

UJJIVAN/SE/2019-20/43

October 28, 2019

**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: Clarification to media articles titled “RBI Red Flags Ujjivan Small Finance Bank’s Processes & Systems” released by Moneylife on October 26, 2019 and “RBI Flags Shortcomings at Ujjivan Small Finance Bank” in the Economic Times (Mumbai edition) on October 28, 2019, related to our wholly owned subsidiary, Ujjivan Small Finance Bank Limited (herein after referred to as “USFB”).**

This is with reference to the captioned media articles.

The points mentioned in the above articles emanate from the RBI’s observations pursuant to its annual financial inspection of UFSB as disclosed in the Draft Red Herring Prospectus (DRHP) filed by USFB with SEBI in connection with its proposed IPO.

In this regard, we wish to highlight the status of the observations of the RBI mentioned in the articles.

RBI conducts financial inspections for banks annually for ensuring better processes and controls. USFB’s performance, governance and operations continue to be robust. Most of the observations are operational in nature and pertain to the RBI inspection for the financial year 2017-18 (first year of banking operations of USFB). As disclosed on page 28 of the DRHP, UFSB has submitted responses to these observations made by RBI. USFB is regularly updating RBI on the work in progress.

**There has been no ‘red flags’ raised by the RBI in respect of USFB’s operations as reported in the media.** Certain observations made by RBI in its inspection have been disclosed in the DRHP in accordance with applicable SEBI regulations.

For the specific points raised by the captioned media articles, please see below our responses.

- **Lack of system to tag PSL advances, mis-categorizing of PSL advances and earning of processing fees on PSL loans:**
  1. USFB was earlier classifying PSL loans manually based on reports. Most of USFB’s loan accounts are currently tagged online.
  2. The PSL loans which did not qualify were removed from PSL classification. Processing fees collected on these accounts were refunded to customers.
  3. A small proportion of USFB’s agricultural loans had been mis-categorized as PSL advances based on erroneous land holding data. These cases had been re-classified as non PSL advances.
- **Lack of rating methodology to assess borrowers:**

