

Policy to Determine Materiality of Events to be reported to the Stock Exchanges in terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Division : **FINANCE**
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Policy Custodian

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Policy Version Control

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1	1/2019	26.02.2019	Disclosure of information having bearing on performance/operation of listed entity and/or price sensitive information: Non-convertible Debt Securities & Non-convertible Redeemable Preference Shares
2	1/2019	26.02.2019	Disclosures of divergences in the asset classification and provisioning beyond specified threshold

Policy Governance

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I. Policy Overview

1) Preamble

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, provides that the Bank, being a listed entity, is required to make disclosures of any event or information which in the opinion of the Board of Directors is material. The aforesaid Regulation also provides that a listed entity shall frame a Policy for determination of materiality, based on criteria specified therein, duly approved by its Board of Directors. In order to enable the investors to make well-informed investment decisions, timely, adequate and accurate disclosure of information on an ongoing basis is essential.

2) Applicability

The disclosures required to be made by the Bank pursuant to SEBI (LODR) Regulations shall be made in accordance with this Policy and the same shall also be disclosed on the Bank's website.

The Policy shall be reviewed every year or earlier, if necessitated due to regulatory requirements.

This policy shall be displayed in the website of the Bank and also circulated to all offices of the bank for information and compliance.

II. Policy Details

a. Policy Definition

Regulation Reg. 30 (4) (ii) of SEBI (LODR) Regulations, 2015 provides that a listed entity shall frame a Policy for determination of materiality, based on criteria specified therein, duly approved by its Board of Directors

b. Policy Details

3) Definitions

- 1) **“Bank”** means Punjab National Bank.
- 2) **“Board”** means Board of Directors of the Bank in terms of Section 9 (3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.
- 3) **“Chief Financial Officer (CFO)”** means Chief Financial Officer of the Bank, as designated by the Bank in compliance with SEBI (LODR) Regulations.
- 4) **“Company Secretary”** means Company Secretary appointed/designated by the Bank in compliance with SEBI (LODR) Regulations.
- 5) **“Key Managerial Personnel” as defined under Companies Act, 2013** means:
 - i) the Chief Executive Officer or the Managing Director or the Manager (as defined under Companies Act, 2013);
 - ii) Whole- time directors(s);
 - iii) Chief Financial Officer;
 - iv) Company Secretary; and
 - v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
 - vi) such other Officer as may be prescribed
- 6) **“SEBI (LODR) Regulations”** means SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 issued by Securities and Exchange Board of India (SEBI), as amended from time to time.
- 7) **“Stock Exchanges”** means the National Stock Exchange of India Ltd. and BSE Ltd. where the securities of the Bank are listed.

4) Material events to be disclosed.

The LODR divide the events that need to be disclosed broadly into two categories.

- a) The events that have to be necessarily reported/disclosed to the Stock Exchanges by the Bank without applying any test of materiality as per Para A of Part A of Schedule III of LODR Regulations. **(placed under Annexure B.1 to the Policy)** And
- b) Events that should be disclosed by the Bank, if considered material **(Para B Part A of schedule III of LODR).**

5) As per SEBI (LODR) Regulations, (Para B Part A of schedule III) the following are the events which shall be disclosed upon application of the guidelines for materiality referred under regulation 30 (4) of the SEBI (LODR) Regulations:

5.1 **Test of Materiality** -- Under regulation 30 (4) of the LODR regulations, the following criteria shall be applied 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;
- c) In case where the criteria specified in (a) and (b) above are not applicable, an event/information may be treated as being material if in the opinion of the officer authorized by the board of directors of Bank, the event / information is considered material.

5.2 To bring more clarity for determining materiality of the events and its reporting by the concerned Divisions to the Authorized Officer/Compliance Officer, the events as per the SEBI (LODR) Regulations are listed below along with the criteria that may be adopted. The criteria given are illustrative and not exhaustive.

(i) **Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.**

The listed entity shall notify the stock exchanges regarding the commencement of commercial production or commencement of commercial operations of any unit/division. In cases where the listed entity has made prior intimation of date of commencement of commercial production or operations, the listed entity shall be required to disclose the details in case of postpone of the date of commencement to the extent the same is applicable to the bank.

Criteria for deciding materiality: Generally materiality in respect of the above event shall be Nil in respect of Banks. The Bank, as a going concern will be opening new branches/Divisions in the normal course of activity and it will not be material on the asset/liability/bottom line of the Bank. Exceptional circumstances or events, if any, maybe reported to the CFO for determining materiality of the event.

