



POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS / INFORMATION FOR DISCLOSURES

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A. INTRODUCTION AND PURPOSE

Bank recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business, ethics and accountability to its shareholders, customers, government and others. The Bank is committed to being open and transparent with all stakeholders and in disseminating information in a fair and timely manner.

Securities and Exchange Board of India (“SEBI”) with the objective of bringing the basic framework governing the regime of listed entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied regulations/circulars issued by SEBI governing equity as well as debt segments of capital market under the ambit of a single document, has notified Listing Regulations on September 02, 2015. Listing Regulations have come into force from December 01, 2015.

Regulation 30 of the Listing Regulations mandates all listed entities to frame a “Policy for determination of materiality of events / information for disclosures”, approved by its Board. The said Regulation also mandates all listed entities to report –

- (a) all material events that are either specified in the Regulations; and
- (b) all other events which are determined as material events based on the criteria for determination of materiality of events / information specified in the Regulations.

In compliance with Regulation 30 of the aforesaid Regulations, the Bank has framed implemented the “Policy for determination of materiality of events / information for disclosures”.

B. DEFINITIONS

- a. **“Bank”** means Ujjivan Small Finance Bank Limited
- b. **“Board”** means Board of Directors of the Bank
- c. **“Board Meeting”** means meeting of the Board
- d. **“Key Managerial Personnel or KMPs”** means Managing Director and CEO, Chief Financial Officer and Company Secretary of the Bank
- e. **“Senior Management Personnel” or “SMPs”** means all the employees of the Bank in the grade UJJ-J/EVP Grade, who are heading respective functions
- f. **“Listing Regulations or Regulations”** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
- g. **“Material information”** includes information related to the Bank's business, operations, or performance which has a significant effect on securities investment decisions
- h. **“Policy”** shall mean Policy for determination of materiality of events / information for disclosures framed and formulated by the Bank under Regulation 30 of Listing Regulations

All other words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992 or the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

C. OBJECTIVE OF THE POLICY

The objectives of the Policy are as follows:

- a. To ensure that the Bank complies with the Listing Regulations.
- b. To ensure that the information disclosed by the Bank is timely and transparent.
- c. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.
- d. To protect the confidentiality of Material / Price sensitive information within the framework of the Bank's disclosure obligations.
- e. To provide a charter that supports and fosters confidence in the quality and integrity of information released by the Bank.
- f. To ensure uniformity in the Bank's approach to disclosures, raise awareness and reduce the risk of selective disclosures.

This Policy shall be read along with the Bank's Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure and Conduct framed in adherence to the Principles for Fair Disclosure as outlined in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

D. TYPE OF INFORMATION AND ITS DISCLOSURE

The information covered by this Policy shall include material information that the Bank is required to disclose in a timely and appropriate manner by applying the guidelines for assessing materiality.

The information which needs to be disclosed to the Stock Exchanges and when to be disclosed has been broadly segregated into the following types:

- 1) Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation 30 and mentioned in Part A of Schedule III of the Listing Regulations are specified in Annexure 1.**

All the events or information, as specified in Part A of Schedule III of the Listing Regulations, shall be disclosed as soon as reasonably possible and **not later than**

- i. twelve hours from the occurrence of event or information, in case the event or information emanating from within the Bank and;**
- ii. 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 in case the disclosure is made after mentioned time period of occurrence of the event or information, the Bank shall along with such disclosures provide an explanation for such delay.

Provided further that disclosure with respect to following events as specified in sub-para 4 of Para A of Part A of Schedule III of the Listing Regulations shall be made within thirty minutes (30 minutes) of the conclusion of the Board Meeting:

- 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 would 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 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 thirty minutes of end of the meeting for the day on which it has been considered.

- 2) **Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of Regulation (30) of the Listing Regulations are specified in Annexure 2.**
- 3) **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.**

Without prejudice to the generality of para 1) to 3) above, the Bank may make disclosures of event/information as may be specified by the SEBI from time to time.

This policy doesn't intend to dilute any requirement specified under the SEBI Listing Regulations.

4) PERSONS RESPONSIBLE FOR DISCLOSURE

The Board has authorized the KMPs to determine the materiality of an event or information and to make appropriate disclosure on a timely basis. The KMPs are also empowered to seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders as they may deem fit.

The KMPs shall have the following powers and responsibilities for determining the material events or information and to carry out the disclosures pursuant applicable regulations, as amended from time to time:

- a. To review and assess an event or information that may qualify as ‘material’ and may require disclosure, on the basis of facts and circumstances prevailing at a given point of time.
- b. To determine the appropriate time at which the disclosures are to be made to the stock exchanges based on an assessment of actual time of occurrence of an event or information.
- c. To disclose developments that are material in nature on a regular basis, till such time the event or information is resolved/closed, with relevant explanations.
- d. To consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the Listing Regulations and determine the materiality, appropriate time and contents of disclosure for such matters.

5) GUIDELINES FOR ASSESSING MATERIALITY

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

The Bank shall consider the following criteria for determination of materiality of events/ information:

- (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) the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - (1) 2% (two percent) of turnover, as per the last audited consolidated financial statements of the Bank;
 - (2) 2% (two percent) 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) 5% (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 Bank;
- (d) In case where the criteria specified in sub-clauses (a), (b) and (c) is not applicable, an event or information may be treated as being material if in the opinion of the Board of the Bank, the event or information is considered material.

