or information is not emanating from within the Bank:

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 Bank shall, along with such disclosure provide the explanation for the delay.

(v) Other Requirements

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

b. The Bank shall disclose on its website all such events or information which has been disclosed to Stock Exchange(s) under clause 30 of the Regulations and such disclosures shall be hosted on the website of the Bank for a minimum period of five years and thereafter as per the archival policy of the Bank.

c. The Bank shall disclose all events or information with respect to its Subsidiaries which are material.

d. The Bank 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.

e. Effective from April 01, 2024, if the Bank falls within the top 250 listed entities determined on the basis of market capitalization by the Stock Exchanges as at the immediately preceding financial year, the Bank 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 as soon as reasonably possible and not later than twenty four hours from the reporting of the event or information. The Bank shall also provide the current stage of such event or information on confirmation of such reported event or information by the Bank.

f. In case where an event occurs or information is available with the Bank, 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 Bank shall make adequate disclosures in regard thereof.

g. In case an event or information is required to be disclosed by the Bank in terms of the provisions of clause 30 of the Regulations, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Bank shall disclose such communication, along with the event or information, unless disclosure of such communication is prohibited by such authority.

h. If Shareholders, related parties, Directors, Key Managerial Personnel and employees of the Bank or of its holding, subsidiary and associate company enter into agreements as specified in clause 5A of para A of part A of schedule III to these regulations, they shall inform the Bank about the agreement to which the Bank is not a party, within two working days of entering into such agreements or signing an agreement to enter into such agreements. The Bank shall in turn disclose all such agreements to the Stock Exchanges and on its website within the timelines as specified by the Board and disclose the number of agreements and their salient features including the webpage link in the Annual report.

4. Timing of an Event or Information and Communications

The Bank may be confronted with the question as to when an event/information can be said to have occurred for making disclosures under Regulation 30 read with Schedule III of the LODR Regulations. 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 Bank 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 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. In case in-principle approval or approval to explore (which is not final approval) is given by the Board of Directors, the same shall not require disclosure under Regulation 30 of the LODR Regulations.

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

5. 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.

6. Periodicity of review of the Policy

The Board will review this policy at periodic 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
Date of Board Approval	17-Nov-23
Date of Next Review	18 to 24 months