

UJJIVAN/SE/2018-19/36

November 14, 2018

**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 November 14, 2018 – Financial Results for quarter and half year ended September 30, 2018**

Please refer to our letter dated November 02, 2018 wherein we have intimated about the convening of the meeting of the Board of Directors on November 14, 2018 to approve inter alia the un-audited financial results of the Company for the quarter and half year ended September 30, 2018.

In connection therewith, subsequent to the review of the Audit Committee, the Board in its meeting held today November 14, 2018 (meeting commenced at 01:30 PM and concluded at 03:30 PM) has approved and taken on record unaudited financial results of the Company for the quarter and half year ended September 30, 2018 together with a copy of the limited review report issued by the statutory auditors of the Company.

Please be informed that the Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

A copy of the aforesaid un-audited financial results for the quarter and half year ended September 30, 2018 and limited review report issued by the Statutory Auditors are enclosed herewith. Also, for the benefit of all stakeholders, please find appended the press release and the Investor presentation highlighting the IGAAP consolidated financial and business performance for the quarter and half year ended September 30, 2018.

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**  
Company Secretary and Compliance Officer

Encl: as mentioned above

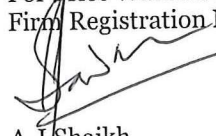
# Price Waterhouse Chartered Accountants LLP

The Board of Directors  
Ujjivan Financial Services Limited  
Grape Garden, No. 27, 3rd A Cross,  
18th Main, 6th Block, Koramangala,  
Bengaluru - 560095

1. We have reviewed the unaudited financial results of Ujjivan Financial Services Limited (the "Company") for the quarter ended September 30, 2018, and the statement of assets and liabilities on that date which are included in the accompanying Statement of Standalone Financial Results for the Quarter and Period ended September 30, 2018 together with the notes thereon (the "Statement"). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations, 2015") and SEBI Circular dated July 5, 2016, which has been initialled by us for identification purposes. The Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Further, the Management is also responsible to ensure that the accounting policies used in preparation of this Statement are consistent with those used in the preparation of the Company's opening unaudited Balance Sheet as at April 1, 2017 prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review 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 Statement is free of material misstatement.
3. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and 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 Statement has not been prepared in all material respects in accordance with Ind AS and other recognised accounting practices and policies, and has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, 2015 and SEBI circular dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. We draw attention to the following matters:
  - a. Note 1 (a) to the Statement which states that the Company has adopted Ind AS for the financial year commencing from April 1, 2018, and accordingly, the Statement has been prepared by the Company's Management in compliance with Ind AS.
  - b. We were neither engaged to review, nor have we reviewed the comparative figures including the reconciliation to the Total Comprehensive Income for the quarter and half year ended on September 30, 2017 and accordingly, we do not express any conclusion on the results in the Statement for the quarter and half year ended September 30, 2017, respectively. As set out in note 1 (b) to the Statement, these figures have been furnished by the Management.

Our conclusion is not qualified in respect of these matters.

For Price Waterhouse Chartered Accountants LLP  
Firm Registration Number: 012754N/N500016

  
A.J. Shaikh  
Partner  
Membership Number: 203637

Place: Bengaluru  
Date: November 14, 2018

Price Waterhouse Chartered Accountants LLP, 5th Floor, Tower 'D', The Millenia, 1 & 2 Murphy Road, Ulsoor  
Bangalore - 560 008  
T: +91 (80) 4079 5000, F: +91 (80) 4079 5222

Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)



**UJJIVAN FINANCIAL SERVICES LIMITED**

CIN No: L65999KA2004PLC035329

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

Website: www.ujjivan.com

**Statement of Standalone Financial Results for the Quarter and Period ended September 30, 2018**

(Rs. In lakhs)

