

**Credila Financial Services Limited**  
**(formerly known as HDFC Credila Financial Services Limited)**



**POLICY ON DETERMINATION OF MATERIALITY**

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| Approving Body:                             | Board of Directors vide resolution dated January 20, 2022   |
| Original Issue Date:                        | January 20, 2022  |
| Current Review Date:                        | --  |
| Key Managerial Personnel                    | Ms. Arijit Sanyal, Managing Director & CEO;<br>Mr. Manjeet Bijlani, Chief Financial Officer and<br>Mr. Akanksha Kandoi, Company Secretary |
| Version No.                                 | 1.0   |
| Review Cycle                                | Annually and as recommended by the Board  |
| Last Reviewed by the Board in Annual review | April 17, 2023  |

## **1. SCOPE AND PURPOSE**

Pursuant to Regulation 51 (1) and (2) of the SEBI (Listing Obligations and Disclosure Requirements), 2015 (“Listing Regulations”), the Company has formulated and adopted this policy (“Policy”) for determination of materiality of certain events/ information for appropriate disclosures as required thereunder.

## **2. APPLICABILITY**

This Policy shall be applicable to all events relating to the Company, as and when they come under the criteria elucidated below.

This Policy shall be read together with the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information formulated and adopted by the Company to lay down the procedures and practical guidelines that would be followed by the Company for the consistent, transparent, regular and timely public disclosure and dissemination of Unpublished Price Sensitive information.

All words and expressions used in this Policy, unless defined hereafter shall have the same meaning as assigned to them in the Listing Regulations as amended, from time to time or Companies Act, 2013 and Rules framed thereunder or any other applicable laws, rules or regulations.

## **3. KEY PRINCIPLES IN DETERMINING MATERIALITY**

The Company shall promptly inform the stock exchange(s) of all the information having bearing on the performance/operation of the Company, price sensitive information or any action that shall affect payment of interest or redemption of non-convertible securities

The Company shall make disclosures as specified in Clause A of the Policy

The events specified in clause B of the Policy shall be considered material, subject to the application of the criteria mentioned in clause C of the Policy.

### **A. EVENTS WHICH SHALL BE DEEMED MATERIAL**

The following are the events/ information having bearing on performance/operation of the Company and/or price sensitive information as per Part B of Schedule III of SEBI LODR

1. Expected default in the timely payment of interest, dividend or redemption payment or both in respect of the non-convertible securities and also default in the creation of security for non-convertible debt securities as soon as the same becomes apparent
2. Any attachment or prohibitory orders restraining the Company from transferring non-convertible securities 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, reduction, cancellation, retirement in whole or in part of any non-convertible securities.;
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 Company's non-convertible securities 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).
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 debt security holders, or in any other way;
15. All information, report, notices, call letters, circulars, proceedings, etc concerning non-

convertible debt securities

16. The outcome of meetings of the board of directors to the Exchange(s), within thirty minutes of the closure of the meeting, held to consider the following:
  - a) the decision with respect to fund raising proposed to be undertaken by way of non-convertible securities;
  - b) financial results:  
Provided that in case of board meetings being held for more than one day, the financial results shall be disclosed within thirty minutes of end of the meeting for the day on which it has been considered
17. fraud/defaults by promoter or key managerial personnel or director or employees of listed entity or by listed entity or arrest of key managerial personnel or promoter;
18. change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), Auditor and Compliance Officer;
19. in case of resignation of the auditor of the Company, detailed reasons for resignation of auditor, as given by the said auditor, shall be disclosed by the Company to the stock exchanges as soon as possible but not later than twenty-four hours of receipt of such reasons from the auditor
20. resolution plan/ restructuring in relation to loans/borrowings from banks/financial institutions including the following details
  - (i) Decision to initiate resolution of loans/borrowings;
  - (ii) Signing of Inter-Creditors Agreement (ICA) by lenders;
  - (iii) Finalization of Resolution Plan;
  - (iv) Implementation of Resolution Plan;
  - (v) Salient features, not involving commercial secrets, of the resolution/restructuring plan as decided by lenders
21. One-time settlement with a bank
22. Winding-up petition filed by any party / creditors;
23. Proceedings of Annual and extraordinary general meetings of the listed entity
24. the events in relation to the Corporate Insolvency Resolution Process (CIRP) of a listed corporate debtor under the Insolvency Code
25. intimation related to any change in terms of issue or redemption or exercising of call/put options;
26. intimation related to any change in covenants or breach of covenants under the terms of non-convertible debentures and/or non-convertible redeemable preference shares
27. intimation related to forfeiture of unclaimed interest or dividend or principal amount

28. intimation related to any change in the debenture trustee or Credit Rating Agency or Registrar and Share Transfer Agent
29. intimation of comfort/guarantee or any credit enhancement provided by the listed entity to a third party
30. any other information/change that:
  - a) shall affect the rights and obligations of the holders of the non-convertible securities; and
  - b) is not in the public domain but necessary to enable the holders of the non-convertible securities to comprehend the true position and to avoid the creation of a false market in such listed securities.

