



**Utkarsh Small Finance Bank**

**POLICY FOR DETERMINATION OF MATERIALITY OF  
EVENTS/INFORMATION**



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## 1. Background

Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("**Listing Regulations**") requires our Bank to frame a policy for determination of materiality of events or information to be disclosed to the stock exchanges, based on criteria specified in the Listing Regulations and duly approved by its board of directors.

The Bank's non-convertible debentures (NCDs) are already listed on BSE Limited and the Bank has entered into a listing agreement in the prescribed format with BSE Limited for its NCDs.

Post listing of the equity shares, our Bank will be required to comply with the continuous disclosure obligations imposed by Listing Regulations with respect to its proposed listing of equity shares with the stock exchanges. Hence, in compliance with Regulation 30 of the Listing Regulations, the board of directors of the Bank ("**Board**") has adopted this policy for determination of materiality of events / information ("**Policy**"), to be disclosed to the stock exchanges.

## 2. Authorised personnel

The board of directors of the Bank has authorised the Key Managerial Personnel ("**KMPs**") and other senior managerial officials comprising the Managing Director and Chief Executive Officer, Chief Financial Officer, and Company Secretary of the Bank ("**Authorised Personnel**") to determine the materiality of an event or information and to make appropriate disclosure on a timely basis to the stock exchanges.

## 3. Disclosure of events or information to stock exchanges

The events or information which will be necessary to be disclosed to the stock exchanges are divided into three categories as specified under the Listing Regulations:

### a) Events whose disclosure is mandatory and which would need to be disclosed without any application of the test/guidelines for materiality.

The below events shall be disclosed as soon as reasonably possible and not later than 24 hours from the occurrence of event or information except for events stated in item (iv) below which shall be disclosed within 30 minutes of the conclusion of the board meeting. In case the disclosure is made after 24 hours of occurrence of the event or information, the Bank shall, along with such disclosures, provide rationale / explanation for such delay to the stock exchange(s):

- i. 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 our Bank or any other restructuring;
- ii. 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;
- iii. Revision in Rating(s);



iv. Outcome of meetings of the board of directors:

The Bank shall disclose to the Stock Exchange(s), within 30 minutes of the conclusion of the Board 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 our Bank 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 30 minutes of end of the meeting for the day on which it has been considered.

- v. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of our 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;
- vi. Fraud/defaults by promoter or key managerial personnel or by our Bank or arrest of key managerial personnel or promoter;
- vii. Change in directors, key managerial personnel (managing director, chief executive officer, chief financial officer, company secretary etc.), auditor and compliance officer;
- viii. In case of resignation of the auditor of the Bank, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Bank to the stock exchanges as soon as possible but not later than 24 hours of receipt of such reasons from the auditor;



- ix. In case of resignation of an independent director of our Bank, within 07 days from the date of the resignation, letter of resignation along with the detailed reasons for the resignation of independent directors and a confirmation as given by the said director that there are no other material reasons other than those provided and names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any, shall be disclosed by the Bank to the stock exchanges;
- x. Appointment or discontinuation of share transfer agent;
- xi. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details
  - a. Decision to initiate resolution of loans/borrowings;
  - b. Signing of Inter-Creditors Agreement (ICA) by lenders;
  - c. Finalization of Resolution Plan;
  - d. Implementation of Resolution Plan;
  - e. Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
- xii. One-time settlement with a bank;
- xiii. Reference to BIFR and winding-up petition filed by any party / creditors;
- xiv. 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 our Bank;
- xv. Proceedings of Annual and extraordinary general meetings of our Bank;
- xvi. Amendments to memorandum and articles of association of our Bank, in brief;
- xvii. Schedule of analyst or institutional investor meet and presentations made by the Bank to analysts or institutional investors.  
  