Particulars	For the quarter ended			Six months ended	
	September 30, 2018 Unaudited	June 30, 2018 Unaudited	September 30, 2017 Unaudited	September 30, 2018 Unaudited	September 30, 2017 Unaudited
I Revenue from operations	-	-	-	-	-
II Other Income	194.12	198.31	201.50	392.43	394.26
<b>III Total Income (I+II)</b>	<b>194.12</b>	<b>198.31</b>	<b>201.50</b>	<b>392.43</b>	<b>394.26</b>
<b>Expenses</b>					
Employee benefits expense	16.85	50.13	25.00	66.98	51.89
Finance costs	0.47	-	1.19	0.47	1.19
Depreciation and amortization expense	0.50	0.47	0.24	0.97	0.36
Other expenses	83.78	211.47	60.42	295.25	118.15
<b>IV Total expenses</b>	<b>101.60</b>	<b>262.07</b>	<b>86.85</b>	<b>363.67</b>	<b>171.59</b>
V Profit/(loss) before exceptional items and tax (III- IV)	92.52	(63.76)	114.65	28.76	222.67
VI Exceptional Items	-	-	-	-	-
<b>VII Profit/(loss) before tax (V-VI)</b>	<b>92.52</b>	<b>(63.76)</b>	<b>114.65</b>	<b>28.76</b>	<b>222.67</b>
Tax expense:					
(i) Current tax	65.22	13.20	36.00	78.42	63.00
(ii) Deferred tax charge/(credit)	(8.49)	9.04	0.57	0.55	0.82
<b>VIII Total tax expense</b>	<b>56.73</b>	<b>22.24</b>	<b>36.57</b>	<b>78.97</b>	<b>63.82</b>
<b>IX Profit/(loss) for the period (VII-VIII)</b>	<b>35.79</b>	<b>(86.00)</b>	<b>78.08</b>	<b>(50.21)</b>	<b>158.85</b>
X Other Comprehensive Income					
(i) Items that will not be reclassified to profit or loss	(0.98)	-	(0.31)	(0.98)	(0.62)
(ii) Income tax relating thereto	0.34	-	0.11	0.34	0.22
<b>Total other comprehensive income for the year, net of tax</b>	<b>(0.64)</b>	<b>-</b>	<b>(0.20)</b>	<b>(0.64)</b>	<b>(0.40)</b>
<b>XI Total Comprehensive Income for the period (IX+X)</b>	<b>35.15</b>	<b>(86.00)</b>	<b>77.88</b>	<b>(50.85)</b>	<b>158.45</b>
<b>XII Paid-up equity share capital (face value of Rs. 10 per share)</b>	<b>12,101.98</b>	<b>12,095.48</b>	<b>11,974.35</b>	<b>12,101.98</b>	<b>11,974.35</b>
<b>XIII Earnings per equity share (not annualised):</b>					
(1) Basic	0.03	(0.07)	0.07	(0.04)	0.13
(2) Diluted	0.03	(0.07)	0.07	(0.04)	0.13



# Statement of Standalone Assets and Liabilities as at September 30, 2018

(Rs. in Lakhs)

Particulars	As at September 30, 2018
<b>ASSETS</b>	
<b>Financial assets</b>	
i. Cash and cash equivalents	3,739.90
ii. Bank balances other than (i) above	7,145.00
iii. Investments in subsidiary	165,805.05
iv. Other financial assets	73.34
<b>Non - Financial assets</b>	
i. Current Tax Assets (Net)	41.37
ii. Deferred tax assets (Net)	2.91
iii. Property, plant and equipment	5.98
iv. Other non-financial assets	20.03
<b>Total assets</b>	<b>176,833.58</b>
<b>LIABILITIES AND EQUITY</b>	
<b>Financial liabilities</b>	
i. Payables	
(a) Trade Payables	-
- Total outstanding dues of micro enterprises and small enterprises	11.96
- Total outstanding dues of creditors Other than micro enterprises and small enterprises	
(b) Other Payables	
- Total outstanding dues of micro enterprises and small enterprises	-
- Total outstanding dues of creditors Other than micro enterprises and small enterprises	-
ii. Debt Securities	-
iii. Borrowings (Other than Debt Securities)	-
iv. Deposits	-
v. Subordinated Liabilities	-
vi. Other financial liabilities	170.57
<b>Non Financial liabilities</b>	
i. Provisions	9.19
ii. Other non-financial liabilities	5.49
<b>Total liabilities</b>	<b>197.21</b>
Equity	12,101.98
Other equity	164,534.39
<b>Total equity</b>	<b>176,636.37</b>
<b>Total equity and liabilities</b>	<b>176,833.58</b>

## Notes:

- (a). The Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, from 1 April 2018 and the effective date of such transition is April 1, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by the Reserve Bank of India ('RBI') (collectively referred to as 'the Previous GAAP'). The figures have been presented in accordance with format prescribed for financial statements for a Non Banking Finance Company (NBFC) whose financial statements are drawn up in compliance (Indian Accounting Standards) Rules 2015, in Division III of Notification dated 11th October, 2018 issued by Ministry of Corporate Affairs, Government of India.

