

Policy on

**Determination of Materiality and
Disclosure of Events/Information**

2018-19

Shares & Bonds Department



Corporate Centre, State Bank Bhavan, Mumbai-400021

1. PREAMBLE

- 1.1. The State Bank of India, (“SBI” or “the Bank”), a body corporate constituted under State Bank of India Act, 1955 (“SBI Act”) is governed by the provisions of the SBI Act. The SBI is bound by the regulations, viz. State Bank of India General Regulations, 1955 (“SBIGR”) framed under section 50 of the SBI Act. Further, the SBI is bound by the provisions mentioned in section 51 of the Banking Regulations Act, 1949 (“BR Act”), the directions and guidelines issued by the regulatory authority, Reserve Bank of India (“RBI”), from time to time in accordance with the BR Act, Reserve Bank of India Act, 1934 (“RBI Act”) or any other statutory provisions.
- 1.2. SBI, being a listed entity is to comply with the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and the guidelines issued by the Securities and Exchange Board of India (“SEBI”) from time to time.
- 1.3. Sub-Regulation 4 (ii) of Regulation 30 of the Listing Regulations requires that a listed entity shall frame a policy for determination of materiality and disclosure of Events/Information, based on criteria specified in Sub-Regulation 4 (i) of Regulation 30 of the Listing Regulations, duly approved by its Board of Directors, and this policy has been formulated to fulfill the said requirement.

2. NAME AND SCOPE OF THE POLICY.

- 2.1. This policy shall be called the “*Policy for Determination of Materiality and disclosure of Events/Information*” (“*Policy*”).
- 2.2. Central Board of SBI shall be the authority to approve adopt and modify this policy.
- 2.3. This Policy outlines the basis for determining ‘Materiality of an Event and/or Information’, for making disclosures under Regulation 30 of the Listing Regulations.
- 2.4. Operational Guidelines with respect to implementing the Policy including process of making disclosures under the Policy will be framed and amended from time to time by the Shares and Bonds Department with the approval of the competent authority.

3. APPLICABILITY

- 3.1. The policy is applicable to all such events that fall under the criteria enumerated under Regulation 30 and 51 of the Listing Regulations and Circulars/Guidelines issued from time to time by SEBI in this regard.

4. DEFINITIONS

- 4.1. “**Bank**” means the State Bank of India (SBI), constituted under the State Bank of India Act, 1955.
- 4.2. “**Central Board**” means the Central Board, as defined under Section 19 of the State Bank of India Act, 1955 as amended from time to time and includes the Executive Committee of the Central Board, constituted as per Section 30 of the State Bank of India Act, 1955.
- 4.3. “**Key Managerial Personnel (KMPs)**” for the purpose of Listing Regulations means the Chief Executive Officer (Chairman), Managing Directors, Chief Financial Officer and Company Secretary of the Bank, if any.
- 4.4. “**Listing Regulations**” means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 including subsequent modifications issued to the same from time to time.
- 4.5. “**Stock Exchange**” means BSE Ltd. and National Stock Exchange of India Ltd. or any other recognised stock exchanges where the securities of the Bank are listed.

5. DETERMINATION OF MATERIALITY OF EVENT AND/OR INFORMATION

- 5.1. An event and/or information shall be considered material if the omission of which is likely to result in discontinuity or alteration of event or information already available publicly; or if 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.
- 5.2. The Bank shall, with respect to disclosures referred to in this regulation, make disclosures updating material developments on a regular basis, till such time the event is resolved/closed, with relevant explanations.
- 5.3. The Bank shall disclose all events or information with respect to subsidiaries which are material for the listed entity.
- 5.4. The Bank may on its own initiative also, confirm or deny any reported event or information to stock exchange(s).

6. AUTHORITY FOR DETERMINATION OF MATERIALITY OF EVENT AND/OR INFORMATION

- 6.1. The Managing Directors or Deputy Managing Directors / departmental heads reporting directly to the Chairman, can make recommendation of an event/information, falling under his/her area of control, that can be determined as material in accordance with this policy. Such

recommendation shall be made to a “Committee on Materiality of Event/Information”.

