



IDFC FIRST Bank Limited

Policy for Determination of Materiality of Events

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Policy for Determination of Materiality of Events

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Policy for determination of materiality of events

1. Background

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as “**Listing Regulations**”), IDFC FIRST Bank Limited (the “**Bank**” or “**IDFC FIRST Bank**”) has framed this policy for determination of materiality for disclosure of events or information to Stock Exchanges, based on the criteria specified in the said Listing Regulations. The policy shall also be disclosed on the website of the Bank. The events/ information that would be disclosed would be in compliance with the Listing Regulations and SEBI circular CIR/CFD/CMD/4/2015 dated September 9, 2015, and other applicable law as amended from time to time.

2. Title

The policy will be called as the “**Policy for determination of materiality of events**”.

3. Scope of the Policy

The Policy will be applicable to all the events which fall under the criteria as disclosed under the section relating to “Disclosure of events or information to Stock Exchanges”. This Policy shall be read along with the Bank’s Policy on Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information framed in adherence to the principles for fair disclosure as outlined in the SEBI (Prohibition of Insider Trading) Regulations, 2015.

4. Key Managerial Personnel authorised to determine materiality

The Managing Director & CEO, Chief Financial Officer and the Company Secretary will be severally authorised Key Managerial Personnel (“**KMP**”) to determine the materiality of an event or information and for the purpose of advising on the disclosure to the stock exchanges.

5. Key principles in determining materiality

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

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

- iii. Events listed in Sub-Para 4 of Para A of Part A of Schedule III of the Listing Regulations, as set out in **Annexure B** to this Policy are deemed to be material events and as such shall be mandatorily disclosed by the Bank to the Stock Exchanges within 30 minutes of the conclusion of the Board Meeting.
- iv. Events listed in Para B of Part A of Schedule III of the Listing Regulations, as set out in **Annexure C** to this Policy shall be disclosed by the Bank to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty four hours from the occurrence of such event, subject to application of the following criteria to determine, whether such event is material or not.
 - (a) Where the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
 - (b) Where the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date or
 - (c) Where the criteria specified in (a) and (b) is not applicable, any event/ information which in the opinion of the Board of the Bank, is considered material and needs disclosure. The Board of Directors do hereby authorize the Managing Director & CEO of the Bank to make such determination.

The KMP are severally authorised under this Policy to determine on the disclosure of events or information to the Stock Exchanges based on the application of the test of materiality as mentioned above. In addition to this, the KMP while determining the materiality will do so on a case to case basis depending on specific facts/ circumstances relating to the information/ event and apply such other qualitative/ quantitative criteria if required and as may be deemed appropriate to the event.

- v. Where an event occurs or is available with the Bank, which does not form part of **Annexure A** or **Annexure B** or **Annexure C** as above, but is likely to have a material impact on the Bank, the Bank shall endeavor to make adequate disclosures in this regard.
- vi. Information / event relating to any major development which is likely to affect the business of the Bank and any other information which is exclusively known to the Bank, which may be required to be disclosed to enable the security holders of the Bank, to appraise its position and to avoid establishment of false market in such securities shall be mandatorily disclosed by the Bank to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty four hours from the occurrence of such event.
- vii. Events / information relating to subsidiary companies of the Bank, which are material to the Bank, shall also be disclosed to the Stock Exchange(s).
- viii. Events/ Information having bearing on the performance/ operations of the Bank, price sensitive information, or any action that could affect payment of interest or dividend of Non-Convertible Debentures or any other convertible instruments issued by the Bank, from time to time shall be mandatorily disclosed by the Bank to the Stock Exchanges promptly, as soon as practically possible and without any delay.

Information pursuant to issuance of Non-Convertible Debentures issued by the Bank, from time to time, as

set out in Para B of Schedule III, as set out in **Annexure D** to this Policy.

- ix. Such other information as may be specified by SEBI, from time to time.

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

6. Guidance on when an event/ information is deemed to be occurred

- a. The events/ information shall be said to have occurred upon approval of Board of the Bank in certain events, for example further issue of capital by rights issuance and in certain events/ information after receipt of approval of both i.e. Board of the Bank and Shareholders of the Bank. This will be decided by the KMP on a case to case basis.
- b. Certain events which are price sensitive in nature like declaration of dividends etc. will be deemed to have occurred and disclosed on approval of the Board of the Bank pending Shareholder's approval.
- c. Events such as natural calamities or disruption can be said to have occurred when the Bank becomes aware of the event/ information.

7. Disclosures on the Website

IDFC FIRST Bank shall disclose on its website all such events or information which has been disseminated to the Stock Exchanges under this Policy 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 process followed by the Bank.

8. Review of the Policy

The Board shall review and amend this Policy, pursuant to any amendment to the Listing Regulations or as and when deemed appropriate. In case of any subsequent changes in the provisions of the SEBI Listing Regulations or other applicable law, the relevant amended provisions would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law.