In the event that there is a change in financial reporting requirements arising from any new standards, modifications to the existing standards, or new guidelines issued by the Ministry of Corporate Affairs and RBI or changes in the use of one or more optional exemptions from full retrospective application of certain Ind AS permitted under Ind AS 101, the aforesaid financial results for the current and previous periods may require adjustments, during finalisation of the financial statements under Ind AS for the year ending 31 March 2019.

(b). Comparative figures for the quarter and half year ended September 30, 2017 have been restated by the Management in accordance with Ind AS and have not been subject to limited review. However, the Management has exercised necessary due diligence to ensure that the standalone financial results provide a true and fair view of affairs of the company.
- The Company reports quarterly standalone financial results, pursuant to the option made available as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, as permitted under circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016 issued by Securities Exchange Board of India ("SEBI"), the Company has opted to avail exemption for submission of Ind AS compliant financial results and statement of assets and liabilities for the previous year ended March 31, 2018.



3 The aforesaid standalone financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on November 14, 2018 in accordance with Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The statutory auditors of the Company have conducted a limited review of the standalone financial results for the quarter ended September 30, 2018.

4 As required by paragraph 32 of Ind AS 101, net profit reconciliation (attributable to owners of the Company) is as under:

**Reconciliation between Indian GAAP and Ind AS**

Particulars	For the quarter ended	Six months ended
	September 30, 2017 Unaudited	September 30, 2017 Unaudited
Net profit or loss as per Previous GAAP (Indian GAAP)	59.46	125.59
<b>Add/ ( Less ) : Adjustments as per Ind AS</b>		
Impact on account of Fair valuation of stock options	18.42	32.86
Recognition of actuarial (gain) / loss in Other Comprehensive Income	0.31	0.62
Tax Adjustments on the above	(0.11)	(0.22)
<b>Net profit/loss as per Ind AS</b>	<b>78.08</b>	<b>158.85</b>
<b>Add/(Less) : Other Comprehensive Income</b>		
Recognition of actuarial gain / (loss) in Other Comprehensive Income	(0.31)	(0.62)
Tax Adjustments on the above	0.11	0.22
<b>Total comprehensive income for the period</b>	<b>77.88</b>	<b>158.45</b>

5 The Company is registered as a NBFC-ND-SI-CIC (Core Investment Company) with the RBI under section 45-IA of the Reserve Bank of India Act, 1934. Hence, the Company's business activity falls within a single business segment. As such there are no separate reportable segments as per Ind AS 108 dealing with Operating Segment.

6 Previous period figures have been reclassified/regrouped, wherever necessary, to confirm with the current period classification/grouping.



Place: Bengaluru  
Date: November 14, 2018

For and on behalf of the Board of Directors

  
Ittira Davis  
Managing Director & CEO  
DIN:06442816







Press Release

**Total Income growth of 24% y-o-y; NII up by 45% y-o-y;**  
**NNPA at 0.3%;**

**Portfolio grew 25% y-o-y to ₹8,317 crore,**  
**ROA at 1.7% and ROE at 9.7%**

**Bengaluru, November 14, 2018: Ujjivan Financial Services Ltd.** [BSE: 539874; NSE: UJJIVAN], the holding company and promoter of its 100% subsidiary “UJJIVAN SMALL FINANCE BANK”, today announced its consolidated financial performance for the quarter and half year ended September 30, 2018.

