



UJJIVAN FINANCIAL SERVICES LIMITED

**POLICY FOR DETERMINATION OF MATERIALITY OF
EVENTS / INFORMATION FOR DISCLOSURES**

March 17, 2016

A. INTRODUCTION AND PURPOSE

Ujjivan Financial Services Limited (“Ujjivan” or “the Company”) recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. Ujjivan is committed to being open and transparent with all stakeholders and in disseminating information in a fair and timely manner. The Company’s equity shares are proposed to be listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

The Securities and Exchange Board of India (“SEBI”) with the objective of bringing the basic framework governing the regime of listed entities in line with the Companies Act, 2013 and at the same time compiling all the mandates of varied regulations/circulars issued by SEBI governing equity as well as debt segments of capital market under the ambit of a single document, has notified SEBI (Listing Obligations and Disclosure Requirements) Regulations (“**LODR**” or “**Listing Regulations**” or “**Regulations**”) on September 02, 2015. These Regulations has come into force from December 1, 2015.

The Company’s Non-Convertible Debentures (NCDs) are already listed on BSE and the Company has entered into a listing agreement dated March 01, 2016 in the prescribed format with BSE for its NCDs and the Company is in compliance with the relevant Listing Regulations applicable to its listed NCDs.

Ujjivan post listing of its equity shares will be required to comply with the continuous disclosure obligations imposed by Listing Regulations with respect to its proposed listing of equity shares with BSE and NSE.

Regulation 30 of the Regulations mandates all listed entities to frame a “Policy for determination of materiality of events / information for disclosures” (Policy), approved by its board of directors. The said Regulation also mandates all listed entities to report –

- (a) all material events that are either specified in the Regulations; and
- (b) all other events which are determined as material events based on the criteria for determination of materiality of events / information specified in the Regulations.

In compliance with Regulation 30 of the aforesaid Regulations, the Board of Directors (“Board”) of the Company post its review and based on the recommendation of the Audit Committee had adopted this “Policy for determination of materiality of events / information for disclosures” (Policy) at its meeting held on March 17, 2016.

This policy is effective from March 17, 2016

B. OBJECTIVE OF THE POLICY

The objectives of this Policy are as follows:

- a. To ensure that the Company complies with the listing regulations post the listing of its equity shares
- b. To ensure that the information disclosed by the Company is timely and transparent.

- c. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.
- d. To protect the confidentiality of Material / Price sensitive information within the framework of the Company's disclosure obligations.
- e. To provide a charter that supports and fosters confidence in the quality and integrity of information released by the Company.
- f. To ensure uniformity in the Company's approach to disclosures, raise awareness and reduce the risk of selective disclosures.

C. TYPE OF INFORMATION AND ITS DISCLOSURE

The information covered by this Policy shall include “information related to the Company's business, operations, or performance which has a significant effect on securities investment decisions” (hereinafter referred to as “material information”) that the Company is required to disclose in a timely and appropriate manner by applying the guidelines for assessing materiality.

The information which needs to be disclosed to the Stock Exchanges and when to be disclosed has been broadly segregated into the following types:

1) Events which shall be disclosed without any application of the guidelines for materiality as specified in sub-regulation (4) of regulation 30 and mentioned in Part A of Schedule III of the regulations

“Attached as Annexure 1”

All the events or information, as specified in Part A of Schedule III of the regulations, shall be disclosed as soon as reasonably possible and **not later than twenty four hours** from the occurrence of event or information:

Provided that in case the disclosure is made after twenty four hours of occurrence of the event or information, the Company shall along with such disclosures provide an explanation for such delay.

Provided further that disclosure with respect to following events as specified in sub-para 4 of Para A of Part A of Schedule III shall be made within thirty minutes (30 minutes) of the conclusion of the board meeting:

- 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 would 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 Company from stock exchange(s);

2) Events which shall be disclosed upon application of the guidelines for materiality referred sub-regulation (4) of regulation (30)

“Attached as Annexure 2”

- 3) 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 the Company which may be necessary to enable the holders of securities of the Company to appraise its position and to avoid the establishment of a false market in such securities.
- 4) Without prejudice to the generality of para 1) to 3) above, the Company may make disclosures of event/information as may be specified by the Board of the Company from time to time.

