



**POLICY ON DETERMINATION OF MATERIALITY OF EVENTS**

**OF**

**THE SOUTH INDIAN BANK LIMITED**

Confidential

Version 1.0

20<sup>th</sup> January, 2016

## 1. PREAMBLE:

The Securities and Exchange Board of India (SEBI) on 2<sup>nd</sup> September, 2015 issued Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) with the aim to consolidate and streamline the provisions of existing listing agreements thereby ensuring better enforceability and bringing the basic framework governing the regime of Listed Entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied SEBI Regulations / Circulars governing Equity as well as Debt segments of capital market.

Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Regulations’) requires disclosure of any material events or information by listed entities. These Regulations further specify certain events / information which need to be disclosed by the listed entities based on application of guidelines for materiality.

This policy is framed by the Bank pursuant to Regulation 30 of Listing Regulations to determine materiality of events or information of the Company and to ensure that such information is adequately disseminated in pursuance with the Regulations and to provide an overall governance framework for such determination of materiality.

This Policy shall be effective from December 1, 2015.

## 2. DEFINITIONS

- 2.1. “**Act**” means the Companies Act, 2013.
- 2.2. “**Applicable Law**” means any law, rules, circulars, guidelines or standards issued by Securities Exchange Board of India, Ministry of Corporate Affairs and The Institute of Company Secretaries of India under which the preservation of the Documents has been prescribed.
- 2.3. “**Listing Regulations**” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 2.4. “**Schedule**” means a Schedule III of (Listing Obligations and Disclosure Requirements) Regulations, 2015
- 2.5. “**Board**” means “The Board of Directors of The South Indian Bank Limited.”
- 2.6. “**Company**” means “The South Indian Bank Limited.”
- 2.7. “**Compliance Officer**” shall mean the Company Secretary of the Company;

2.8. “**Key managerial personnel**” means a key managerial personnel as defined in sub section (51) of section 2 of the Companies Act, 2013.

### **3. OBJECTIVE**

The objective of the policies are to determine the materiality of an event based on the criteria specified under Regulation 30(4) of Listing Regulations that qualifies for disclosures under Regulation 30.

### **4. DISCLOSURE OF EVENTS**

The events to be disclosed by the Company are broadly divided into two categories:

#### **Category A:**

- The events that need to be necessarily disclosed without applying any test of materiality are indicated in para A of Part A of Schedule III of the Listing Regulation. (enclosed as Annexure – I).

#### **Category B:**

- Events that needs be disclosed by the Company, if considered material is indicated in Para B of Part A of Schedule II of the Listing Regulation (enclosed as Annexure – II).

### **5. CRITERIA FOR DETERMINATION OF MATERIALITY OF EVENTS:**

As per Regulation 30(3) of the Listing Regulations, the Bank shall consider the following criteria for determination of materiality of events / information:

- a. the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- b. the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;
- c. in case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event / information may be treated as being material if in the opinion of the Board of directors of Company, the event / information is considered material.

## **6. POINT OF TIME WHEN THE MATERIAL EVENT/INFORMATION SAID TO HAVE OCCURRED**

The Company shall apply below guidelines on when an event / information is deemed to be occurred:

- a) 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 i.e. Board of Directors and Shareholders.
- b) The events / information that may be of price sensitive nature for 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.
- c) The events / information such as natural calamities, disruption, etc. can be said to have occurred when the Company becomes aware of such events / information.
- d) The events/information can be said to have occurred when a listed entity becomes aware of the events/information, or as soon as, an officer of the entity has, or ought to have reasonably come into possession of the information in the course of the performance of his duties.

Here, the term 'officer' shall have the same meaning as defined under the Companies Act, 2013.

## **7. AUTHORIZATION FOR MAKING DISCLOSURES:**

The listing regulations requires the Board of Directors to authorize one or more Key Managerial Personnel for the purpose of determining the materiality of an event or information which qualifies for disclosure under Regulation 30 of Listing Regulations and to decide the timeline within which such disclosure is required to be disseminated to the Stock Exchanges. Accordingly, the Managing Director & CEO is authorized for the purpose of determining materiality of an event / information and for the purpose of making disclosures to stock exchange(s) under this Policy.

An executive level committee comprising Executive Vice President(s), Chief Financial Officer and Company Secretary shall review the information/event which qualifies for disclosure under Regulation 30 of Listing Regulations and facilitate MD & CEO in deciding whether the event falls under Para A or Para B of Part A of Schedule III of Listing Regulations and if it falls under Para B then whether it is material in nature and by when it need to be reported to Stock Exchange(s).

## **8. PROCESS OF REPORTING**

The Departmental Heads of the Bank who are responsible for the relevant areas of the Bank's operations are required to report to the Executive Level Committee about any event or information specified in Schedule A and Schedule B, or any other significant events/information in relation to the Bank or any material subsidiary.

The Committee shall upon the receipt of above information/event, review the same and recommend to MD & CEO whether the said event could be categorized under Para A or Para B of Part A of Schedule III of the Listing Regulations. Thereafter the MD & CEO shall decide whether information/event is material, based on which, the Company Secretary shall disseminate the same to the Stock Exchanges and website of the Bank. All these disclosures would 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.