This Policy shall be reviewed as and when any changes are to be incorporated in the Policy due to change in applicable law or on an annual basis.

Annexure A

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

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 IDFC FIRST Bank or any other restructuring.

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

- i. acquiring control, whether directly or indirectly; or,
 - ii. acquiring or agreeing to acquire shares or voting rights in, a company, whether directly or indirectly, such that –
 - (a) IDFC FIRST Bank holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;
 - (b) there has been a change in holding from the last disclosure made under Point 1(ii)(a) above and such change exceeds two per cent 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. Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the listed entity), 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. Fraud/defaults by promoter or key managerial personnel or by IDFC FIRST Bank or arrest of key managerial personnel or promoter.
 6. Change in directors, key managerial personnel, Auditor and Compliance Officer.
 7. 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 IDFC FIRST Bank to the stock exchanges as soon as possible but not later than twenty four hours of receipt of such reasons from the auditor.

8. Resignation of Independent Director including reasons for resignation:

In case of resignation of an independent director of IDFC FIRST Bank, within seven days from the date of resignation, the following disclosures shall be made to the stock exchanges by IDFC FIRST Bank:

- i. Detailed reasons for the resignation of independent directors as given by the said director shall be disclosed by IDFC FIRST Bank 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 IDFC FIRST Bank to the stock exchanges along with the detailed reasons as specified in sub-clause (i) above.

9. Appointment or discontinuation of share transfer agent.

10. Corporate debt restructuring.

11. One time settlement with a bank.

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

13. 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 IDFC FIRST Bank.

14. Proceedings of Annual and extraordinary general meetings of IDFC FIRST Bank.

15. Amendments to memorandum and articles of association of IDFC FIRST Bank, in brief.

16. Schedule of Analyst or institutional investor meet and presentations on financial results made by IDFC FIRST Bank to analysts or institutional investors.

17. Events in relation to the corporate insolvency resolution process as mentioned under SEBI Listing Regulations.

Annexure B

The following Events/Information listed in Sub-Para 4 of Para A of Part A of Schedule III of the Listing Regulations are deemed to be material events and as such shall be mandatorily disclosed by the Bank to the Stock Exchanges within 30 minutes of the conclusion of the Board Meeting.

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;
2. any cancellation of dividend with reasons thereof;
3. the decision on buyback of securities;
4. the decision with respect to fund raising proposed to be undertaken
5. increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
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;
7. short particulars of any other alterations of capital, including calls;
8. financial results;
9. decision on voluntary delisting by IDFC FIRST Bank from stock exchange(s).

Annexure C

The following events / information listed in Para B of Part A of Schedule III of the Listing Regulations shall be disclosed by the Bank to the Stock Exchanges, as soon as possible within a reasonable time of their occurrence, but not later than twenty four hours from the occurrence of such event, subject to application of the criteria as prescribed in point no 5(iv) of this Policy to determine, whether such event is material or not.

1. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
2. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/ division (entirety or piecemeal).
3. Capacity addition or product launch.
4. Awarding, bagging/ receiving, amendment or termination of awarded/ bagged orders/ contracts, not in the normal course of business.
5. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) and termination(s) thereof.
6. Disruption of operations of any one or more units or division of IDFC FIRST Bank due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
7. Effect(s) arising out of change in the regulatory framework applicable to IDFC FIRST Bank
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/ defaults etc. by directors (other than key managerial personnel) or employees of IDFC FIRST Bank.
10. Options to purchase securities including any ESOP/ ESPS Scheme.
11. Giving of guarantees or indemnity or becoming a surety for any third party.
12. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
13. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the listed entity which may be necessary to enable the holders of securities of the listed entity to appraise its position and to avoid the establishment of a false market in such securities.

Annexure D

The following events/ information having bearing on the performance/ operations of the Bank, price sensitive information, or any action that could affect payment of interest or dividend of Non-Convertible Debentures or any other convertible instruments issued by the Bank, from time to time shall be mandatorily disclosed by the Bank to the Stock Exchanges promptly, as soon as practically possible and without any delay.

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 Bank 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 of the Bank, 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.

Contact details of the Key Managerial Personnel authorized for determining materiality of particular event/information and for making disclosure to Stock Exchanges:

Name of the KMP	Designation	Contact Details
Mr. V. Vaidyanathan	Managing Director & CEO	IDFC FIRST Bank Limited Naman Chambers, C-32 G Block, BKC, Bandra (East), Mumbai – 400051, Maharashtra Email id - secretarial@idfcfirstbank.com Contact No. : 022 7132 5500
Mr. Sudhanshu Jain	Chief Financial Officer	
Mr. Satish Gaikwad	Head – Legal and Company Secretary	