- 6.2. The Committee will have the following KMPs as members:
All the Managing Directors
Chief Financial Officer
Any two members will make the quorum for a meeting of the Committee.
- 6.3. The committee on ‘Materiality of Event/Information’ will determine the materiality of the event/information and on the disclosure requirements thereof under the Listing Regulations.
- 6.4. Notwithstanding anything contained in clause 5.1 or clause 6.1 the Central Board shall be entitled to give directions to treat an event and/or information as material if in the opinion of the Central Board such event/information is material.
- 6.5. As the time frame for determination and consequential reporting of a material event/information as per the Listing Regulations is very important, all the departments concerned have to give utmost priority and importance to ensure compliance within the stipulated time as specified under Regulation 30(6) of SEBI (LODR) Regulations 2015.

7. DISCLOSURE TO STOCK EXCHANGE

7.1 The events/information which are required to be disclosed by the Bank to the Stock Exchanges are given in para A,B,C and D as under:

A. The following shall be events/information, upon occurrence of which the Bank shall make disclosure to stock exchange(s) without any application of the guidelines for materiality as specified Para 5 of the Policy:

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 listed entity 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) *the listed entity holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company/ bank, or;*
 - (b) *there has been a change in holding from the last disclosure made under sub-clause (a) of clause (ii) of the Explanation to this sub-para and such*

change exceeds two per cent of the total shareholding or voting rights in the said company/bank.

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 the following:
 - a) dividends and/or cash bonuses recommended or declared or the decision to pass any dividend and the date on which dividend shall be paid/dispatched;
 - b) any cancellation of dividend with reasons thereof;
 - c) the decision on buyback of securities;
 - d) the decision with respect to fund raising proposed to be undertaken
 - e) increase in capital by issue of bonus shares through capitalization including the date on which such bonus shares shall be credited/dispatched;
 - f) reissue of forfeited shares or securities, or the issue of shares or securities held in reserve for future issue or the creation in any form or manner of new shares or securities or any other rights, privileges or benefits to subscribe to;
 - g) short particulars of any other alterations of capital, including calls;
 - h) financial results;
 - i) decision on voluntary delisting by the listed entity 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 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.
6. Fraud/defaults by promoter or key managerial personnel or by listed entity 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.

(7A) 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.

(7B) Resignation of auditor 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.

9. Corporate debt restructuring.

10. 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 listed entity.

11. Proceedings of Annual and extraordinary general meetings of the listed entity.

12. Amendments to SBI Act & SBI General Regulations, in brief.

13. Schedule of Analyst or institutional investor meet and presentations on financial results made by the listed entity to analysts or institutional investor.

B. The following shall be events/information of which the Bank shall make disclosure to stock exchange(s) upon application of the guidelines for materiality as specified in Para 5 of the Policy:

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, 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) or termination(s) thereof.

6. Disruption of operations of any one or more units or division of the listed entity 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 listed entity.
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of listed entity.
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.

C. 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 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.

D. Without prejudice to the generality of para (A), (B) and (C) above, the listed entity may make disclosures of event/information as specified by the Board from time to time.

7.2 The disclosures submitted to the Stock Exchanges will be uploaded on Bank's website and will be retained for a period of five years and thereafter as per the archival policy.

8. DISCLOSURE OF THE POLICY

- a. The Bank shall disclose the Policy on its website.

9. OWNERSHIP & REVIEW OF THE POLICY.

- a. This Policy is owned By Shares & Bonds Department and is subject to updation/review, on account of any change in regulatory requirements or as may be required to do so from time to time. The Central Board shall review and accord approval to the policy annually or as and when required.

- b. The Shares and Bonds Department of the Bank or any other department as may be directed by the Central Board shall be empowered to submit the review/updation of the policy.

- c. If any change is subsequently approved to this policy, consequent upon any change in regulatory guidelines/operating instructions etc., such changes with the approvals of the designated authority shall be deemed to be a part of the policy till the policy is comprehensively reviewed.