**B. THE FOLLOWING EVENTS SHALL BE CONSIDERED MATERIAL SUBJECT TO THE APPLICATION OF THE CRITERIA MENTIONED IN CLAUSE (C)**

1. Change in the general character or nature of business brought about by arrangements for strategic, technical, or marketing tie-up, adoption of new lines of business or launch of new products;
2. 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;
3. Disruption of operations of any one or more branches or offices of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or other events;
4. Effect(s) arising out of change in the regulatory framework applicable to the Company;
5. Litigation(s)/ dispute(s)/ regulatory action(s) with impact;
6. Fraud/defaults etc. by directors (other than key managerial personnel ) or employees of Company to the extent the Company is aware or made aware of;
7. Giving of guarantees or indemnity or becoming a surety for any third party other than in the normal course of business; and
8. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
9. Events/ information that may include but are not restricted to-
  - a) Any change of accounting policy that may have a significant impact on the accounts, etc.;
  - b) Any other information which is exclusively known to the Company which may be necessary to enable the holders of securities to appraise its position and to

avoid the establishment of a false market in such securities;

- c) Any event/information which in the view of the Board/ whole-time directors of the Company is material.

#### **C. CRITERIA FOR DETERMINING MATERIALITY OF AN EVENT**

The Company shall consider the following criteria for determination of materiality of events/ information listed in clause (B) above:

1. Whether the omission to disclose the particular event/ information is likely to result in alteration of event/ information already publicly available; or
2. Whether the omission to disclose an event/ information is likely to result in significant market reaction if the said omission came to light at a later date;

#### **4. AUTHORITY TO DETERMINE MATERIALITY**

- a. In case any Functional Head becomes aware of any event/ information about the Company, which are covered under Para 3 above, the said Functional Head would contact the Managing Director of the Company.
- b. The Managing Director in consultation with the Chief Financial Officer (CFO) / Chief Investor Relations Officer (CIRO) and/ or the Company Secretary would then determine whether the event/ information is material and requires disclosure to the stock exchanges or not in accordance with the Listing Regulations. Thereafter, the Company Secretary and the CFO / CIRO with the help of the concerned functional head will prepare the content of the disclosure and determine the timing of the disclosures. Thereafter, the company secretary will disclose the said information to the stock exchanges. The CFO / CIRO shall ensure that the said information is thereafter properly disseminated to the public as deemed necessary.
- c. The contact details of all the key managerial personnel shall be placed on the Company's website and any change in the same shall be disclosed to the stock exchanges.

#### **5. GUIDANCE ON WHEN AN EVENT/INFORMATION IS DEEMED TO BE OCCURRED**

- a. The events/information which requires discussion, negotiation or approval shall be said to have occurred upon approval by the Board and in certain events/information after approval of both i.e. Board and shareholders that is to say, after the approval of the Members of the Company.
- b. The events/ information that may be of price sensitive nature such as declaration of dividends etc., on receipt of approval of the event by the Board, pending shareholder's approval.
- c. In the events/information such as natural calamities, disruption etc. the event/

information can be said to have occurred when the Company becomes aware of the events/information.

## **6. DISCLOSURE**

The Company shall observe the following for proper and timely disclosure of any material events/ information as defined hereon:

- a. For determining materiality of any event/information, reference is to be made to this Policy and the Regulations.
- b. Disclosure of the events/ information enumerated in Clause 16 above shall be made within 30 minutes of the conclusion of the Board Meeting at which such events were discussed along with the time of commencement and conclusion of the meeting.
- c. All other events/ information mentioned above, other than those mentioned in the foregoing clause shall be disclosed by the Company as soon as reasonably possible but not later than 24 hours from the occurrence of a particular event/ information.
- d. Disclosure of any material development shall be made on a regular basis of any event/information, till such time the event/information is resolved/ closed with relevant explanations.
- e. All the disclosures made to the stock exchanges under this Policy shall also be placed on the Company's website and the same shall be available for a minimum period of five years and thereafter as per the archival policy of the Company.

## **7. MARKET RUMOURS**

- a. In case a stock exchange request that the Company issue clarification/ make definitive statement in response to a market rumour, the CIRO and/ or the company secretary in consultation with whole-time directors shall consider the matter and content of the Company's response, such as confirming "no corporate development at this time".
- b. In case of any rumours circulating in the media with regards to the Company, the CIRO and/ or the company secretary in consultation with the whole-time directors may decide to issue clarification on such market rumours, as they may deem fit and submit the same to stock exchanges.

## **8. POLICY REVIEW**

This Policy shall be reviewed once in a year and may be amended, modified or supplemented from time to time to ensure compliance with any modification, amendment or supplementation to the Listing Regulations or as may be otherwise prescribed by the Board from time to time.

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