



POLICY FOR DETERMINATION OF MATERIALITY OF EVENTS OR INFORMATION

Approving authority	Board of Directors
Approval/ Last Review Date	
Review frequency	Annual

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I. BACKGROUND

The policy has been formulated in accordance with the guidelines laid down by Securities Exchange Board of India under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), 2015, as amended from time to time, (**SEBI LODR Regulations**), with respect to disclosure of Material events.

Regulation 30 of the SEBI LODR Regulations requires the Bank to frame a policy for determination of materiality for disclosure of events or information to the stock exchanges, based on criteria specified in the Listing Regulations and duly approved by the board of directors. The Listing Regulations further specify certain events or information which need to be disclosed by the listed entities based on application of guidelines for materiality.

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 to be disclosed to the stock exchanges ("Policy").

This Policy shall be read together with the Bank's Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code") framed in adherence to the principles for fair disclosure as outlined in the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, and shall be subject to the Listing Regulations and any circulars, guidelines or instructions issued thereunder by SEBI.

II. OBJECTIVE

The objective of the policy is:

- To ensure that the bank complies with the disclosure obligations laid down by the SEBI (Listing Obligations and Disclosure Requirements), 2015.
- To ensure that the information disclosed by the bank is adequate, accurate, timely and transparent.
- To protect the confidentiality of Material / Price sensitive information within the framework of the Banks disclosure obligations.
- To ensure that corporate document and public statements are accurate and do not contain any misrepresentation.

III. DEFINITIONS

- **"Bank"** means ESAF Small Finance Bank Limited.
- **"Listing Regulation or Regulation"** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- **"Policy"** means Policy for determination of materiality of events or information.

All other words and expressions used but not defined in this policy, shall have the same meaning defined in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the SEBI Act, 1992 and the Securities Contracts (Regulations) Act, 1956.

IV. GUIDELINES FOR DETERMINING MATERIALITY OF AN EVENT / INFORMATION UNDER REGULATIONS 30(4) OF THE LISTING REGULATIONS:

Materiality of an event or information shall be determined on a case-to-case basis depending on the specific facts and circumstances relating to the event or information. Notwithstanding the above, the materiality criteria shall be subject to the following:

A. Deemed Material Events or Information (without application of any test of materiality)

Pursuant to Regulation 30(2) of the Listing Regulations, the events or information specified in **Annexure A** to this Policy shall be deemed to be material events or information requiring mandatory disclosure, without application of any test of materiality.

B. Events or Information which may be disclosed to the Stock Exchange(s) based on test of materiality

The Bank shall consider the following criteria while determining whether an event or information specified in **Annexure B** to this Policy are material to warrant disclosure:

- 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:
 - two percent of turnover, as per the last audited consolidated financial statements of the bank;
 - 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;
 - 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 the 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 directors of the Bank, the event or information is considered material.

The Bank shall also disclose all events or information with respect to its subsidiaries if such events or information are material for the Bank.

C. Events or Information not specifically covered in Annexure A or Annexure B

The Bank shall make disclosure of any other events or information which may be necessary to enable the holders of securities of the Bank to appraise the Bank's position

and to avoid the establishment of a false market in such securities, or any other events or information as may be specified by SEBI from time to time.

V. DISSEMINATION OF MATERIAL EVENT OR INFORMATION

- i. The Bank shall disclose to the Stock Exchanges the events or information specified in Annexure A without any application of the Guidelines of materiality.
- ii. The Bank shall disclose to the Stock Exchanges the events or information specified in Annexure B upon application of the Guidelines of materiality specified in this Policy.
- iii. The Bank shall disclose to the Stock Exchanges events or information relating to matters not covered under either Annexure A or Annexure B, if they are considered material in accordance with the Policy.
- iv. The Bank shall disclose to the Stock Exchanges the material event or information as soon as reasonably possible and in any case not later than:
 - a. 30 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;
 - b. 12 hours from the occurrence of the event or information, in case the event or information is emanating from within the Bank;
 - c. 24 hours from the occurrence of the event or information, in case the event or information is not emanating from within the Bank:

Notwithstanding the above, disclosure with respect to events or information for which timelines have been specified in Annexure A or Annexure B hereto shall be made within such timelines.