(ii) **Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up agreement / joint venture (JV) with companies etc. e.g. Adoption of new line(s) of business, Closure of operations of any unit/division – (entirety or piecemeal):**

A. Arrangements for strategic, technical, manufacturing, or marketing tie-up:

a) Agreement / joint venture (JV) with companies:

- i. name of the entity(ies) with whom agreement/ JV is signed;
- ii. area of agreement/JV;
- iii. domestic/international;
- iv. share exchange ratio / JV ratio;
- v. scope of business operation of agreement /JV;
- vi. details of consideration paid / received in agreement /JV;
- vii. significant terms and conditions of agreement / JV in brief;
- viii. whether the acquisition would fall within related party transactions and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arms length”;
- ix. size of the entity(ies);
- x. rationale and benefit expected.

b) In the event that any such arrangement is called off for any reason, the same shall be disclosed along with the reasons for calling off the proposal.

B. Adoption of new line(s) of business:

- a) Industry or area to which the new line of business belongs to;
- b) expected benefits;
- c) Estimated amount to be invested.

C. Closure of operations of any unit/division - (entirety or piecemeal):

- a) Date of such binding agreement, if any, entered for sale of such unit/division, if any;
- b) Amount & percentage of turnover or revenue or income and net worth of the listed entity contributed by such unit or division during the last financial year;
- c) Date of closure or estimated time of closure;
- d) Reasons for closure.

Criteria for deciding materiality: This generally relate to companies other than banks. However, in respect of Banks, information relating to strategic tie up, joint ventures etc may be treated as material in case of any future tie ups or Joint ventures like the one which the bank has with Everest Bank Ltd or tie up with SMC Global securities Ltd for depository services etc. Probable other tie up which may be material – arrangement with Payment Banks etc. maybe reported. Events like closure of any branch or Division in the normal course of business for consolidation/merger with other branch/Division or closure of a unit/branch on its becoming unviable etc. may not be treated as material.

(iii) Capacity addition or product launch**A. Capacity addition:**

- a) existing capacity;
- b) existing capacity utilization;
- c) proposed capacity addition;
- d) period within which the proposed capacity is to be added;
- e) investment required;
- f) mode of financing;
- g) rationale.

B. Product launch:

- a) name of the product;
- b) date of launch;
- c) category of the product;
- d) whether caters to domestic/ international market;
- e) name of the countries in which the product is launched (in case of international).

Criteria for deciding materiality: This is generally not applicable to Banks. In respect of banks, the products which are variants of deposit or loans schemes shall not be treated as material.

(iv) Awarding, bagging / receiving, amendment or termination of awarded / bagged orders /contracts, not in the normal course of business.

A. Awarding of order(s)/contract(s): Only important terms and conditions which may be as under needs to be disclosed:

- a) name of the entity to which order(s)/contract(s) is awarded;
- b) whether order(s) / contract(s) is awarded to domestic/ international entity
- c) significant terms and conditions of order(s)/contract(s) awarded, in brief;
- d) time period, if any, associated with the order(s)/contract(s);
- e) broad commercial consideration or size of the order(s)/contract(s);
- f) whether the promoter/ promoter group/group companies have any interest in that entity to whom the order(s)/contract(s) is awarded? If Yes, nature of interest and details thereof;
- g) whether the same would fall within related party transactions? If yes, whether the same is done at “arms length”.

B. Bagging/Receiving of orders/contracts: Only important terms and conditions which may be as under needs to be disclosed:

- a) name of the entity awarding the order(s)/contract(s);
- b) significant terms and conditions of order(s)/contract(s) awarded in brief;
- c) whether order(s) / contract(s) have been awarded by domestic/ international entity;
- d) nature of order(s) / contract(s);
- e) whether domestic or international;
- f) time period by which the order(s)/contract(s) is to be executed;
- g) broad consideration or size of the order(s)/contract(s);

- h) whether the promoter/ promoter group / group companies have any interest in the entity that awarded the order(s)/contract(s)? If yes, nature of interest and details thereof;
- i) whether the order(s)/contract(s) would fall within related party transactions? If yes, whether the same is done at “arms length”.

C. Amendment or termination of orders/contracts:

- a) name of parties to the order(s)/contract(s);
- b) nature of the order(s)/contract(s);
- c) date of execution of the order(s)/contract(s)
- d) details of amendment or reasons for terminations and impact thereof (to the extent possible);

Criteria for deciding materiality: This is generally not applicable to Banks, However, Bank in its normal course of business enters into contracts with various vendors for Information Technology (IT), Safe Furniture &Fixtures (SFF), Civil construction and related other advisory services which shall be excluded and need not be reported as a material event. However, any other contract or orders which are not in the normal course of business need to be reported by the concerned owner division to the CFO for determining the materiality.

(v) Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.

