

UJJIVAN/SE/2021-22/19

August 12, 2021

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East),
Mumbai 400 051
Kind Attention: Manager, Listing Department

BSE Limited
P.J. Tower,
Dalal Street
Mumbai 400 001
Kind Attention: Manager, Listing Compliance

Trading Symbol: UJJIVAN

SCRIP CODE: 539874

Dear Sir/Madam,

Subject: Outcome of the Board Meeting held on August 12, 2021 - Financial Results for the quarter ended June 30, 2021

Please refer to our letter dated August 02, 2021, wherein we have intimated about the convening of the meeting of the Board of Directors on August 12, 2021 to approve inter alia the Financial Results for the quarter ended June 30, 2021.

In connection therewith, please note that the Board in its meeting held today August 12, 2021 (meeting commenced at 03:30 PM and concluded at 04:15 PM) has approved and taken on record the unaudited financial results of the Company (standalone and consolidated) for the quarter ended June 30, 2021 together with a copy of the limited review report issued by the statutory auditors of the Company.

A copy of the aforesaid un-audited financial results for the quarter ended June 30, 2021 and limited review report issued by the Statutory Auditors are enclosed herewith.

The above disclosures are being made in compliance with Regulation 30 and 33 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We request you to please take the above on record.

Thanking you,

Yours faithfully,

For Ujjivan Financial Services Limited

**SANJEEV
BARNWAL**

Digitally signed by SANJEEV BARNWAL
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pseudonym=433beb4e65408e7ca306ab9eb368615d584ff5f7
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st=Karnataka,
serialNumber=165b67a063a15a392d58348ef840b235070a7bd
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Sanjeev Barnwal
Company Secretary and Compliance Officer

Encl: Financial Results and Limited Review Report issued by the auditors

Independent Auditor's Review Report on Unaudited Standalone Quarterly Financial Results of the Ujjivan Financial Services Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
Ujjivan Financial Services Limited

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of Ujjivan Financial Services Limited ('the Company') for the quarter ended June 30, 2021 ('the Statement') attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulation').
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether standalone financial results are free of material misstatements. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited standalone financial results prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulation including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to Note 06 to the standalone financial results which states that management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the quarter ended June 30, 2021 and has concluded that there is no impact which is required to be recognised in the standalone financial results. Further, the impact of COVID-19 Pandemic on the subsidiary's financial results will depend on the uncertain future developments. Accordingly, no adjustments have been made to the standalone financial results.

Our conclusion is not modified in respect of this matter.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No.105047W

Deepak

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Deepak Kumar Rao

Kumar Rao

Date: 2021.08.12
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Deepak Rao

Partner

Membership No.: 113292

UDIN: 21113292AAAAKA1760

Bengaluru

August 12, 2021

UJJIVAN FINANCIAL SERVICES LIMITED

CIN No: L65999KA2004PLC035329

Registered Office : Grape Garden, No. 27, 3rd A Cross, 18th Main, Koramangala 6th Block, Bengaluru 560 095

Website: www.ujjivan.com

Statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2021

(Rs. in lakhs, except per share data)

Sr. No.	Particulars	Quarter ended		Year ended	
		June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
		Unaudited	Audited (refer note 5 below)	Unaudited	Audited
I	Revenue from operations:				
	- Preference dividend	-	-	-	-
II	Other Income	171.28	170.07	247.74	844.38
III	Total Income (I+II)	171.28	170.07	247.74	844.38
	Expenses				
	Employee benefits expenses	24.21	19.69	70.90	224.79
	Depreciation, amortization and impairment	0.22	0.21	0.45	1.14
	Other expenses	85.75	67.71	47.26	229.76
IV	Total Expenses	110.18	87.61	118.61	455.69
V	Profit / (Loss) before tax (III-IV)	61.10	82.46	129.13	388.69
	Tax Expense:				
	(i) Current tax	15.41	20.65	32.81	98.70
	(ii) In respect of earlier years	-	-	-	(4.07)
	(iii) Deferred tax charge / (credit)	(0.45)	0.16	(0.24)	0.60
VI	Total tax Expense	14.96	20.81	32.57	95.23
VII	Profit / (Loss) for the period / year (V-VI)	46.14	61.65	96.56	293.46
VIII	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit or loss	-	0.89	(0.30)	(0.01)
	(ii) Income tax relating thereto	-	(0.23)	0.08	-
	Total other comprehensive income / (loss) for the period / year, net of tax	-	0.66	(0.22)	(0.01)
IX	Total Comprehensive Income / (Loss) for the period / year (VII+VIII)	46.14	62.31	96.34	293.45
X	Paid-up equity share capital (face value of Rs. 10 per share)	12,166.16	12,165.60	12,161.06	12,165.60
XI	Earnings per equity share*:				
	(1) Basic	0.04	0.05	0.08	0.24
	(2) Diluted	0.04	0.05	0.08	0.24
	*Earnings per share for the interim periods are not annualised				

