



UJJIVAN FINANCIAL SERVICES LIMITED

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

November 09, 2016

A. PURPOSE OF THIS POLICY

This policy for determining material subsidiaries (“Policy”) has been framed in accordance with the provisions of Regulation 16(1)(c) of SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 (“Listing Regulations”).

This Policy will be used to determine the material subsidiary and material unlisted Indian subsidiary of Ujjivan Financial Services Limited (“Ujjivan” or “the Company”) and to provide the governance framework for such subsidiaries.

All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Regulations and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“Act”) and the Rules, Notifications and Circulars made/issued thereunder, as amended, from time to time.

This policy is effective from November 09, 2016

B. DEFINITIONS

- (1) “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- (2) “material unlisted Indian subsidiary” shall mean an unlisted subsidiary incorporated in India, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.
- (3) “net worth” shall mean the net worth as defined in sub-section 57 of section 2 of the Companies Act, 2013 which defines net worth as under:

“net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;

- (4) “subsidiary” shall be as defined under the Act and the rules made thereunder which defines as under:

“subsidiary company” or “subsidiary”, in relation to any other company (that is to say the holding company), means a company in which the holding company—

- (i) *controls the composition of the Board of Directors; or*
 - (ii) *exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies*
- (5) “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total

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liabilities, as the case may be, of the unlisted material subsidiary for the immediately preceding accounting year.

- (6) “unlisted subsidiary” means subsidiary whose securities are not listed on any recognized Stock Exchanges.

C. POLICY AND PROCEDURE

1. The Audit Committee of the Company shall review the financial statements, in particular, the investments made by the unlisted subsidiary of the Company.
2. The minutes of the board meetings of the unlisted subsidiary shall be placed at the board meeting of the Company at regular intervals.
3. The management of the unlisted subsidiary shall periodically bring to the notice of the Board of the Company, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.
4. At least one Independent Director of the Company shall be a director on the board of the material unlisted Indian subsidiary.
5. Ujjivan shall not dispose of shares in its material subsidiary, which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting except in cases where such divestment is made under a scheme of arrangement duly approved by Court/Tribunal.
6. Selling, disposing and leasing of assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.
7. As and when the Company will have a listed subsidiary, which is itself a holding company, the provisions of this Policy shall apply to the listed subsidiary in so far as its subsidiaries are concerned.

D. DISCLOSURES

The Company shall disclose the details of this Policy on its website www.ujjivan.com and a web link thereto shall be provided in the Annual Report.

E. LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and the Act or Listing Regulations or any other statutory enactments, rules, the provisions of such Act or Listing Regulations or statutory enactments, rules shall prevail over this Policy.

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Any subsequent amendment / modification in the Listing Regulations, Act and/or applicable laws in this regard shall automatically apply to this Policy.

This policy shall be reviewed by the Audit Committee as and when any changes are to be incorporated in the policy due to change in regulations or as may be felt appropriate by the Committee. Any changes or modification on the policy as recommended by the Committee would be given for approval of the Board of Directors.

F. WEBSITE

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

G. 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
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