Only important terms and conditions which may be as under needs to be disclosed:

- a) name(s) of parties with whom the agreement is entered;
- b) purpose of entering into the agreement;
- c) size of agreement;
- d) shareholding, if any, in the entity with whom the agreement is executed;
- e) significant terms of the agreement (in brief) special rights like right to appoint Directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
- f) whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
- g) whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
- h) in case of issuance of shares to the parties, details of issue price, class of shares issued;
- i) in case of loan agreements, details of lender, nature of the loan, total amount of loan granted, total amount outstanding, date of execution of the loan agreement/sanction letter, details of the security provided to the lenders for such loan;
- j) any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;
- k) in case of termination or amendment of agreement, listed entity shall disclose additional details to the stock exchange(s):

- i. name of parties to the agreement ;
- ii. nature of the agreement;
- iii. date of execution of the agreement;
- iv. details of amendment and impact thereof or reasons of termination and impact thereof.

Criteria for deciding materiality:

The bank may be a borrower in certain cases e.g. Line of credit with foreign banks/governments etc. such events need not be reported as long as they are in the normal course of business. However, any other agreement/contracts which are not covered above and not in the normal course of business need to be reported by the concerned owner division to the CFO for determining the materiality. Under this head loan agreements or any other agreements which are in the normal course of business shall be excluded. As a lender, the Bank is required to execute loan agreements with the borrowers which shall be excluded irrespective of the amount involved.

(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:

A. At the time of occurrence:

- a) expected quantum of loss/damage caused;
- b) whether loss/damage covered by insurance or not including amount;
- c) estimated impact on the production/operations in case of strikes/lock outs;
- d) factory/unit where the strike/lock out takes place including reasons for such strike.

B. Regularly, till complete normalcy is restored:

- a) insurance amount claimed and realized by the listed entity for the loss/damage;
- b) the actual amount of damage caused due to the natural calamity or other force majeure events;
- c) details of steps taken to restore normalcy and the impact of the natural calamity/other force majeure events on production or service, financials of the entity.

Criteria for deciding materiality: Only cases of disruption of services on account of natural calamities like earthquake, flood, fire, system crash, strikes or any other event having an impact on the working of the Bank as a whole may be treated as material and not events relating to any particular business unit (branch) or Division.

(vii) Effects arising out of change in the Regulatory framework applicable to the Bank.

Criteria for deciding materiality: Regulatory changes having an impact on the financials or activities of the bank may be treated as material. Regulatory changes

though having impact on the Banking industry and are mandated by the Government/RBI etc/ may not be treated as material for disclosure to exchanges, where information is already in the public domain through acts of Parliament or through legislation e.g. GST Bill, Budget proposals etc.

(viii) Litigation(s) / dispute(s) / regulatory action(s) with impact:

A. At the time of becoming the party:

- a) brief details of litigation viz. name(s) of the opposing party, court/tribunal/agency where litigation is filed, brief details of dispute/litigation;
- b) expected financial implications, if any, due to compensation, penalty etc;
- c) quantum of claims, if any;

B. Regularly till the litigation is concluded or dispute is resolved:

- a) the details of any change in the status and / or any development in relation to such proceedings;
- b) in the case of litigation against key management personnel or its promoter or ultimate person in control, regularly provide details of any change in the status and / or any development in relation to such proceedings;
- c) in the event of settlement of the proceedings, details of such settlement including - terms of the settlement, compensation/penalty paid (if any) and impact of such settlement on the financial position of the listed entity.

Criteria for deciding materiality

- i) Normal litigations/disputes against the Bank in the normal course of business i.e. lending activity, recovery, lockers, interest claims, dispute on bank premises etc may not be treated as material.
- ii) Regulatory actions/penalties imposed by RBI, SEBI, NSE/BSE, Regulators of Foreign countries where we have our branches/subsidiaries shall be treated as material. However, penalties imposed by RBI based on routine currency chest inspections shall not be treated as material.
- iii) In case of other regulators like Tax authorities, Enforcement Directorate, local bodies etc the authorized officer may decide the materiality based on the guiding principles mentioned under para 5.1 of the policy.

(ix) Frauds/ defaults by directors (other than key managerial personnel) or employees of the Bank:

A. At the time of unearthing of fraud or occurrence of the default/arrest:

- a) nature of fraud/default/arrest;
- b) estimated impact on the listed entity;
- c) time of occurrence;
- d) person(s) involved;
- e) estimated amount involved (if any);
- f) whether such fraud has been reported to appropriate authorities.

B. Subsequently intimate the stock exchange(s) further details regarding the fraud/default including:

- a) actual amount involved in the fraud /default (if any);
- b) actual impact of such fraud /default on the listed entity and its financials;
- c) corrective measures taken by the listed entity on account of such fraud/default.

