



POLICY ON EXPENDITURE TOWARDS CAPITAL RAISING

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POLICY ON EXPENDITURE TOWARDS CAPITAL RAISING

1. PREFACE:

The Board of Directors (the “Board”) of Central Bank of India, has adopted the following policy and procedures with regard to expenditure towards capital raising and on dealing with expenditures towards raising of capital through various modes vis. Public Issue / Rights Issue / Bonus shares / Preferential issue on private placement basis (e.g. QIP) / ESOP/ESOS to employees / Issue of Preference Shares/ Issue of Debt Instruments etc. as defined below in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended to the extent it does not violate our respective statutes and guidelines or directives issued by regulatory authorities as the Bank is not a company under Companies Act but a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and is regulated by Reserve Bank of India.

Accordingly, the Bank has laid down this “Policy on expenditures towards Capital raising”.

2. OBJECTIVE:

The policy is framed to ensure proper approval and reporting of expenditures towards capital raising through various modes by the Bank.

3. DEFINITIONS:

3.1 “Board” means Board of Directors of the Bank in terms of Section 9 (3) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

3.2 “Policy” means “Policy on expenditures towards Capital raising”.

3.3 “Expenditure” shall mean cost of drafting, typing, printing, and advertising of prospectus; legal fees; stamp duty; book running lead managers fees; listing fees to stock exchanges, fees to depositories, underwriting commission; brokerage and other incidental expenses directly attributable to capital raising costs.

3.4 “Public Issue” is the sale of a company's securities (like shares or bonds) to the general public to raise capital, a process that usually results in the securities being listed on a stock exchange. It can involve an Initial Public Offering (IPO), where a private company goes public for the first time, or a Follow-on Public Offering (FPO), where an already-listed company issues more securities.

3.5 “Rights Issue” Asking existing members to take new shares in proportion to their existing shareholding.

3.6 “Preferential issue” means an issue of specified securities by a listed issuer to any select person or group of persons on a private placement basis in accordance with Chapter V of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended and does not include an offer of specified securities made through employee stock option scheme, employee stock purchase scheme or an issue of sweat equity shares or depository receipts issued in a country outside India or foreign securities.

3.7 “Private placement” means any offer of securities or invitation to subscribe securities to a select group of persons by a company (other than by way of public offer) through issue of a private placement offer letter.

3.8 “Qualified institutions placement (QIP)” means issue of eligible securities by a listed issuer to qualified institutional buyers on a private placement basis and includes an offer for sale of specified securities by the promoters and/or promoter group on a private placement basis, in terms of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.

3.9 “Preference Shares” are those shares which fulfill both the following two conditions: (i) They carry preferential share right in respect of dividend at a fixed rate, (ii) They also carry preferential right in regard to payment of capital on winding up of the company.

3.10 “Convertible Debt Instrument” means an instrument which creates or acknowledges indebtedness and is convertible into equity shares of the issuer at a later date at or without the option of the holder of the instrument, whether constituting a charge on the assets of the issuer or not.

3.11 “Advertisement” includes notices, brochures, pamphlets, show cards, catalogues, hoardings, placards, posters, insertions in newspaper, pictures and films in any print media or electronic media, radio, television programme.

4. EXPENDITURE APPROVING AUTHORITY:

The expenses related to Capital raising activity shall be approved by the delegated authorities as per the Board approved expenditure / non-lending policy.

5. TREATMENT OF EXPENDITURE TOWARDS CAPITAL RAISING:

The accounting is as per accounting standards generally accepted in India and under relevant accounting standards issued by The Institute of Chartered Accountants of India (ICAI) and tax treatment of expenditure towards capital raising is as per Income Tax Act, 1961 as amended.

6. REVIEW OF POLICY:

The policy shall be reviewed/modified in line with the regulatory requirement from time to time.

7. DISCLOSURE:

The Policy shall be disclosed on Bank's website.