## **9. DISCLOSURES AND TIMELINESS:**

1. The Company shall disclose to stock exchange(s) of all events, as specified in:
  - (i) Category A of Clause 4 of this Policy (enclosed as Annexure –I), or information as soon as reasonably possible and not later than twenty four hours from the occurrence of event or information. However in case the disclosure is made after twenty four hours of occurrence of the event or information, the Company shall, along with such disclosures provide explanation for delay;
  - (ii) Sub-para 4 of Category A of Clause 4 (enclosed as Annexure – I) shall be specifically made within thirty minutes of the conclusion of the board meeting along with the time of commencement and conclusion of the meeting.
2. The Bank shall disclose to the Stock Exchanges the events / information specified in Schedule B upon application of the guidelines of materiality specified in this Policy.
3. The Bank shall disclose to the Stock Exchanges events/ information relating to matters not covered under either Schedule A or Schedule B if they are considered material (illustrative list is provided as Annexure III) or as specified by the SEBI from time to time.
4. 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.

5. 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.
6. In the event of the concerned Stock Exchanges raising any queries with respect to events / information disclosed under this Policy, the Designated Officer shall reply to the Stock Exchanges and satisfactorily answer the queries or provide the clarifications sought.
7. The Bank may also, if the Designated Officer 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.
8. The disclosures to be made under this policy shall include such information or details as required under SEBI's Circular on Continual Disclosure Requirements for Listed Companies dated 9th September 2015, issued pursuant to Regulation 30 of the Regulations or as may be otherwise specified by SEBI from time to time, as may be applicable.

#### **10. AMENDMENT/REVIEW**

Any change in the Policy shall be approved by the Board of Directors of the Company. The Board of Directors shall have the right to withdraw and / or amend any part of this Policy or the entire Policy, at any time, as it deems fit, or from time to time, and the decision of the Board in this respect shall be final and binding.

#### **11. Issues**

In respect of any issues arising in respect of the Policy, the decision of the Board shall be final and binding on all concerned.

#### **12. Variation**

In the event of any variation or inconsistency between the provisions of the Policy and the Regulations or any circulars, guidelines or instructions issued thereunder, the provisions of Regulations including any modifications, clarifications, circulars or re-enactment thereof shall prevail over the Policy and the provisions of the Policy shall be deemed to have been amended so as to be read in consonance with the Regulations.

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**CATEGORY A:**

Below are the details which the Company needs to disclose for the events that are deemed to be material:

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 Company or any other restructuring; [“Acquisition” shall mean:
  - (i) acquiring control, whether directly or indirectly; or,
  - (ii) acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that -
    - (a) the listed company holds shares or voting rights aggregating to 5% or more of the shares or voting rights in the said company, or;
    - (b) there has been a change in holding from the last disclosure made under sub clause (a) of clause (ii) of this explanation and such change exceeds 2% of the total shareholding or voting rights in the said company.]
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. Revision in Rating(s);
4. 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 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 Company from stock exchange(s);
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 Company), 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;
  6. Fraud/ Defaults by promoter or key managerial personnel or by the Company or arrest of key managerial personnel or promoter;
  7. Change in Directors, Key Managerial Personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer;
  8. Appointment or discontinuation of share transfer agent;
  9. Corporate Debt Restructuring and One time settlement with Bank;
  10. Reference to BIFR and winding-up petition filed by any party / creditors;
  11. Issuance of notices, call letters, resolutions and circulars sent to shareholders, debenture;
  12. holders or creditors or any class of them or advertised in the media by the Company;
  13. Proceedings of annual and extraordinary general meetings of the Company;
  14. Amendments to memorandum and articles of association of the Company, in brief;
  15. Schedule of analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors.



**CATEGORY B:**

Below are the details which the Company needs to disclose for the events on which the

Company may apply materiality on the basis of guidelines mentioned in clause 6 below:

1. Commencement or any postponement in the date of commencement of commercial operations of any unit/division;
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, or marketing tie-up, adoption of new line(s) of business or closure of operations of any unit/division;
3. Capacity addition or product launch;
4. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts, not in the normal course of business;
5. Agreements (viz. loan agreement(s) (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;
6. Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.;
7. Effect(s) arising out of change in the regulatory framework applicable to the Company;
8. Litigation(s) / dispute(s) / regulatory action(s) with impact;
9. Frauds/ defaults by Directors (other than Key Managerial Personnel) or employees of the Company;
10. Options to purchase securities including ESOP / ESPS Scheme;
11. Giving of guarantees or indemnity or becoming a surety for any third party not in the normal course of business;
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.

**CATEGORY C:**

The Company shall also disclose other information/ events with major development likely to affect business of the Company, which shall, inter alia, include:

1. Change in Accounting Policy with significant impact on accounts etc;
2. Any information which may be necessary to enable the investors to appraise their positions and to avoid the establishment of false market in such securities;
3. Any market sensitive information or event determined as material by the Key Managerial Personnel or the Board of Directors of the Company.
4. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
5. Expected default in interest payments in respect of borrowings or debt securities or payment of preference dividend as soon as the default becomes apparent.
6. Any attachment orders or prohibitory orders restraining the company from transferring non-convertible redeemable preference shares
7. Any events such as lockouts, strikes which has bearing on interest or dividend payment or repayment of principal.
8. Failure to create charge on the assets within the stipulated time.