Criteria for deciding materiality: Fraud or default by directors (other than key managerial personnel) or employees and similar events, materiality shall be decided by the Authorized officer keeping in view the criteria mentioned in para 5.1 of the policy.

x) Options to purchase securities (including any Share Based Employee Benefit (SBEB) Scheme) at the time of instituting the scheme and vesting or exercise of options:

- a) brief details of options granted;
- b) whether the scheme is in terms of SEBI (SBEB) Regulations, 2014 (if applicable);
- c) total number of shares covered by these options;
- d) pricing formula;
- e) options vested;
- f) time within which option may be exercised;
- g) options exercised;
- h) money realized by exercise of options;
- i) the total number of shares arising as a result of exercise of option;
- j) options lapsed;
- k) variation of terms of options;
- l) brief details of significant terms;
- m) subsequent changes or cancellation or exercise of such options;
- n) diluted earnings per share pursuant to issue of equity shares on exercise of options.

Criteria for deciding materiality: All such cases including Share Based Employee Benefit (SBEB) Scheme at the time of instituting the scheme and vesting or exercise of options shall be treated as material.

xi) Giving of guarantees or indemnity or becoming a surety for any third party:

- a) name of party for which such guarantees or indemnity or surety was given;
- b) whether the promoter/ promoter group/ group companies have any interest in this transaction? If yes, nature of interest and details thereof and whether the same is done at “arms length”;
- c) brief details of such guarantee or indemnity or becoming a surety viz. brief details of agreement entered (if any) including significant terms and conditions, including amount of guarantee;

d) impact of such guarantees or indemnity or surety on listed entity.

Criteria for deciding materiality: Generally not applicable to Bank.

However, where the bank provides guarantee/letter of comfort on behalf of its subsidiaries/associates/joint ventures, the information may be treated as material provided the total of all such guarantees/letters of comfort exceed 10% of the net worth of the Bank based on the previous year Balance sheet. Guarantees/letters of comfort/Letter of undertaking provided by the Bank on behalf of its customers, in the ordinary course of Bank business will not be treated as material.

xii) Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

- a) name of the regulatory or licensing authority;
- b) brief details of the approval/license obtained/ withdrawn/ surrendered;
- c) impact/relevance of such approval/license to the listed entity;
- d) withdrawal/cancellation or suspension of licence/approval by the regulatory or licensing authority, with reasons for such action, estimated impact (monetary or otherwise) on the listed entity and penalty, if any;
- e) period for which such approval/license is/was valid;
- f) Subsequently, the listed entity shall inform the stock exchange(s), the actual impact (monetary or otherwise) along with corrective actions taken by the listed entity pursuant to the withdrawal, cancellation or suspension of the key license/ approval.

Criteria for deciding materiality: Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals shall be treated as material. Individual domestic branch license approvals/cancellation/suspension etc shall not be treated as a key license as far as the Bank is concerned.

5A. Para C of Part A of Schedule III of the LODR deals with 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 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.

Criteria: Any development which may have an impact on the Financials of the Bank to the extent of more than 5% of the operating profit of the previous year shall be treated as material.

In respect of any other information which is exclusively known to the Bank but not to the investors which may be necessary to enable the investors to appraise its position and to avoid the establishment of a false market in such securities the authorized officer shall keep in view the criteria mentioned at Para No. 5.1 to determine the materiality of the event.

5B. Keeping in view the guidelines contained in Para D of Part A of Schedule III of LODR Regulations and without prejudice to the generality of the events/information given in point No. 5 to 5A and events listed in Annexure I, being the events which shall be disclosed without any application of the guidelines for materiality of the event, the Bank may make disclosures of any other event/information as may be specified by the Board from time to time.

6) Authorized person for determining materiality of an event

Authorized person – Chief Finance Officer: Regulation 5 of LODR stipulates appointment of Key Management Personnel (KMP) for determining materiality of the event. Chief Finance Officer (CFO) of the Bank, being is one of the KMPs as per the SEBI guidelines, shall be the officer authorized to determine materiality of an event or information as stipulated under Para 5, 5A and 5B of this policy and the SEBI (LODR) Regulations for the purpose of advising on disclosure to the Stock Exchanges through the Company Secretary.

7) Process of reporting

- a) **Compliance Officer:** The Company Secretary of the Bank shall be the Compliance Officer for the SEBI/Stock Exchanges in terms of the SEBI (LODR) Regulations.
- b) The Bank shall as soon as reasonably possible and not later than twenty four hours from the occurrence of the event or information shall report the event(s) to the recognized stock exchanges where the bank's shares are listed.
 - i) Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the Bank shall, along with such disclosures provide explanation for delay.
 - ii) Provided further that in case the Bank does not disclose any such specified details, it shall state appropriate reasoning for the same as part of disclosure.
 - iii) Provided further that disclosure, of events specified in Para A (4) of Annexure B.I of the policy, shall be made within thirty minutes of the conclusion of the board meeting.
 - iv) Provided further that SEBI (LODR) Regulations shall prevail where the policy is silent and where it is not in contravention to the Banking Companies (Acquisition & Transfer of undertakings) Act 1970 or any other enactments specifically applicable to public sector banks.
- c) The Bank shall, with respect to disclosures referred to in this Policy, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- d) The Bank shall disclose on its website all such events or information which has been disclosed to stock exchange(s) under this regulation, 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, as disclosed on its website.

