

# **POLICY FOR DETERMINATION OF** **MATERIAL EVENT/INFORMATION**

**Bandhan Bank Limited**

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## POLICY FOR DETERMINATION OF MATERIALITY

### 1. SCOPE AND PURPOSE

In terms of Regulation 30 (4) (ii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Board of Directors of the Bank, is required to formulate and adopt a Policy for Determination of Materiality of Events / Information, and upload the same on the website of the Bank. Further, SEBI had vide Circular No. CIR/CFD/CMD/4/2015 dated 9<sup>th</sup> September, 2015, prescribed the details that need to be provided by Listed Companies while disclosing such material events / information.

### 2. APPLICABILITY

This Policy for Determination of Materiality shall be applicable and binding on the Bank.

### 3. KEY PRINCIPLES IN DETERMINING MATERIALITY

The Listing Regulations have not only provided for the manner in which details of events / information relating to the affairs of a listed entity is required to be disclosed to the Stock Exchanges, but also the nature thereof and the time within which it must be disclosed, detailed as under.

- i. Events / Information which, in the opinion of the Board of Directors of the Bank, are fit to be considered as material and therefore shall be mandatorily disclosed by the Bank to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty-four hours from the occurrence of such event.
- ii. Events listed in Para A of Part A of Schedule III of the Listing Regulations, as set out in **Annexure 'A'** to this Policy, shall be mandatorily disclosed by the Bank to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty-four hours from the occurrence of such event, i.e. without applying any test of materiality.

Events listed in Sub-Para 4 of Para A of Part A of Schedule III of the Listing Regulations, as set out in point 4 of **Annexure 'A'** to this Policy, are deemed to be material events and as such shall be mandatorily disclosed by the Bank to the Stock Exchanges within 30 minutes of the conclusion of the Board Meeting. The intimation of outcome of meeting of the Board of Directors shall also contain the time of commencement and conclusion of the meeting.

- iii. Events listed in Para B of Part A of Schedule III of the Listing Regulations, as set out in **Annexure 'B'** to this Policy shall be disclosed by the Bank to the Stock Exchanges, subject to application of the following criteria to determine, whether such event is material or not.
  - a) Where the omission of an event or information, is likely to result in discontinuity or alteration of the event or information already available publicly; or

- b) Where 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) Where the criteria specified in sub-clauses (i) and (ii) above are not applicable, an event / information may be treated as being material, if in the opinion of Board of Directors of the Bank, the event / information is deemed fit to be considered as material, for onward disclosure to the Stock Exchanges. The Board of Directors do hereby authorize the Managing Director & CEO of the Bank to make such determination.
- iv. Where an event occurs or is available with the Bank, which does not form part of Annexure 'A' or Annexure 'B' as above, but is likely to have a material impact on the Bank, the Bank shall endeavor to make adequate disclosures in this regard.
- v. Events / Information relating to any major development which is likely to affect the business of the Bank and any other information which is exclusively known to the Bank, which may be required to be disclosed to enable the security holders of the Bank, to appraise its position and to avoid establishment of false market in such securities shall be mandatorily disclosed by the Bank to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty four hours from the occurrence of such event.
- vi. Events / Information having bearing on the performance / operations of the Bank, price sensitive information, or any action that could affect payment of interest or dividend of non-convertible debentures or any other convertible instruments issued by the Bank, from time to time, shall be mandatorily disclosed by the Bank to the Stock Exchanges promptly, as soon as reasonably possible but not later than twenty-four hours from the date of occurrence of the event or receipt of information. In case the disclosure is made after twenty-four hours of the date of occurrence of the event or receipt of information, the Bank shall, along with such disclosures, provide an explanation for the delay.
- vii. Such other information as may be specified by SEBI, from time to time.

In case there is a delay in disclosing the material event / information to the Stock Exchanges, in terms of this Policy, the Bank shall provide appropriate explanation for such delay.

#### **4. AUTHORITY TO DETERMINE MATERIALITY OF ANY EVENT / INFORMATION**

The Managing Director & CEO of the Bank has been authorized by the Board to determine whether or not an event / information could be considered as material for the purpose of disclosing it to the Stock Exchange(s).

Further, for administrative convenience, the Managing Director & CEO or the Chief Financial Officer or the Company Secretary of the Bank, has been authorized by the Board to disclose details of material events / information, to Stock Exchanges and to respond to any queries that may be raised by the Stock Exchanges in respect thereof.

Further, the Managing Director & CEO or the Chief Financial Officer has been authorized by the Board, to interact or communicate with the Press or Analysts or Institutional Investors, on any matter relating to or arising out of a material event / information, after the same has been disclosed to the Stock Exchanges and hosted on the website of the Bank.

Managing Director & CEO or the Chief Financial Officer or the Company Secretary of the Bank may also

respond to any queries that may be received from the press, electronic/ social media or investors of the Bank, for verification of any market rumors relating to the Bank in terms of the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

## **5. OTHER PROVISIONS RELATING TO DISCLOSURES**

- i. The Bank shall in respect of disclosures made under the Listing Regulations make disclosures updating material development on a regular basis to the Stock Exchanges, till such time the event is resolved / closed, with relevant explanations.
- ii. The Bank shall upload on its website all such events/ information and host the same for a minimum period of 5 years, after which, the said information will be archived as per its Archival Policy.
- iii. In case of any amendments to the disclosures already made by the Bank or those uploaded on its website, the Bank shall disclose/ upload the amended content, in terms of this Policy.
- iv. The Bank shall provide specific and adequate reply to all queries raised by the Stock Exchanges with respect to any material events or information provided that the Stock Exchanges shall disseminate information and clarification as soon as reasonably practicable.
- v. The Bank may on its own initiative also, confirm or deny any reported event or information to the Stock Exchanges which is incorrect or false or speculative.

