



**POLICY ON MATERIALITY
AND
ON DEALING WITH
RELATED PARTY TRANSACTIONS**

Version 3 - updated May 28, 2021

A. PURPOSE OF THIS POLICY

- 1) Ujjivan Financial Services Limited (“Ujjivan” or “Company”) is governed, amongst others, by the rules and regulations framed by Securities Exchange Board of India (“SEBI”). SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations) has mandated every listed company to formulate a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions. Further, the provisions as prescribed under regulation 23 of the SEBI Listing Regulations have been incorporated herein.
- 2) Accordingly, the Company has formulated this policy on materiality of Related Party Transactions and on dealing with Related Party Transactions (“Policy”). This Policy regulates all transactions between the Company and its Related Parties (as defined below).
- 3) The Audit Committee will review the Policy periodically and may amend the same from time to time and propose the same to the Board for approval.

B. Terms and References**Materiality of Related Party Transactions**

A contract / arrangements / transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% (ten percent) of the annual consolidated turnover of the Company as per its last audited financial statements or such sum as may be prescribed under SEBI Listing Regulations.

Further, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

C. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTION

All related party transactions shall be entered on an arm’s length basis and shall be in compliance with the applicable provisions of the Companies Act, 2013, SEBI Listing Regulations and applicable accounting standards, as amended from time to time.

APPROVAL OF RELATED PARTY TRANSACTIONS**1) Audit Committee**

- 1.1 All the transactions which are identified as related party transactions should be pre-approved by the Audit Committee before entering into such transaction. The Audit Committee shall consider all relevant factors while deliberating the related party transactions for its approval.
- 1.2 Any member of the Committee who has a potential interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction. A related party transaction which is (i) not in the ordinary course of business, or (ii) not at arm’s length price, would require approval of the Board of Directors or of shareholders as per clause (2) and (3) of this policy.
- 1.3 The Audit Committee may grant omnibus approval for related party transactions which are repetitive in nature and subject to such criteria/conditions as mentioned under SEBI (LODR) Regulations and the Act and such other conditions as it may consider necessary in line with this policy and in the interest of the

Company. Such omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of one year.

- 1.4 Audit Committee shall review, on a quarterly basis, the details of related party transactions entered into by the Company pursuant to the omnibus approval. In connection with any review of a related party transaction, the Committee has authority to modify or waive any procedural requirements of this policy.

- 1.5 A related party transaction entered into by the Company in the ordinary course of business and not material in any nature and which is not under the omnibus approval or otherwise pre-approved by the Committee, will be placed before the Committee for ratification with a justification and the rationale of entering into such a transaction.

2) Board Of Directors

In case any related party transactions are referred by the Company to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such a transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction.

3) Shareholders

If a related party transaction is (i) a material transaction as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval by way of a special resolution. In such a case, any member of the Company who is a related party shall not vote on resolution passed for approving such related party transaction.

D) REPORTING OF RELATED PARTY TRANSACTIONS

Every material contract or arrangement which is not in the ordinary course of business and for which approval from the Board/shareholders has been sought shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

E) LIMITATION AND AMENDMENT

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.