- e) The Bank shall disclose all events or information with respect to subsidiaries which are material for the Bank.
- f) The Bank shall provide specific and adequate reply to all queries raised by stock exchange(s) with respect to any events or information:
- g) The Bank may also on its own initiative, confirm or deny any reported event or information to stock exchange(s).
- h) In case where an event occurs or an information is available with the Bank, which has not been covered in the Policy, but which may have material effect on it, the Bank shall make adequate disclosures in regard thereof.
- i) It shall be the responsibility of General Manager of the concerned owner Division of the related events as per this policy to timely inform/pass on the information to the CFO, who in turn shall decide the materiality of the event for the purpose of reporting to Stock Exchanges. After deciding on the materiality of the event, CFO shall give clearance to Compliance officer for timely reporting of the event to Stock Exchanges to ensure dissemination of information to investors, shareholders and general public for taking well-informed investment decisions.
- j) The Board & Coordination Division of the Bank shall intimate the Company Secretary of the Bank, the time of commencement and conclusion of the Board meeting, to enable reporting of the event to the Exchanges within the stipulated time.

8) Guidance on Timing of occurrence of an Event or receipt of Information

1. The Bank may be confronted with the question as to when an event/information can be said to have occurred/received.
2. 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 (1) 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 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 the latter (2), 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 Bank has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

Annexure B.I

A. Events which shall be disclosed without any application of the guidelines for materiality - sub-regulation (4) of Regulation 30 of SEBI (LODR) Regulations, 2015(Para A of Part A of Schedule III).

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:

1.1. Acquisition (including agreement to acquire):

- a) name of the target entity, details in brief such as size, turnover etc.;
- b) whether the acquisition would fall within related party transaction(s) and whether the promoter/ promoter group/ group companies have any interest in the entity being acquired? If yes, nature of interest and details thereof and whether the same is done at “arms length”;
- c) industry to which the entity being acquired belongs;
- d) objects and effects of acquisition (including but not limited to, disclosure of reasons for acquisition of target entity, if its business is outside the main line of business of the Bank);
- e) brief details of any governmental or regulatory approvals required for the acquisition;
- f) indicative time period for completion of the acquisition;
- g) nature of consideration - whether cash consideration or share swap and details of the same;
- h) cost of acquisition or the price at which the shares are acquired;
- i) percentage of shareholding / control acquired and / or number of shares acquired;
- j) brief background about the entity acquired in terms of products/line of business acquired, date of incorporation, history of last 3 years turnover, country in which the acquired entity has presence and any other significant information (in brief);

[Explanation: For the purpose of the above disclosures the term ‘acquisition’ shall have the same meaning as defined in explanation of sub-para (1) of Para (A) of Part (A) of Schedule III of Listing Regulations].

1.2. Amalgamation/ Merger:

- a) name of the entity(ies) forming part of the amalgamation/merger, details in brief such as, size, turnover etc.;
- b) whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
- c) area of business of the entity(ies);
- d) rationale for amalgamation/ merger;
- e) in case of cash consideration – amount or otherwise share exchange ratio;
- f) brief details of change in shareholding pattern (if any)of Bank.

1.3. De-merger:

- a) brief details of the division(s) to be demerged;
- b) turnover of the demerged division and as percentage to the total turnover of the

- Bank in the immediately preceding financial year / based on financials of the last financial year;
- c) rationale for demerger;
 - d) brief details of change in shareholding pattern (if any) of all entities;
 - e) in case of cash consideration – amount or otherwise share exchange ratio;
 - f) whether listing would be sought for the resulting entity.

1.4. Sale or disposal of unit(s) or division(s) or subsidiary of the Bank:

- a) the amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the Bank during the last financial year;
- b) date on which the agreement for sale has been entered into;
- c) the expected date of completion of sale/disposal;
- d) consideration received from such sale/disposal;
- e) brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof;
- f) whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
- g) additionally, in case of a slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the Bank with respect to such slump sale.

For the purpose of this sub-clause, "slump sale" shall mean the transfer of one or more undertakings, as a result of the sale for a lump sum consideration, without values being assigned to the individual assets and liabilities in such sales.

1.5. Other Restructuring:

- a) details and reasons for restructuring;
- b) quantitative and/ or qualitative effect of restructuring;
- c) details of benefit, if any, to the promoter/promoter group/group companies from such proposed restructuring;
- d) brief details of change in shareholding pattern (if any) of all entities.

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.