Notes:

- The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 12, 2021 in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. These financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 'Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India. The financial results for the quarter ended June 30, 2021 have been subjected to limited review by the statutory auditors of the Company and the report thereon is unmodified.

- 2 The Company has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statements for the year ended March 31, 2021.
- 3 Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company being a NBFC-ND-SI-CIC (Core Investment Company) registered with the RBI under section 45-IA of the Reserve Bank of India Act, 1934, operates only in one Business Segment, accordingly it does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".
- 4 The Company, during the quarter ended June 30, 2021, has allotted 5,565 equity shares of Rs 10 each, fully paid-up, on exercise of options by employees of its subsidiary, in accordance with the Company's employee stock option schemes.
- 5 The figures of the last quarter of the financial year 2020-21 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the respective financial year.
- 6 Consequent to the outbreak of COVID-19 pandemic, on March 24, 2020, the Indian government had announced lockdown in March 2020. Subsequently, the lockdown has been lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. During the quarter ended June 30, 2021, India experienced a "second wave" of COVID-19, including a significant surge of COVID-19 cases following the discovery of mutant coronavirus variants in the country.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The Company is a CIC-NBFC and its activities are limited to its investment which significantly comprises of Investment made in subsidiary, Ujjivan Small Finance Bank Limited ("the Bank"). Numerous government and companies, including our subsidiary, have introduced a variety of measures to contain the spread of virus.

The disruptions following the outbreak, have led to a decrease in loan originations and in collection efforts efficiency. This may lead to a rise in the number of customer defaults and consequently an increase in provisions against the same.

The extent to which the COVID-19 pandemic will continue to impact the Bank's operations and results will depend on ongoing as well as future developments, which are incapable of assessment at this point in time, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

Management has made an assessment that there is no material impact of COVID-19 on the Company which is required to be recognised in the standalone financial results. The Company has adequate liquidity and resources to service its obligations in the near future.
- 7 Figures of the previous period / year have been reclassified / re-grouped, wherever necessary, to confirm with current period's / year's presentation.

Bengaluru
August 12, 2021

**For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited**

**SAMIT KUMAR
GHOSH**

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

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DN: c=IN, o=Personal, title=Q225,
pseudonym=22103c90039cc8a26162e511d322e20df5d8fc6
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serialNumber=5cf2f59fc0c4b77d869cbb8bb677fd450ff2720
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Independent Auditor's Review Report on Unaudited Consolidated Quarterly Financial Results of the Ujjivan Financial Services Limited pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Board of Directors
Ujjivan Financial Services Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of Ujjivan Financial Services Limited ('the Holding Company'), its subsidiary, (the Holding Company and its subsidiary together referred to as the 'Group') for the quarter ended June 30, 2021 ('the Statement'), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Regulations').
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. This Statement includes the results of the following entity:

Sr. No	Name of the Company	Relationship with the Holding Company
1	Ujjivan Small Finance Bank Limited	Subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement are prepared in accordance with the recognition and measurement principles laid down in Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India has not disclosed the information required to be disclosed in terms of the Regulation including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We draw attention to Note 06 to the consolidated financial results, which describes that the impact of COVID-19 Pandemic on the subsidiary's financial results will depend on the uncertain future developments.