***Explanation:** ['Meet' shall mean group meetings or group conference calls conducted physically or through digital means];*
- xviii. 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:
  - a. 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;



- b. the transcripts of such calls shall be made available on the website within five working days of the conclusion of such calls;
- xix. The following events in relation to the Corporate Insolvency Resolution Process (“CIRP”) of a listed corporate debtor under the Insolvency and Bankruptcy Code, 2016:
- 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 corporate debtor, also specifying the amount of default;
  - c. Admission of application by the National Company Law Tribunal, along with amount of default or rejection or withdrawal, as applicable;
  - d. Public announcement made pursuant to order passed by the National Company Law Tribunal under section 13 of the Insolvency and Bankruptcy Code, 2016;
  - 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 the Insolvency and Bankruptcy Code, 2016 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 National Company Law Tribunal;
  - k. Approval of resolution plan by the National Company Law 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;
    - 1. Pre and Post net-worth of the Bank;
    - 2. Details of assets of the Bank post CIRP;
    - 3. Details of securities continuing to be imposed on the companies’ assets;
    - 4. Other material liabilities imposed on the Bank;



5. Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
  6. Details of funds infused in the Bank, creditors paid-off;
  7. Additional liability on the incoming investors due to the transaction, source of such funding etc.;
  8. Impact on the investor - revised P/E, RONW ratios etc.;
  9. 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;
  10. 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 (minimum public shareholding);
  - o. Quarterly disclosure of the status of achieving the MPS (minimum public shareholding);
  - p. The details as to the delisting plans, if any approved in the resolution plan.
- xx. 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:
- a. The fact of initiation of forensic audit along-with name of entity initiating the audit and reasons for the same, if available;
  - b. Final forensic audit report (other than for forensic audit initiated by regulatory / enforcement agencies) on receipt by the Bank along with comments of the management, if any.
- b) **Events which may be disclosed to the stock exchanges based on the test / guidelines of materiality**
- The events as mentioned in **Annexure A** will be disclosed by the Bank to the stock exchanges as soon as possible and not later than 24 hours from the occurrence of event or information, subject to application of the test of materiality and key principles for determination of materiality as outlined hereunder:
- i. The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
  - ii. The omission of an event or information which is likely to result in significant market reaction if the said omission came to light at a later date;



- iii. In case where the criteria specified in clause (i) and (ii) are not applicable, an event/information may be treated as being material if in the opinion of the board of directors of our Bank, the event / information is considered material.
- c) Any other information/event viz. major 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 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 shall also be disclosed by our Bank to the stock exchange(s).
- d) Without prejudice to the generality of paras (a), (b) and (c) above, the Bank may make disclosures of event/information as specified by the Board from time to time to the stock exchange(s).

The Board of Directors of the Bank shall authorize one or more KMPs of the Bank for the purpose of determining materiality of an event or information and for the purpose of making disclosures to stock exchange(s). The Authorised Personnel under this Policy will determine the materiality of event or information and shall also disclose the same to the stock exchanges. The Authorised Personnel shall make such disclosures to the stock exchanges updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.

The contact details of such authorized personnel shall be disclosed by the Bank to stock exchange(s).

The Bank shall disclose to the stock exchange(s) all events or information with respect to subsidiaries (if any) which are material for the Bank. The Bank shall provide specific and adequate reply to all queries raised by stock exchange(s) w.r.t. any events or information. The Bank may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).

#### **4. Website**

This Policy shall be disclosed on the Bank's website along with the contact details of aforesaid authorized personnel.

Further, all such events or information disclosed to the stock exchange(s) as per this policy & in line with Regulation 30 of SEBI (LODR) Regulations, 2015, as amended from time to time, shall also be hosted on the Bank's website for a minimum period of five years and thereafter as per the archival policy of the Bank, as disclosed on the website.

#### **5. Amendments to the Policy**

The Authorised Personnel will review the Policy on yearly basis or as and when any regulatory or statutory changes are made in the applicable laws which may affect the content of this Policy. All such amendments will be informed to the board and the approval of the board will be sought to align the Policy in line with such changes in the applicable laws.





## Annexure A

- i. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any department/division/unit.
- ii. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
- iii. Capacity addition or product launch.
- iv. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
- v. Agreements (viz. loan agreement(s) (as a borrower) 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.
- vi. Disruption of operations of any one or more units or division of the Bank due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
- vii. Effect(s) arising out of change in the regulatory framework applicable to the Bank.
- viii. Litigation(s) / dispute(s) / regulatory action(s) with impact.
- ix. Fraud / defaults etc. by directors (other than key managerial personnel) or employees of the Bank.
- x. Options to purchase securities including any ESOP / ESPS Scheme.
- xi. Giving of guarantees or indemnity or becoming a surety for any third party (except those which are in normal course of banking business activity).
- xii. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.