2.1. Issuance of securities:

- a) type of securities proposed to be issued (viz. equity shares, convertibles etc.);
- b) type of issuance (further public offering, rights issue, depository receipts (ADR/GDR), qualified institutions placement, preferential allotment etc.);
- c) total number of securities proposed to be issued or the total amount for which the securities will be issued (approximately);
- d) in case of preferential issue the Bank shall disclose the following additional details to the stock exchange(s):
 - i. names of the investors;
 - ii. post allotment of securities - outcome of the subscription, issue price / allotted price (in case of convertibles), number of investors;

- iii. in case of convertibles - intimation on conversion of securities or on lapse of the tenure of the instrument;
- e) in case of bonus issue the Bank shall disclose the following additional details to the stock exchange(s):
 - i. whether bonus is out of free reserves created out of profits or share premium account;
 - ii. bonus ratio;
 - iii. details of share capital - pre and post bonus issue;
 - iv. free reserves and/ or share premium required for implementing the bonus issue;
 - v. free reserves and/ or share premium available for capitalization and the date as on which such balance is available;
 - vi. whether the aforesaid figures are audited;
 - vii. estimated date by which such bonus shares would be credited/dispatched;
- f) in case of issuance of depository receipts (ADR/GDR) or FCCB the Bank shall disclose following additional details to the stock exchange(s):
 - i. name of the stock exchange(s) where ADR/GDR/FCCBs are listed (opening – closing status) / proposed to be listed;
 - ii. proposed no. of equity shares underlying the ADR/GDR or on conversion of FCCBs;
 - iii. proposed date of allotment, tenure, date of maturity and coupon offered, if any of FCCB's;
 - iv. issue price of ADR/GDR/FCCBs (in terms of USD and in INR after considering conversion rate);
 - v. change in terms of FCCBs, if any;
 - vi. details of defaults, if any, by the Bank in payment of coupon on FCCBs & subsequent updates in relation to the default, including the details of the corrective measures undertaken (if any);
- g) in case of issuance of debt securities or other non convertible securities the Bank shall disclose following additional details to the stock exchange(s):
 - i. size of the issue;
 - ii. whether proposed to be listed? If yes, name of the stock exchange(s);
 - iii. tenure of the instrument - date of allotment and date of maturity;
 - iv. coupon/interest offered, schedule of payment of coupon/interest and principal;
 - v. charge/security, if any, created over the assets;
 - vi. special right/interest/privileges attached to the instrument and changes thereof;
 - vii. delay in payment of interest / principal amount for a period of more than three months from the due date or default in payment of interest / principal;
 - viii. details of any letter or comments regarding payment/non-payment of interest, principal on due dates, or any other matter concerning the security and /or the assets along with its comments thereon, if any;
 - ix. details of redemption of preference shares indicating the manner of redemption (whether out of profits or out of fresh issue) and debentures;
- h) any cancellation or termination of proposal for issuance of securities including reasons thereof.

2.2. Split/consolidation of shares:

- a) split/consolidation ratio;
- b) rationale behind the split/consolidation;
- c) pre and post share capital – authorized, paid-up and subscribed;
- d) expected time of completion;
- e) class of shares which are consolidated or subdivided;
- f) number of shares of each class pre and post split or consolidation;
- g) number of shareholders who did not get any shares in consolidation and their pre-consolidation shareholding.

2.3. Buy back of securities:

- a) number of securities proposed for buyback;
- b) number of securities proposed for buyback as a percentage of existing paid up capital;
- c) buyback price;
- d) actual securities in number and percentage of existing paid up capital bought back;
- e) pre& post shareholding pattern.

2.4. Any restriction on transferability of securities:

- a) authority issuing attachment or prohibitory orders;
- b) brief details and reasons for attachment or prohibitory orders;
- c) name of registered holders against whom restriction on transferability has been placed;
- d) total number of securities so affected;
- e) distinctive numbers of such securities if applicable;
- f) period for which order would be applicable (if stated).

2.5. Any action, which will result in alteration of the terms or structure of any existing securities, including, but not limited to:

- a) forfeiture of shares;
- b) 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;
- c) proposal to issue any class of securities;
- d) alterations of capital, including calls;
- e) change in the terms regarding redemption/cancellation/retirement in whole or in part of any securities issued by the Bank.

3. Revision in Rating(s)

The Bank shall notify the stock exchange(s), the details of any new rating or revision in rating assigned from a credit rating agency to any debt instrument of the Bank or to any fixed deposit programme or to any scheme or proposal of the Bank involving mobilization of funds whether in India or abroad. In case of a downward revision in ratings, the Bank shall also intimate the reasons provided by the rating agency for such downward revision.

4. Outcome of meetings of the board of directors: The Bank shall intimate to the Exchange(s), within 30 minutes of the closure of the meeting, held to consider or decide the following:

- 4.1. 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;
- 4.2. any cancellation of dividend with reasons thereof;
- 4.3. the decision on buyback of securities;
- 4.4. the decision with respect to fund raising proposed to be undertaken;
- 4.5. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares would be credited/dispatched;
- 4.6. 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;
- 4.7. short particulars of any other alterations of capital, including calls;
- 4.8. financial results;
- 4.9. decision on voluntary delisting by the Bank from stock exchange(s);

The intimation of outcome of meeting of the board of directors shall also contain the time of commencement and conclusion of the meeting.