Our conclusion is not modified in respect of this matter.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No.105047W

Deepak

Kumar Rao

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Deepak Kumar Rao
Date: 2021.08.12
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Deepak Rao

Partner

Membership No.: 113292

UDIN: 21113292AAAAKB3746

Bengaluru

August 12, 2021

UJJIVAN FINANCIAL SERVICES LIMITED

CIN No: L65999KA2004PLC035329

Registered Office : Grape Garden, No. 27, 3rd A Cross, 18th Main, Koramangala 6th Block, Bengaluru 560 095

Website: www.ujjivan.com

Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2021

(Rs. in lakhs, except per share data)

Sr. No.	Particulars	Quarter ended			Year ended
		June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
		Unaudited	Audited (refer note 5)	Unaudited	Audited
I	Revenue from operations				
	Interest Income	67,706.00	69,644.39	76,835.69	2,96,778.73
	Fees and Commission Income (Includes Revenue from contracts with customers)	1,130.15	1,992.60	449.26	4,860.32
	Net gain on derecognition of financial instruments at amortised cost	1,205.13	28.44	1,096.42	4,959.04
		70,041.28	71,665.43	78,381.37	3,06,598.09
II	Other Income	3,566.42	1,550.04	4,446.83	11,501.46
III	Total Income (I+II)	73,607.70	73,215.47	82,828.20	3,18,099.55
	Expenses				
	Finance Costs	26,584.34	27,515.13	29,422.06	1,12,095.09
	Impairment on Financial Instruments	30,343.66	6,292.41	14,326.19	1,16,519.02
	Employee benefits Expenses	17,658.43	17,350.40	18,779.88	75,909.98
	Depreciation, amortization and impairment	3,963.24	6,220.86	3,476.57	16,990.34
	Other expenses	8,351.68	4,448.63	6,234.18	28,517.88
IV	Total expenses	86,901.35	61,827.43	72,238.88	3,50,032.31
V	Profit / (loss) before tax (III-IV)	(13,293.65)	11,388.04	10,589.32	(31,932.76)
	Tax expense:				
	(i) Current tax	15.41	(5.90)	1,836.20	17,199.28
	(ii) In respect of earlier years	-	-	-	(4.07)
	(iii) Deferred tax charge / (credit)	(3,375.67)	2,996.13	964.63	(25,217.27)
VI	Total tax expense	(3,360.26)	2,990.23	2,800.83	(8,022.06)
VII	Profit / (loss) for the period / year (V-VI)	(9,933.39)	8,397.81	7,788.49	(23,910.70)
VIII	Other Comprehensive Income				
	(i) Items that will not be reclassified to profit or loss	1,063.29	284.44	(146.94)	214.25
	(ii) Income tax relating thereto	(267.61)	(71.60)	36.99	(53.93)
	Total other comprehensive income / (loss) for the period / year, net of tax	795.68	212.84	(109.95)	160.32
IX	Total Comprehensive Income / (Loss) for the period / year (VII+VIII)	(9,137.71)	8,610.65	7,678.54	(23,750.38)
	Net Profit attributable to:				
	Owners	(8,268.97)	7,005.51	6,505.76	(19,876.25)
	Non-controlling interests	(1,664.42)	1,392.30	1,282.73	(4,034.45)
	Other Comprehensive Income / (Loss) attributable to:				
	Owners	662.94	177.44	(91.60)	133.57
	Non-controlling interests	132.74	35.40	(18.35)	26.75
	Total Comprehensive Income / (Loss) attributable to:				
	Owners	(7,606.03)	7,182.95	6,414.16	(19,742.69)
	Non-controlling interests	(1,531.68)	1,427.70	1,264.38	(4,007.69)
X	Paid-up equity share capital (face value of Rs. 10 per share)	12,166.16	12,165.60	12,161.06	12,165.60
XI	Earnings per equity share*:				
	(1) Basic	(6.80)	5.76	5.35	(16.34)
	(2) Diluted	(6.80)	5.76	5.35	(16.34)
	*Earnings per share for the interim periods are not annualised				

UJJIVAN FINANCIAL SERVICES LIMITED

CIN No: L65999KA2004PLC035329

Registered Office : Grape Garden, No. 27, 3rd A Cross, 18th Main, Koramangala 6th Block, Bengaluru 560 095

Website: www.ujjivan.com

Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2021

Notes:

- The aforesaid consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on August 12, 2021 in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. These financial results have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 'Interim Financial Reporting, prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting principles generally accepted in India. It has applied its significant accounting policies in the preparation of these financial results consistent with those followed in the annual financial statements for the year ended March 31, 2021. The above results for the quarter ended June 30, 2021 have been subjected to an "Limited review" by the auditors of the Group. The report thereon is unmodified.
- The financial results of Ujjivan Small Finance Bank Limited ("USFB"), the subsidiary, as published on August 06, 2021, were prepared in accordance with the Banking Regulation Act, 1949, generally accepted accounting principles in India, including Accounting Standards as prescribed under section 133 of the Companies Act, 2013, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended and the guidelines issued by Reserve Bank of India ("RBI"). For the purpose of preparing the aforesaid unaudited consolidated financial results of the Company, these standalone results of USFB have been restated to comply with the recognition and measurement principles as referred to in paragraph 1 above.
- Segment wise Revenue, Results and Capital employed for unaudited consolidated financial results under Regulation 33 of the Listing Regulations, 2015:

Particulars	(Rs. in lakhs)			
	Quarter ended			Year ended
	June 30, 2021	March 31, 2021	June 30, 2020	March 31, 2021
	Unaudited	Audited (refer note 5)	Unaudited	Audited
Segment Revenue				
a. Banking	73,573.41	73,182.15	82,828.20	3,18,051.64
b. Others*	34.29	33.32	-	47.91
Total Revenue	73,607.70	73,215.47	82,828.20	3,18,099.55
Segment Results				
a. Banking	(13,217.76)	11,442.33	10,707.93	(31,524.98)
b. Others*	(75.89)	(54.29)	(118.61)	(407.78)
Profit before tax	(13,293.65)	11,388.04	10,589.32	(31,932.76)
Segment Assets				
a. Banking	19,41,835.48	20,17,427.78	19,38,125.69	20,17,427.78
b. Others*	3,332.27	3,243.02	194.59	3,243.02
Total	19,45,167.75	20,20,670.80	19,38,320.28	20,20,670.80
Segment Liabilities				
a. Banking	16,58,930.23	17,25,499.48	16,12,415.37	17,25,499.48
b. Others*	118.03	138.96	158.36	138.96
Total	16,59,048.26	17,25,638.44	16,12,573.73	17,25,638.44
Capital Employed (Segment Assets less Segment Liabilities)				
a. Banking	2,82,905.25	2,91,928.30	3,25,710.32	2,91,928.30
b. Others*	3,214.24	3,104.06	36.23	3,104.06
Total	2,86,119.49	2,95,032.36	3,25,746.55	2,95,032.36

Banking includes Micro finance, Housing loans, Micro and small enterprise loans, Personal loans, Vehicle loans and Institutional loans. Revenue from these segment include interest earned and processing fees. Expenses comprise of interest expense, premises expense and personnel expense, credit costs, other direct overheads and allocated expenses.

*Others include NBFC Operations of the Group.

Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2021

4 During the quarter ended June 30, 2021, Holding Company has allotted 5,565 equity shares of Rs 10 each, fully paid-up, on exercise of options by employees of its subsidiary, in accordance with the Company's employee stock option schemes.

5 The figures of the last quarter of the financial year 2020-21 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the end of the third quarter of the respective financial year.

6 Consequent to the outbreak of COVID-19 pandemic, on March 24, 2020, the Indian government had announced lockdown in March 2020. Subsequently, the lockdown has been lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. During the quarter ended June 30, 2021, India experienced a "second wave" of COVID-19, including a significant surge of COVID-19 cases following the discovery of mutant coronavirus variants in the country.

The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The disruptions following the outbreak, have led to a decrease in loan originations and in collection efforts efficiency. This may lead to a rise in the number of customer defaults and consequently an increase in provisions against the same. Numerous government and companies, including our subsidiary, Ujjivan Small Finance Bank Limited ('the Bank'), have introduced a variety of measures to contain the spread of virus.

The extent to which the COVID-19 pandemic will continue to impact the subsidiary's operations and results will depend on ongoing as well as future developments and which the Group is unable to assess currently, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the subsidiary.

7 The Bank's Results for the quarter ended June 30, 2021 were declared on August 06, 2021 and prepared as per the recognition and measurement principles as referred to in paragraph 2 above (or IGAAP). As per that, the Bank has made a Provision on Gross Advances of Rs. 47,420.76 lakhs for the quarter ended June 30, 2021 whereas per the Consolidated Financial Results for the quarter ended June 30, 2021 of the Company, have an impairment on Advances (or Expected Credit loss provisioning or ECL) of Rs. 30,337.25 lakhs. Total closing Provisions as per Bank results stands at Rs. 114,915.84 lakhs whereas as per Consolidated financial results it is Rs. 137,789.66 lakhs as at June 30, 2021.