- v. The Bank shall make disclosures to the Stock Exchanges updating material developments on a regular basis, till such time the event is resolved / closed, with relevant explanations.
- vi. The Bank would disclose on its website all such events or information which has been disclosed to the Stock Exchanges. All such disclosures will be available on the Bank's website for a period of five years from the date of its disclosure. Disclosed information which is over five years old will be archived in accordance with the archival policy of the Bank.
- vii. In case the Bank amends any of the disclosures given to the Stock Exchanges or published on the website, it shall publish the amended content of the disclosures on the website of the Bank.
- viii. In the event of the concerned Stock Exchanges raising any queries with respect to events or information disclosed under this Policy, concerned two Designated Officers (who may or may not be the same set of Designated Persons who determined the materiality, if any, of any event or information with regards to the Bank and / or made

any disclosure thereof to the Stock Exchanges) shall reply to the Stock Exchanges and satisfactorily answer the queries or provide the clarifications sought.

- ix. The Bank may also, if the Designated Officers or the Board so desires, confirm or deny any reported event / information to Stock Exchanges, including matters reported in the news or otherwise in the public domain.
- x. Notwithstanding the above, with effect from October 1, 2023, the Bank shall confirm, deny or clarify any reported event or information in the mainstream media, in terms of Regulation 30(11) of the Listing Regulations, which is not general in nature and which indicates that rumours of an impending specific material event or information in terms of the provisions of the Listing Regulations are circulating amongst the investing public. Such confirmation, denial or clarification shall be given as soon as reasonably possible and not later than twenty-four hours from the reporting of the event or information.

If the Bank confirms the reported event or information, it shall also provide the current stage of such event or information.

- xi. In case an event or information is required to be disclosed by the Bank in terms of the provisions of the Listing 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.
- xii. The disclosures to be made under this Policy shall include such information or details as required under SEBI's Master Circular no. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023 and Circular no. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/123 dated July 13, 2023, issued pursuant to Regulation 30 of the Listing Regulations or as may be otherwise specified by SEBI from time to time, as may be applicable.
- xiii. In case the Bank makes any disclosures to any stock exchange outside India for any purpose, the Bank shall simultaneously make such disclosures on the concerned Stock Exchanges in India

VI. AUTHORITY TO DETERMINE MATERIALITY OF EVENT OR INFORMATION

The Chief Financial Officer and the Company Secretary of the Bank ("Designated Officers"), any two of them acting jointly or severally, are authorized for the purposes of determining materiality of a particular event or information based on the materiality thresholds and making disclosures to the Stock Exchanges under this Policy. Under the system, the Departmental Heads of the Bank, who are responsible for the relevant areas of the Bank's operations are required to report to any of the Designated Officers of the Bank about any event or information specified in Annexure A, Annexure B, or any other significant events or information in relation to the Bank. The concerned Designated Officers shall take care to ensure that he/she is reasonably satisfied that any event or information being disclosed is true and correct and does not contain any

misrepresentations. Contact details of the Designated Officers will be published on the website of the Bank.

VII. CONFIDENTIALITY

Persons involved in the process of making disclosure(s) of material event(s) or information to the Stock Exchanges or those who are required to handle disclosure(s) under this Policy, shall ensure that confidentiality of such event(s) or information is maintained and such persons comply with the provisions of laws, rules, regulations, etc., as applicable, including the SEBI (Prohibition of Insider Trading) Regulations, 2015.

VIII. REVIEW

Subject to applicable laws, the Board may, at its absolute discretion from time to time, amend or alter the Policy or any terms and conditions thereof. Notwithstanding the above, this Policy shall be deemed to have been amended to the effect and in order to meet with any changes or amendments made by SEBI in the Listing Regulations, without having to seek any specific approval of the Board of Directors of the Bank. The Policy shall be reviewed on an annual basis by the Board of Directors.

IX. DISCLOSURE

The event / information disclosed to the stock exchange under this policy shall be placed on the website of the Bank. This policy shall be uploaded in the website of the Bank.