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:

- 5.1. name(s) of parties with whom the agreement is entered;
- 5.2. purpose of entering into the agreement;
- 5.3. shareholding, if any, in the entity with whom the agreement is executed;
- 5.4. significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.;
- 5.5. whether, the said parties are related to promoter/promoter group/ group companies in any manner. If yes, nature of relationship;
- 5.6. whether the transaction would fall within related party transactions? If yes, whether the same is done at “arms length”;
- 5.7. in case of issuance of shares to the parties, details of issue price, class of shares issued;
- 5.8. any other disclosures related to such agreements, viz., details of nominee on the board of directors of the Bank, potential conflict of interest arising out of such agreements, etc;
- 5.9. in case of termination or amendment of agreement, Bank shall disclose additional details to the stock exchange(s):
 - a) name of parties to the agreement;
 - b) nature of the agreement;
 - c) date of execution of the agreement;
 - d) details of amendment and impact thereof or reasons of termination and impact thereof.

6. Fraud/ Defaults by promoter or key managerial personnel or by the Bank or arrest of key managerial personnel or promoter:

6.1. At the time of unearthing of fraud or occurrence of the default / arrest:

- a) nature of fraud/default/arrest;
- b) estimated impact on the Bank;
- c) time of occurrence;
- d) person(s) involved;
- e) estimated amount involved (if any);
- f) whether such fraud/default/arrest has been reported to appropriate authorities.

6.2. Subsequently intimate the stock exchange(s) further details regarding the fraud/default/arrest including:

- a) actual amount involved in the fraud /default (if any);
- b) actual impact of such fraud /default on the Bank and its financials; and
- c) corrective measures taken by the Bank on account of such fraud/default.

7. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer:

- reason for change viz. appointment, resignation, removal, death or otherwise;
- date of appointment/cessation (as applicable) & term of appointment;
- brief profile (in case of appointment);
- disclosure of relationships between directors (in case of appointment of a director).

7(A) 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.

7(B) Resignation of independent director including reasons for resignation: 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:

- i. 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.
- ii. The independent director shall, along with the detailed reasons, also provide a confirmation that there is no other material reasons other than those provided.
- iii. 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-clause (i) above.

8. Appointment or discontinuation of share transfer agent:

- 8.1. reason for appointment or discontinuation;
- 8.2. date on which above would become effective.

9. Corporate debt restructuring (“CDR”):

- 9.1. whether CDR is voluntary and reasons for opting or referred by lenders/creditors;
- 9.2. details of the loan to be subjected to restructuring under CDR;
- 9.3. brief details of the CDR proposal (if any);
- 9.4. the following updates to be provided at the time of the execution and at various stages of the implementation of the CDR scheme;
 - a) upon execution of any agreement in relation to the CDR proposal, disclose details such as date of execution, parties to the agreement and principal terms;
 - b) details of final CDR package as approved by RBI and the lenders;
 - c) lenders involved;
 - d) brief summary of the CDR scheme including details of the securities, interest payment, repayment schedule, negative and other restrictive covenants.

10. One time settlement (OTS) with a Bank:

- 10.1. reasons for opting for OTS;
- 10.2. brief summary of the OTS.

11. Reference to BIFR and winding-up petition filed by any party / creditors:

- 11.1. reasons for such a reference/petition;
- 11.2. impact of such reference/petition on 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 along with following:

- 12.1. date of notice/call letters/resolutions etc.;
- 12.2. brief details viz. agenda (if any) proposed to be taken up, resolution to be passed, manner of approval proposed etc.

13. Proceedings of annual and extraordinary general meetings of the Bank along with the following details in brief:

- 13.1. date of the meeting;
- 13.2. brief details of items deliberated and results thereof;
- 13.3. manner of approval proposed for certain items (e-voting etc.).

14. Amendments to memorandum and articles of association of Bank, in brief.

15. Schedule of analyst or institutional investor meet and presentations on financial results made by the Bank to analysts or institutional investors.

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) 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) Salient features, not involving commercial secrets, of the resolution plan approved by the Tribunal, in such form as may be specified;
- m) Any other material information not involving commercial secrets.