The Consolidated Financial results are prepared as per the recognition and measurement principles as referred in para 1 above (or Ind-AS). Ministry of Corporate Affairs (MCA), in 2015, had notified the Companies (Indian Accounting Standards (IND AS) Rules 2015, which stipulated the adoption and applicability of Ind-AS in a phased manner wherein Ind-AS applicability and adoption was made mandatory for all Non-Banking Financial Companies (NBFCs). As per the rules, the Company being a NBFC adopted Ind-AS with effect from April 1, 2018 having Net worth of more than Rs. 500 crores. However, with respect to applicability of Ind-AS to our subsidiary, RBI through its notification dated March 22, 2019 have deferred the implementation of Ind-AS for Banks till further notice.

The Consolidated Financial Results largely represents the standalone results of Ujjivan Small Finance Bank restated as mentioned in para 2 above and standalone Ind-AS results of Ujjivan Financial Services Limited. The Bank Results (after restatement to Ind-AS) were also adopted by the Board of Directors of the Bank in their meeting dated August 06, 2021 and were subjected to review by statutory auditors of the Bank.

The broad reasons for the difference between provision as per Bank Results under IGAAP and ECL provision as per Consolidated Financial Results under Ind-AS are listed below:

(i) One fundamental reason is both Bank Results and Consolidated Financial Results are prepared under different recognition and measurement principles as mentioned above; i.e. IGAAP and Ind-AS respectively.

(ii) IGAAP provisioning is based on RBI prudential norms, which is more like a rule based provisioning and based on the days past due concept. Ind-AS 109 refers to the expected credit losses and much more stringent than the IGAAP provisioning. Under Ind-AS, the assets are classified under three stages:

UJJIVAN FINANCIAL SERVICES LIMITED

CIN No: L65999KA2004PLC035329

Registered Office : Grape Garden, No. 27, 3rd A Cross, 18th Main, Koramangala 6th Block, Bengaluru 560 095

Website: www.ujjivan.com

Statement of Unaudited Consolidated Financial Results for the quarter ended June 30, 2021

- Stage I reflects that the expected credit loss is insignificant and twelve month credit loss assessment is done.
- Stage II reflects the medium risk enhancement and
- Stage III is where the higher risk is envisaged basis the expected deterioration of the loan portfolio considering the both internal and external factors.

Stage II & stage III works on the life time assessment of the loan portfolio by following the NPV concept of net cash flows expected from the stress book portfolio.

To summarize, the credit loss is calculated following forward looking approach by discounting the future expected cash flows whereas IGAAP based on days past due concept and follows prudential norms.

(iii) Restructured Book: The provision on account of restructuring is as per RBI stipulated norms, and the said loan book after it gets restructured is classified as the standard asset in IGAAP. However, considering the underlying stress, the book moves into stage II/III with a credit cost assessment considering the life time period and hence under Ind-AS ECL there is an enhanced provision.

(iv) NPA Provisioning under IGAAP as per RBI prudential norms is Rs. 102,625.31 lakhs (including Rs. 25,000.00 lakhs floating provision made during the quarter ended June 30, 2021), however, in Ind-AS 109, stressed book (including restructured book) moves into Stage 2 and Stage 3 and ECL is calculated on the lifetime of the tenure considering the ongoing/future stress on the non performing book which has resulted in higher provisioning. Stage II and III total provisioning is of Rs 123,116.61 lakhs under Ind-AS.

(v) The provision as per IGAAP is worked out on the total loan book of Rs 1,403,708.16 lakhs. Under Ind-AS, the expected credit loss is calculated on exposure at default (EAD) of Rs 1,484,478.23 lakhs, which is always higher on account of undrawn amount, adjustment on account of interest accrued but not due/ broken period interest.

8 Figures of the previous period / year have been reclassified / re-grouped, wherever necessary, to confirm with current period's / year's presentation.

**For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited**

**SAMIT KUMAR
GHOSH**

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Digitally signed by SAMIT KUMAR GHOSH
DN: c=IN, o=Personal, title=0225,
pseudonym=22103c90039c8a26162e511d322c20d5d8fc60b82
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1ec17c31395def1f654f, cn=SAMIT KUMAR GHOSH
Date: 2021.08.12 15:54:34 +05'30'

Bengaluru
August 12, 2021