## **6. REVIEW OF THE POLICY**

The Policy shall be reviewed pursuant to any amendments to the Listing Regulations or for any reason as deemed appropriate by the Board.

The Managing Director & CEO of the Bank is authorized to carry out necessary changes to the Policy, as and when the same are necessitated, pursuant to implementation of any regulatory change. The aforesaid changes carried out by the Managing Director & CEO of the Bank shall be ratified subsequently by the Board of Directors of the Bank.

## **7. SAVING CLAUSE**

If any of the provisions under this Policy is in conflict with or inconsistent with the Listing Regulations, as may be amended from time to time, the Listing Regulations, as modified/amended, shall prevail and shall be deemed to have been included in this Policy.

**Annexure 'A'**

The following events / information listed in **Para A of Part A of Schedule III of the Listing Regulations** shall be mandatorily disclosed by the Bank to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty-four hours from the occurrence of such event, i.e. without applying any test of materiality.

- 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 the Bank or any other restructuring.

Explanation: For the purpose of this sub-para, the word 'acquisition' shall mean-

1. acquiring control, whether directly or indirectly; or,
2. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –

- c) 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 2 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.
- 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 listed entity shall disclose to the Exchange(s), within 30 minutes of the closure of the 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 the Bank from Stock Exchanges.

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.

- v. 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.

Agreements which are executed in the ordinary course of business shall be excluded for the purpose of disclosure to the Stock Exchanges.

- vi. Fraud/defaults by promoter or key managerial personnel or by the 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 as per SEBI Regulations.
- viii. In case of resignation of the auditor of the listed entity, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the listed entities to the stock exchanges as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor.
- ix. Resignation of independent director including reasons for resignation:
- 1) In case of resignation of an independent director of the listed entity, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by the listed entities:
    - a) The letter of resignation along with detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by the listed entities 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.
  - 2) The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
  - 3) The confirmation as provided by the independent director above shall also be disclosed by the listed entities to the stock exchanges along with the detailed reasons as specified in sub-clauses (a) and (b) of 1 above.
- 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 the Bank.
- xv. Proceedings of Annual and extraordinary general meetings of the Bank.
- xvi. Amendments to Memorandum and Articles of Association of the Bank, in brief.
- xvii. c) Schedule of analysts or institutional investors meet and presentations made by the listed entity 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:
  - 1) 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;
  - 2) 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(s) of audio/video recordings and transcript shall be voluntary with effect from April 01, 2021 and mandatory with effect from April 01, 2022.
- xviii. The following events in relation to the corporate insolvency resolution process (CIRP) of a listed corporate debtor under the Insolvency Code:
  - 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 Tribunal, along with amount of default or rejection or withdrawal, as applicable;
  - d) Public announcement made pursuant to order passed by the Tribunal under section 13 of Insolvency Code;
  - 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 Insolvency Code 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 Tribunal;
  - k) Approval of resolution plan by the 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 company;
    - 2. Details of assets of the company post CIRP;
    - 3. Details of securities continuing to be imposed on the companies' assets;
    - 4. Other material liabilities imposed on the company;
    - 5. Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
    - 6. Details of funds infused in the company, 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;
  - o) Quarterly disclosure of the status of achieving the MPS;
  - p) The details as to the delisting plans, if any approved in the resolution plan.
- xix. 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 listed entities:
- 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.

In addition to the above-mentioned points, the following events / information shall be mandatorily disclosed by the Bank to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty-four hours from the occurrence of such event, i.e. without applying any test of materiality:

- 1. Re-classification of any person as promoter / public:

- a) Receipt of request for re-classification by the Bank from the promoter(s) seeking re-classification;
  - b) Minutes of the Board Meeting considering such request which would include the views of the board on the request;
  - c) Submission of application for re-classification of status as promoter / public by the Bank to the Stock Exchanges;
  - d) Decision of the Stock Exchanges on such application as communicated to the Bank.
2. Disclosure of divergence in the asset classification and provisioning, in terms of SEBI Circular no. CIR/CFD/CMD1/120/2019 dated 31<sup>st</sup> October 2019.
  3. Disclosures of defaults on payment of interest / repayment of principal amount on loans from banks / financial institutions and unlisted debt securities, in terms of SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2019/140 dated 21<sup>st</sup> November 2019.

Annexure 'B'

The following events / information listed in Para B of Part A of Schedule III of the Listing Regulations shall be disclosed by the Bank to the Stock Exchanges subject to application of the criteria as prescribed in point no 3(iv) of this Policy to determine, whether such event is material or not.

- i. Commencement or any postponement in the date of commencement of commercial operations of any department/division/branch.
- 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 listed entity 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 listed entity.
- 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, other than in the ordinary course of business of the Bank;
- xii. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- xiii. 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 listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.

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