



**DIVIDEND DISTRIBUTION POLICY**  
**OF**  
**UJJIVAN FINANCIAL SERVICES LIMITED**

**Last updated on February 09, 2023**

## A. BACKGROUND

In terms of Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year) shall formulate a Dividend Distribution Policy (“Policy”) which shall be disclosed on the website of the listed entity and a web-link shall also be provided in their annual reports.

The 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 869 in the list of top 1000 listed companies as on March 31, 2022.

**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 Company is registered with the RBI as a NBFC-Non-Deposit taking-Systemically Important-Core Investment Company (“CIC”). Being a non-operating holding Company, its main objective is to carry on the business of making investments in the group company(ies). The dividend income, if received, by the Company from its investments in equity and preference shares of its material listed subsidiary ‘Ujjivan Small Finance Bank Limited’ will form a significant portion of the revenues. The Company as on date holds 73.68% equity in its subsidiary and holds preference shares of Rs. 200 crores. Hence, the ability of the Company to distribute dividends to its shareholders is highly dependent on the dividend if and when distributed by its subsidiary. Further, the Company needs to transfer 20% of its profit after tax to the statutory reserves in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934. Further as per Reserve Bank of India regulations in force a CIC cannot distribute more than 60% of a year’s after tax profit subject to compliance with various other conditions.

If the material listed subsidiary’s viz., Ujjivan Small Finance Bank’s performance is robust and it is able to declare dividend on its equity and /or preference shares, subject to regulatory guidelines applicable from time to time to the Bank, the Company would be able to declare dividend on its equity shares, bearing in mind the financial parameters factors listed in paragraphs below.

If however the performance of Ujjivan Small Finance Bank were not strong and/or the Reserve Bank of India does not permit declaration of dividend on its equity and / or preference shares for any reason, the Company may not be able to declare dividend on its equity shares.

Dividend includes interim dividend and final dividend as defined by the Companies Act 2013

### 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
- Reserve Bank of India guidelines on declaration of dividend as made applicable to the Company from time to time

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

The Company is registered as a NBFC- Core Investment Company and the retained earnings of the Company, if any 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 management 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 by the Board of Directors of the Company as and when deem necessary. 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](http://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.

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