



DIVIDEND DISTRIBUTION POLICY
OF
UJJIVAN FINANCIAL SERVICES LIMITED

Approved on April 27, 2017

A. BACKGROUND

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

The Dividend Distribution Policy (“policy”) sets out the principles to determine the amount that can be distributed to equity shareholders as dividend.

The objective of the Policy is to appropriately reward shareholders through dividends while retaining the capital required for supporting future growth.

B. NEED AND OBJECTIVE OF DIVIDEND DISTRIBUTION POLICY

Ujjivan Financial Services Limited (‘the Company’ / Ujjivan) is ranked 308 in the list of top 500 listed companies as on March 31, 2017.

Regulation 43A of the Listing Regulations prescribes that the dividend distribution policy shall include the following parameters:

1. the circumstances under which the shareholders of the listed entities may or may not expect dividend;
2. the financial parameters and internal and external factors that shall be considered while declaring dividend;
3. policy as to how the retained earnings shall be utilized; and
4. parameters that shall be adopted with regard to various classes of shares:

1. The circumstances under which the shareholders of the listed entities may or may not expect dividend;

The Board of Directors of the Company may decide not to declare any dividend if there are circumstances which is unfavorable to the Company or that the Company has better opportunity in reinvesting the funds.

The Board of Directors has the privilege of deciding whether there are unfavorable internal / external conditions and take necessary decisions.

2. The financial parameters and internal and external factors that shall be considered while declaring dividend

The amounts paid as dividends in the past will not be necessarily indicative of the dividend amounts, if any, that may be payable in future. The form, frequency and amount of future dividends shall be at the discretion of our Board and subject to the approval of our shareholders and will depend on various factors including but not limited to:

- Revenues
- Cash flows
- Financial condition (including capital position)
- Capital requirements
- Profit earned during the financial year
- Liquidity
- Future expansion plans
- Retained earnings v/s expected return from the business
- Adequate cash utilization opportunities

The Company has submitted an application to the RBI for getting itself registered as a NBFC- Core Investment Company (“CIC”) and is in advance stage of receiving the CIC registration from the RBI. Once

it is registered as a CIC, the dividend payout of the Company will largely depend upon the dividends it receives from its subsidiary 'Ujjivan Small Finance Bank Limited'.

3. Policy as to how the retained earnings shall be utilized; and

The Company is in the process of getting itself registered as a NBFC- Core Investment Company and the retained earnings of the Company are expected to be used for investment opportunities in compliance with the conditions of the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 and other general corporate purposes.

4. Parameters that shall be adopted with regard to various classes of shares:

Since the Company has only one class of equity shareholders, the dividend declared will be distributed equally among all the Shareholders, based on their shareholding on the record date.

C. PROCEDURE FOR PAYMENT OF DIVIDEND

- The MD & CEO of the Company shall consider and recommend any amount to be declared/ recommended as dividend to the Board of Directors of the Company.
- The Agenda for the Board of Directors of the Company where dividend declaration or recommendation is proposed shall contain the rationale for the proposal.
- Pursuant to the provisions of the applicable laws and this Policy, the Board may declare dividend as and when they consider it fit, and recommend to the shareholders for their approval in the general meeting of the Company.
- The Company shall ensure compliance of provisions of all applicable laws in relation to declaration and payment of dividend

D. POLICY AMENDMENT AND REVIEW

This policy will be reviewed annually and placed before the Board of Directors of the Company. The Policy will also be subject to amendments necessitated due to changes in laws, rules, and regulations as and when required

E. WEBSITE

As per the provisions of the listing regulations, the policy shall be disclosed on the website of the Company www.ujjivan.com.

F. CONTACT DETAILS

Any questions or clarifications about the policy should be referred to the Company Secretary, who is in charge of administering, enforcing and updating the policy.

Sanjeev Barnwal
Company Secretary and Compliance Officer
Ujjivan Financial Services Limited
Grape Garden, No. 27, 3rd A Cross, 18th Main, Koramangala 6th Block, Bengaluru 560 095
Email: sanjeev.barnwal@ujjivan.com