D. PERSONS RESPONSIBLE FOR DISCLOSURE

The Board of Directors of the Company have authorised the Key Managerial Personnel (KMPs) comprising of the Managing Director and CEO, Chief Financial Officer, and Company Secretary of the Company to determine the materiality of an event or information and to make appropriate disclosure on a timely basis. The KMPs are also empowered to seek appropriate counsel or guidance, as and when necessary, from other internal or external stakeholders as they may deem fit.

The KMPs shall have the following powers and responsibilities for determining the material events or information:

- a. To review and assess an event or information that may qualify as ‘material’ and may require disclosure, on the basis of facts and circumstances prevailing at a given point in time.
- b. To determine the appropriate time at which the disclosures are to be made to the stock exchanges based on an assessment of actual time of occurrence of an event or information.
- c. To disclose developments that are material in nature on a regular basis, till such time the event or information is resolved/closed, with relevant explanations.
- d. To consider such other events or information that may require disclosure to be made to the stock exchanges which are not explicitly defined in the Listing Regulations and determine the materiality, appropriate time and contents of disclosure for such matters.

The Company Secretary shall act as the coordinator and liaisoning officer for dissemination of material events / information to the Stock Exchanges.

E. GUIDELINES FOR ASSESSING MATERIALITY

Materiality will be determined on a case to case basis depending on the facts and the circumstances pertaining to the event or information.

The following qualitative criteria will be applicable for determining materiality of event or information:

- (a) the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- (b) 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;
- (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event/information may be treated as being material if in the opinion of the Board of the Company, the event / information is considered material.

The following quantitative criteria will be applicable for determining materiality of event or information:

Further, the Company may also consider the following Quantitative materiality threshold in order to determine whether any particular event / information is material in nature:

Quantitative Materiality Threshold: Where the value involved or the impact of an event / information exceeds 10% (ten percent) of the Net worth of the Company.

The said threshold shall be determined on the basis of audited annual financial statements of the last financial year.

If a particular Event / Information satisfy any of the Qualitative criteria or Quantitative threshold, the Company shall disclose the same to the Stock Exchanges.

- (d) Any other event as may be specified by SEBI from time to time

F. OBLIGATIONS OF INTERNAL STAKEHOLDERS AND KMPs FOR DISCLOSURE

Any event or information, including the information forming part of Annexure 1 and Annexure 2 to the policy shall be forthwith (post listing of equity shares) informed to the KMPs upon occurrence, with adequate supporting data / information, to facilitate a prompt and appropriate disclosure to the stock exchanges.

The KMPs will then ascertain the materiality of such event(s) or information based on the above guidelines.

On completion of the assessment, the KMPs shall, if required, make appropriate disclosures to the stock exchanges.

G. POLICY REVIEW

The KMPs may review the policy from time to time. Material changes to the policy will need the approval of the Board of Directors.

H. EFFECTIVE DATE

The Policy, as approved by the Board of Directors, shall be effective from the date of listing of equity shares of the Company on the Stock Exchanges.

I. WEBSITE

As per the provisions of the listing regulations, the policy shall be disclosed on the website of the Company www.ujjivan.com on or before the date of listing of equity shares of the Company on the Stock Exchanges.

J. CONTACT DETAILS

Any questions or clarifications about the policy or disclosures made by the Company 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

“Annexure 1”

Events or information to be disclosed without any application of materiality listed in 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 Company 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 –*
 - *the Company holds shares or voting rights aggregating to five per cent or more of the shares or voting rights in the said company, or;*
 - *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.*
- (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) Agreements (viz. shareholder agreement(s), joint venture agreement(s), family settlement agreement(s) (to the extent that it impacts management and control of the Company), 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.
- (5) Fraud/defaults by key managerial personnel or by the Company or arrest of key managerial personnel
- (6) Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer , Company Secretary etc.), Auditor and Compliance Officer.
- (7) Appointment or discontinuation of share transfer agent.
- (8) Corporate debt restructuring.
- (9) One time settlement with a bank.
- (10) Reference to BIFR and winding-up petition filed by any party / creditors.
- (11) 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 Company.
- (12) Proceedings of Annual and extraordinary general meetings of the Company.
- (13) Amendments to memorandum and articles of association of the Company, in brief.
- (14) Schedule of Analyst or institutional investor meet and presentations on financial results made by the Company to analysts or institutional investors;

“Annexure 2”

Events or information to be disclosed based on materiality guidelines listed in the Policy

1. Commencement or any postponement in the date of commencement of commercial production or 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 Company 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 Company
8. Litigation(s) / dispute(s) / regulatory action(s) with impact.
9. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.
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.