B. Disclosure of information having bearing on performance/operation of listed entity and/or price sensitive information: Non-convertible Debt Securities & Non-convertible Redeemable Preference Shares

The listed entity shall promptly inform to the stock exchange(s) of all information which shall have bearing on performance/operation of the listed entity or is price sensitive or shall affect payment of interest or dividend of non-convertible preference shares or redemption of non convertible debt securities or redeemable preference shares including :

- (1) expected default in timely payment of interests/preference dividend or redemption or repayment amount or both in respect of the non-convertible debt securities and non-convertible redeemable preference shares and also default in creation of security for debentures as soon as the same becomes apparent;
- (2) any attachment or prohibitory orders restraining the listed entity from transferring non-convertible debt securities or non-convertible redeemable preference shares from the account of the registered holders along-with the particulars of the numbers of securities so affected , the names of the registered holders and their demat account details;
- (3) any action which shall result in the redemption, conversion, cancellation, retirement in whole or in part of any non-convertible debt securities or reduction, redemption, cancellation, retirement in whole or in part of any non-convertible redeemable preference shares;
- (4) any action that shall affect adversely payment of interest on non-convertible debt securities or payment of dividend on non-convertible redeemable preference shares including default by issuer to pay interest on non-convertible debt securities or redemption amount and failure to create a charge on the assets;

(5) any change in the form or nature of any of its non-convertible debt securities or non-convertible redeemable preference shares that are listed on the stock exchange(s) or in the rights or privileges of the holders thereof and make an application for listing of the securities as changed, if the stock exchange(s) so require;

(6) any changes in the general character or nature of business / activities, disruption of operation due to natural calamity, and commencement of commercial production / commercial operations;

(7) any events such as strikes and lock outs. which have a bearing on the interest payment/ dividend payment / principal repayment capacity;

(8) details of any letter or comments made by debenture trustees regarding payment/non-payment of interest on due dates, payment/non-payment of principal on the due dates or any other matter concerning the security, listed entity and /or the assets along with its comments thereon, if any;

(9) delay/ default in payment of interest or dividend / principal amount /redemption for a period of more than three months from the due date;

(10) failure to create charge on the assets within the stipulated time period;

(11) any instance(s) of default/delay in timely repayment of interests or principal obligations or both in respect of the debt securities including, any proposal for re-scheduling or postponement of the repayment programmes of the dues/debts of the listed entity with any investor(s)/lender(s).

Explanation.- For the purpose of this sub-para, 'default' shall mean Non-payment of interest or principal amount in full on the pre-agreed date and shall be recognized at the first instance of delay in servicing of any interest or principal on debt.

(12) any major change in composition of its board of directors, which may amount to change in control as defined in Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(13) any revision in the rating;

(14) the following approvals by board of directors in their meeting:-

(a) the decision to pass any interest payment;

(b) short particulars of any increase of capital whether by issue of bonus securities through capitalization, or by way of right securities to be offered to the debenture holders, or in any other way;

(15) all the information, report, notices, call letters, circulars, proceedings, etc concerning non-convertible redeemable preference shares or non convertible debt securities;

(16) any other change that shall affect the rights and obligations of the holders of non-convertible debt securities / non-convertible redeemable preference shares, any other information not in the public domain necessary to enable the holders of the listed securities to clarify its position and to avoid the creation of a false market in such listed securities or any other information having bearing on the operation/performance of the listed entity as well as price sensitive information.

C. Disclosure of divergences in the asset classification and provisioning by the Bank:

The bank shall make disclosures of divergences in the asset classification and provisioning beyond specified threshold as mentioned in RBI notification (as under), as soon as reasonably possible and not later than 24 hours upon receipt of the Reserve Bank's Final Risk Assessment Report ('RAR') in the format given at Annexure B.II of the policy:

The disclosures are to be made in either or both of the following cases:

- a. the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and*
- b. the additional gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.*

c. Exclusions

Not Applicable

Appendix

A. List of references.

The Policy is based on the requirements of Regulation 30 (4) (ii) of SEBI (LODR) Regulations, 2015.

The format for Disclosure of divergences in the asset classification and provisioning by the Bank is as under:

Annexure B.II

Format for reporting Divergence in Asset Classification and Provisioning for NPAs to Stock Exchanges

		(Rs. In thousands)
Sr. No.	Particulars	Amount
1.	Gross NPAs as on March 31, 20XX* as reported by the bank	
2.	Gross NPAs as on March 31, 20XX as assessed by RBI	
3.	Divergence in Gross NPAs (2-1)	
4.	Net NPAs as on March 31, 20XX as reported by the bank	
5.	Net NPAs as on March 31, 20XX as assessed by RBI	
6.	Divergence in Net NPAs (5-4)	
7.	Provisions for NPAs as on March 31, 20XX as reported by the bank	
8.	Provisions for NPAs as on March 31, 20XX as assessed by RBI	
9.	Divergence in provisioning (8-7)	
10.	Reported Net Profit after Tax (PAT) for the year ended March 31, 20XX	
11.	Adjusted (notional) Net Profit after Tax (PAT) for the year ended March 31, 20XX after taking into account the divergence in provisioning	
* March 31, 20XX is the close of the reference period in respect of which divergences were assessed		

B. Frequently Asked Questions

Not Applicable