**Summary of Business Performance – Q2 FY 2018-19:**

The financials and ratios as below are based on consolidated numbers:

- ❖ Loan Book at ₹8,317 crore; growth of 24.7% over Q2-FY18
- ❖ Net Loan Book at ₹8,167 crore; growth of 28.3% over Q2-FY18
- ❖ Non-MFI portfolio now contributes 12.1% to the portfolio against 4.3% in Q2-FY18
- ❖ Disbursement for Q2-FY19 at ₹2,383 crore; an increase of 22.0% over Q2-FY18
- ❖ Secured portfolio constitutes 9.0% to the portfolio compared to 3.0% in Q2-FY18
- ❖ Added 180 full service banking outlets in H1 FY19 taking total count as of September’18 to 367 (187 as on 31 March’18). Balance 95 asset centres to be converted to full service banking outlets
- ❖ GNPA at 1.9% and NNPA at 0.3% in Q2-FY19 against 5.0% and 1.4% respectively in Q2-FY18
- ❖ Deposit base at ₹4,188 crore in Q2-FY19 covering 50% of total advances against 20% in Q2-FY18
- ❖ Retail deposits at 31.3% to total deposits against 9.5% in Q2-FY18; CASA ratio improved to 9.0% from 4.6% in Q2-FY18

**Mr. Samit Ghosh, MD & CEO, Ujjivan Small Finance Bank** said, “The quarter witnessed improved growth and building on the business momentum. We expect the growth to pick-up in H2 leading to 30-35% AUM growth in FY19. We continue to improve our retail deposits business driven by expansion of our branch network and our continuous marketing efforts. Retail deposits stands at 31%. The quarter also witnessed stressed liquidity in money market. However, Ujjivan was not impacted because of our conservative asset & liability structure of relatively short term assets & longer term liabilities inherited as a microfinance institution. In order to further strengthen our balance sheet we are raising by end of this financial year, \$50 million of Tier-II capital from IFC which will serve dual purpose of providing long term funding and improve our capital adequacy. We are fully committed to abide by the RBI guidelines in terms of promoter holding dilution to 40% by January 2022 and listing of the Bank by January 2020 and are working out various options which are tax efficient and protects interest of our shareholder. We have formed a Board Committee to evaluate all options and decide on a course of action by January. Overall the fundamentals of the business are strong & we look to a robust growth on the banking platform we have built.”

Commenting on the performance of the company **Mr. Ittira Davis, MD & CEO, Ujjivan Financial Services** said, “Cost of funds has reduced from 8.6% in Q1-FY19 to 8.5% in Q2-FY19 even though the interest rate is trending upwards as we replaced high cost legacy loans with customer deposits. Net Interest Income for the banking operations increased by 34% against Q2-FY18. Consequently, our NIM for the banking operations has improved to 11.0% as against 10.2% in the corresponding quarter of the previous year. We maintained our NNPA at 0.3% despite issues in Kerala. Capital adequacy ratio at present stands at 23.8% out of which Tier I capital is 23.1%”

## Summary of Financial Performance – Q2 FY 2018-19:

The financials and ratios as below are based on consolidated numbers:

- ❖ Net Profit of ₹44.3 crore in Q2-FY19 against Net Loss of ₹12.0 crore in Q2-FY18
- ❖ Total Income of ₹467.4 crore in Q2-FY19, an increase of 23.6% over Q2-FY18
- ❖ Net Interest Income of ₹239.3 crore in Q2-FY19, an increase of 45.4% over Q2-FY18
- ❖ Net Interest Margin at 12.0% in Q2-FY19, an increase from 10.6% in Q2-FY18
- ❖ Cost to Income ratio at 77.4% in Q2-FY19, an increase from 68.8% in Q2-FY18
- ❖ ROA at 1.7% and ROE at 9.7% for Q2-FY19 against (0.6%) and (2.9%) respectively for Q2-FY18
- ❖ Diluted EPS for Q2-FY19 at ₹3.7, an increase from (₹1.0) in Q2-FY18

## About Ujjivan Financial Services Limited:

Ujjivan Financial Services Ltd. is registered as an NBFC-Non-Deposit-taking Systemically Important - Core Investment Company – (NBFC-ND-SI-CIC) with RBI and is the holding company and promoter of its 100% subsidiary “Ujjivan Small Finance Bank Limited”, which is a small finance bank and licensed under Section 22 (1) of the Banking Regulation Act, 1949 to carry on the business of small finance bank in India.