If a particular Event / Information satisfies any of the above Qualitative criteria or Quantitative threshold, the Bank shall disclose the same to the Stock Exchanges.

- (e) Any other event as may be specified by SEBI from time to time.

6) OBLIGATIONS OF INTERNAL STAKEHOLDERS AND KMPs FOR DISCLOSURE

Any member of the senior management team who by virtue of their position or designation may have access to any event or information, including the information forming part of Annexure-1 and Annexure-2 to this Policy, which in their view qualify as material and prompting any necessary disclosures to the stock exchange in compliance with the Listing Regulations are entitled to reach the authorized KMPs of the Bank with adequate supporting data / information, to facilitate a prompt and appropriate disclosure to the stock exchanges.

The KMPs will then ascertain the materiality of such event(s) or information based on the above guidelines.

On completion of the assessment, the KMPs shall, if required, make appropriate disclosures to the stock exchanges.

7) REVIEW AND REVISION

This Policy shall be reviewed by the Board on Annual basis or as and when any regulatory or statutory changes affecting the content of the Policy. KMPs may review the policy from time to time and may make ratification subject to approval of the Board in the next Board meeting.

8) DISCLOSURES

This Policy shall be available on the website of the Bank at www.ujjivansfb.in/corporate-governance-policies.html

9) CONTACT DETAILS

Any questions or clarifications about the policy or disclosures made by the Bank should be referred to the Company Secretary and Compliance Officer, who is in charge of administering, enforcing and updating the policy.

Mr. Sanjeev Barnwal
Company Secretary and Head of Regulatory Framework
Ujjivan Small Finance Bank Limited
Grape Garden, No. 27, 3rd A Cross, 18th Main, Koramangala, 6th Block, Bengaluru 560095
Email ID: sanjeev.barnwal@ujjivan.com

“Annexure-1”

Events or information to be disclosed without any application of materiality listed in the Policy

- (1) 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 any other restructuring.

Explanation- For the purpose of this sub-para, the word 'acquisition' shall 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 –*
- a. 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;*
- b. there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para and such change exceeds two per cent of the total shareholding or voting rights in the said company.*
- c. the cost of acquisition or the price at which the shares are acquired exceeds the threshold of lower of the following:*
- 2% (two percent) of turnover, as per the last audited consolidated financial statements of the Bank;*
 - 2% (two percent) 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;*
 - 5% (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 Bank;*
- (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) Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts 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.
- (5) Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the Bank or of its holding, subsidiary or associate company, among themselves or with the Bank 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 Bank or impose any restriction or create any liability upon the Bank, shall be disclosed

to the Stock Exchanges, including disclosure of any rescission, amendment or alteration of such agreements thereto, whether the Bank is a party to such agreements or not:

Provided that such agreements entered into by a Bank 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 Bank or they are required to be disclosed in terms of any other provisions of these regulations.

- (6) Fraud/defaults by the Bank, Promoter, Directors or key managerial personnel or senior management, or arrest of key managerial personnel, senior management, promoter or director of the Bank whether occurred within India or abroad.
- (7) Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Senior Management, Auditor and Compliance Officer. 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 twenty-four hours of receipt of such reasons from the auditor.

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 by the Bank within seven days from the date that such resignation comes into effect.

- (8) In case of resignation of an independent director of the Bank, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges:
 - a. The letter of resignation along with detailed reasons for the resignation of the directors as given by the said director shall be disclosed to the stock exchanges.
 - b. Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
 - c. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reason other than those provided.
 - d. The confirmation as provided by the independent director above shall also be disclosed by the Bank to the stock exchanges along with the disclosures as specified in sub-clause (a),(b) and (c).
- (9) In case the Managing Director or Chief Executive Officer of the Bank 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)
- (10) Appointment or discontinuation of share transfer agent.
- (11) Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions including the following details: (i) Decision to initiate resolution of loans/borrowings; (ii) Signing of Inter-Creditors Agreement (ICA) by lenders; (iii) Finalization of Resolution Plan; (iv) Implementation of Resolution Plan; (v) Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.].
- (12) One-time settlement with a bank.
- (13) Winding-up petition filed by any party / creditors.

(14) 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.

(15) Proceedings of Annual and extraordinary general meetings of the Bank.

(16) Amendments to memorandum and articles of association of the Bank, in brief.

(17) (a) Schedule of analysts or institutional investors meet and presentations made by the Bank 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 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:

(18) The specified events in relation to the corporate insolvency resolution process (CIRP) under the Insolvency Code. 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 Bank

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 listed entity along with comments of the management, if any.

(20) Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of the Bank, in relation to any event or information which is material for the Bank in terms of regulation 30 of Listing regulations and is not already made available in the public domain by the Bank

(21) Action(s) initiated or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Bank or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Bank, 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 Bank, quantifiable in monetary terms to the extent possible.

(22) Action(s) taken or orders passed by any regulatory, statutory, enforcement authority or judicial body against the Bank or its directors, key managerial personnel, senior management, promoter or subsidiary, in relation to the Bank, 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;
- (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: 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;

Events or information to be disclosed based on materiality guidelines listed in the Policy

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. 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).
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 Bank 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 Bank.
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Bank.
10. Options to purchase securities including any ESOP/ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety 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.