



Utkarsh Small Finance Bank

**POLICY FOR DETERMINATION OF MATERIALITY OF
EVENTS/INFORMATION**

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1. Background

Pursuant to the Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements), 2015 ("**Listing Regulations**"), **UTKARSH SMALL FINANCE BANK LIMITED** (hereinafter referred to as "**the Bank**") has formulated this policy ("**Policy**") for determination of materiality of certain events/ information for appropriate disclosures as required thereunder.

2. Definitions

The terms and expressions used but not defined herein shall have the same meaning as assigned to those terms under the Listing Regulations, the Companies Act, 2013, the Securities Contracts (Regulations) Act, 1956 or any other applicable laws or regulations, as the case may be.

3. Authorised personnel

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

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

Further, the Managing Director & CEO or the Chief Financial Officer the Company Secretary & Compliance Officer of the Bank, as the case may be, is authorized by the Board:

- i. To interact or communicate with the Regulators or the Press or the Analysts or the Institutional Investors, on any matter, relating to or arising out of a material event / information, after the same has been disclosed to the Stock Exchanges and uploaded on the website of the Bank.
- ii. To respond to any queries that may be received from the Regulators or the Press or the Analysts or the Institutional Investors or in Social Media, for verification/clarification of any market rumors relating to the Bank or that any of its subsidiary companies, in terms of the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of the Bank.

4. Criteria for determination of Materiality

The Listing Regulations have not only provided the manner in which details of such material events / information relating to the affairs of a listed entity is required to be disclosed to the Stock Exchanges, but also its nature and the time limit within which it must be disclosed, to enable the investors and the general public to take an informed decision, with regards to the affairs of the Bank and that of its subsidiary companies, detailed as under:

- i. Events listed in Para A of Part A of Schedule III of the Listing Regulations, , shall be disclosed by the Bank to the Stock Exchanges,



without applying any criteria of materiality.

- ii. Events listed in Para B of Part A of Schedule III of the Listing Regulations, shall be disclosed by the Bank to the Stock Exchanges, subject to application of the following criteria so as to determine, whether such event or information is material or not:
 - a) Where the omission to disclose an event or information, is likely to result in discontinuity or alteration of the event or information already available publicly; or
 - b) Where the omission to disclose an event or information is likely to result in significant market reaction if such omission comes to light at a later date; or
 - c) Where the omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following:
 - 1. two percent of turnover, as per the last audited consolidated financial statements* of the Bank.
 - 2. two percent of net worth, as per the last audited consolidated financial statements* of the Bank, except in case the arithmetic value of the net worth is negative.
 - 3. five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements* of the Bank.**The words "audited consolidated financial statements" means annual audited consolidated financial statements of the Bank.*
 - d) Where the criteria specified in sub-clauses (a), (b), (c) above are not applicable, an event or information may be treated as being material, if in the opinion of Board of the Bank, such event or information is deemed fit to be considered as material.
- iii. In case of an event or information, which does not form part of **Para 'A'** or **Para 'B'** as above, the following criteria (in addition to the criteria as mentioned in para 3(ii) above) shall be applied to determine whether the event or information is material or not:
 - (a) Event or information is likely to have a material impact on the Bank.
 - (b) Events / information relating to any major development which is likely to affect the business of the Bank and any other information which is exclusively known to the Bank, which may be required to be disclosed to enable the security holders of the Bank, to appraise their position and to avoid establishment of false market in such securities.
- iv. Events / information relating to subsidiary companies of the Bank, which are material to the Bank, shall also be disclosed to the Stock Exchange(s).
- v. Events / information which are already disclosed to the Stock Exchanges shall continue to be disclosed updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations, as required under Listing Regulations.
- vi. Information pursuant to issuance of non-convertible securities issued by the Bank, from time to time, as set out in Part B of Schedule III read with 51(2) of Listing Regulations..



- vii. It is clarified that the Bank has not issued, does not currently propose to issue any non-convertible redeemable preference shares. In the event that the Bank at any time in the future does issue non-convertible redeemable preference shares, the Bank shall make such disclosures as set out in Part B of Schedule III under the Listing Regulations.
- viii. Such other information as may be specified by SEBI, from time to time.

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

5. Timelines for disclosing the event/information to the Stock Exchanges

- i. The events or information as listed under Part A of Schedule III as PARA A, B and C shall be disclosed to the Stock Exchanges within such timelines and in such manner as specified in the SEBI Listing regulations, read with the applicable circulars issued from time to time.:

6. Other provisions relating to disclosures

- i. The Bank shall upload on its website all such events / information and host the same for a minimum period of 5 years, after which, the said information will be archived as per its Archival Policy.
 - ii. In case of any amendments to the disclosures already made by the Bank or those uploaded on its website, the Bank shall disclose/ upload the amended content, in terms of this Policy.
 - iii. The Bank shall provide specific and adequate reply to all queries raised by the Stock Exchanges with respect to any material events / information provided that the Stock
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Exchanges shall disseminate information and clarification as soon as reasonably practicable.

- iv. The Bank may on its own initiative also, confirm or deny any reported event or information to the Stock Exchanges.
- v. In case an event / information is required to be disclosed by the Bank in terms of the provisions of Listing Regulations, pursuant to the receipt of a communication from any regulatory, statutory, enforcement or judicial authority, the Bank shall disclose such communication, along with the event / information, unless disclosure of such communication is prohibited by such authority.
- vi. In case any relevant employee becomes aware of any potential material events / information, then such employee shall report the same to Chief Financial Officer. The Chief Financial Officer, shall discuss with the Managing Director & CEO, who shall decide whether the same is material or not.

7. Amendments to the Policy

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

The Managing Director & CEO of the Bank is authorized to carry out necessary changes to the Policy, as and when the same are necessitated or pursuant to any regulatory change. The aforesaid changes as approved by the Managing Director & CEO of the Bank shall be placed at the subsequent meeting of the Board, for its ratification.

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