ANNEXURE A

I. EVENTS WHICH ARE DEEMED MATERIAL WITHOUT APPLYING ANY MATERIALITY CRITERIA:

- 1) Acquisitions(s) (including agreement to acquire), Scheme of Arrangement (amalgamation/merger/demerger/restructuring), or sale or disposal of any unit (s), division(s) or whole or substantially the whole of the undertaking(s) of the Bank, sale of stake in associate company of the Bank or any other restructuring.;
- 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) Outcome of Meetings of the board of directors: The Bank 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) Decision on buyback of securities;
 - d) 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 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.

- 5) 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 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 or not the Bank is a party to such agreements:

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 or defaults by the Bank, its promoter, director, key managerial personnel, senior management or subsidiary 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;

(a) 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 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.

(b) Resignation of independent director including reasons for resignation: 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 exchange by the Bank:

- The letter of resignation along with detailed reasons for the resignation as given by the said director.
- Names of listed entities in which the resigning director holds directorships, indicating the category of directorship and membership of board committees, if any.
- The Independent director shall, along with the detailed reasons, also provide a confirmation that there are no other material reasons other than those provided.
- 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 above.

(c) 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 listed entities within seven days from the date that such resignation comes into effect.

(d) 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)

- 8) Appointment or discontinuation of share transfer agent.

- 9) Resolution plan / Restructuring in relation to loans/ borrowings from banks / financial institutions including the following details:
- Decision to initiate resolution of loans / borrowings;
 - Signing of Inter-Creditors Agreement (ICA) by lenders;
 - Finalization of Resolution Plan;
 - Implementation of Resolution Plan;
 - Salient features, not involving commercial secrets, of the resolution/ restructuring plan as decided by lenders.
- 10) One-time settlement with a bank.
- 11) Winding up petition filed by any party/ creditors of the bank;
- 12) 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.
- 13) Proceedings of Annual and extraordinary general meetings of the Bank.
- 14) Amendments to memorandum and articles of association of Bank, in brief.
- 15) (a) Schedule of analysts or institutional investors meet at least two working days in advance (excluding the date of the intimation and the date of the 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:

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.

- 16) 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. 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:
 - (i) Pre and Post net-worth of the Bank;
 - (ii) Details of assets of the Bank post CIRP;
 - (iii) Details of securities continuing to be imposed on the Banks' assets;
 - (iv) Other material liabilities imposed on the Bank;
 - (v) Detailed pre and post shareholding pattern assuming 100% conversion of convertible securities;
 - (vi) Details of funds infused in the Bank, creditors paid-off;
 - (vii) Additional liability on the incoming investors due to the transaction, source of such funding etc.;
 - (viii) Impact on the investor – revised P/E, RONW ratios etc.;
 - (ix) Names of the new promoters, key managerial personnel, 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;
 - (x) 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.
- 17) 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 Bank along with comments of the management, if any.
- 18) Announcement or communication through social media intermediaries or mainstream media by directors, promoters, key managerial personnel or senior management of a Bank, in relation to any event or information which is material for the Bank in terms of regulation 30 of these regulations and is not already made available in the public domain by the Bank.

Explanation – “social media intermediaries” shall have the same meaning as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021.

19) 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.

20) 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; or
- (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;
 - 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.

21) Voluntary revision of financial statements or the report of the board of directors of the Bank under section 131 of the Companies Act, 2013.

ANNEXURE B

II. LISTS OF EVENTS / INFORMATION WHICH SHALL BE DISCLOSED TO THE STOCK EXCHANGE ON APPLICATION OF GUIDELINES OF MATERIALITY

- Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/ division.
- Change in the general character or nature of business brought about by arrangement for strategic, technical, manufacturing, or marketing tie-up, adoption of new line (s) of business, closure of operations of any unit/ division (entirely or piecemeal).
- Capacity addition or product launch.
- Awarding, bagging / receiving, amendment or termination of awarded / bagged orders / contracts, not in the normal course of business.
- Agreements (viz. loans agreement (s) (as a borrower) or any other agreements which are binding and not in normal course of business) and revision (s) or amendment(s) or terminations(s) thereof.
- 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.
- Effect(s) arising out of change in the regulatory framework applicable to the Bank.
- Litigations (s) / disputes (s) / regulatory actions (s) with impact.
- Frauds/ defaults, etc. by employees of the Bank.
- Options to purchase securities including any ESOP/ESPS Scheme.
- Giving of guarantees or indemnity or becoming a surety for any third party.
- Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- 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 of the bank.