Ujjivan Small Finance Bank serves over 40.3 lakh customers through 462 branches and 13,169 employees spread across 223 districts and 24 states in India. Its Gross Loan Book stands at ₹8,317 crore and it has 367 banking outlets with a deposit base of ₹4,188 crore as of September 30, 2018.

Ujjivan Financial Services Ltd. has a robust CSR Initiative in operation in collaboration with Parinaam Foundation and Piramal Foundation. These include a range of services in the areas of health & sanitation, education and financial literacy programs and drinking water facilities. Many community development programs under the head “Chote Kadam” have been initiated with the support of Parinaam Foundation.

Web: [www.ujjivan.com](http://www.ujjivan.com); [www.ujjivansfb.in](http://www.ujjivansfb.in) Twitter: [@UjjivanSFB](https://twitter.com/UjjivanSFB)

## Safe Harbour:

*Some of the statements in this document that are not historical facts are forward-looking statements. These forward-looking statements include our financial and growth projections as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the highly-competitive market for the types of services that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry.*

**For further information, please contact:**

Ujjivan Financial Services Limited	
<b>For Media Queries:</b> Ms. Nivedita Ghosh +91 9901576620 <a href="mailto:nivedita.ghosh@ujjivan.com">nivedita.ghosh@ujjivan.com</a>	<b>For Investor Queries:</b> Mr. Deepak Khetan +91 7045792752 <a href="mailto:deepak.khetan@ujjivanfin.com">deepak.khetan@ujjivanfin.com</a>

# Investor Presentation

## Q2 FY 2018-19

**November 2018**



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# Contents

**Performance Highlights - UFSL and USFB**



**Business Performance Overview**



**Liabilities Profile**



**Financial Performance Overview - Consolidated**



**Financial Performance Overview - Ujjivan SFB**



# Performance Highlights – UFSL and USFB

Note: All financials given in this presentation are on I-GAAP basis unless specified. These are for informational purpose only



# Performance Highlights (1/2)

## Key highlights:

- ❖ Strong growth in AUM: Gross loan book stands at Rs 8,317 cr.; +25% Y-o-Y / 7% Q-o-Q
- ❖ 45% Y-o-Y / 8% Q-o-Q increase in Consolidated NII led by AUM growth
- ❖ Ujjivan SFB NIM maintained at 11.0% in Q2-FY19 vs 10.7% in Q1-FY19 despite rising interest rates; took 75 bps hike in Group Loan Lending Rates w.e.f. September 3, 2018
- ❖ Robust sequential growth in business profitability\*
  - Consolidated PAT at ₹44.3 cr. In Q2-FY19 vs ₹45.0 cr. in Q1-FY19 and Net loss of ₹12.0 cr. in Q2-FY18
  - ROA stands at 1.7% in Q2-FY19 vs 1.8% in Q1-FY19 and (0.6%) in Q2-FY18
- ❖ Expanded branch network in H1-FY19 (+180); total banking outlets stands at 367 as of Sep'18
- ❖ Retail deposit at Rs 1,312 cr (+75% Q-o-Q); 31% of total deposits
- ❖ Capital Adequacy maintained at 23.8% of which Tier-I capital is 23.1%

*\* Income from sale of PSLC (priority sector lending certificate) in Q2-FY19 was Rs 1 cr vs. Rs 24 cr in Q1-FY19 and Rs 8 cr. In Q2-FY18*

## Performance Highlights (2/2)

### Business development:

- ❖ Launch of new business lines (Composite Agri Loan, Wholesale Lending, 2-Wheeler Loans, Personal Loans & Overdraft facility)
- ❖ New Digital Services- Bill Payment, UPI, NACH, Mobile App in 5 languages

### Focus on Retail franchise:

- ❖ Launched differentiated liability products: Business Edge Current Account, variable interest rate for savings account customers
- ❖ Focus on longer tenor FDs (735 & 799 days) and Sr. Citizens product showing good traction

### Comfortable liquidity position despite market situation:

- ❖ Reduced dependence on money market: CD reduced to 14% as of Sep'18 vs. 22% as of Jun'18
- ❖ Mandate signed with IFC for Tier II capital (\$50mn.)

^ IFC: International Finance Corporation, CD: Certificate of Deposits, UPI: Unified Payments Interface, NACH: National Automated Clearing House

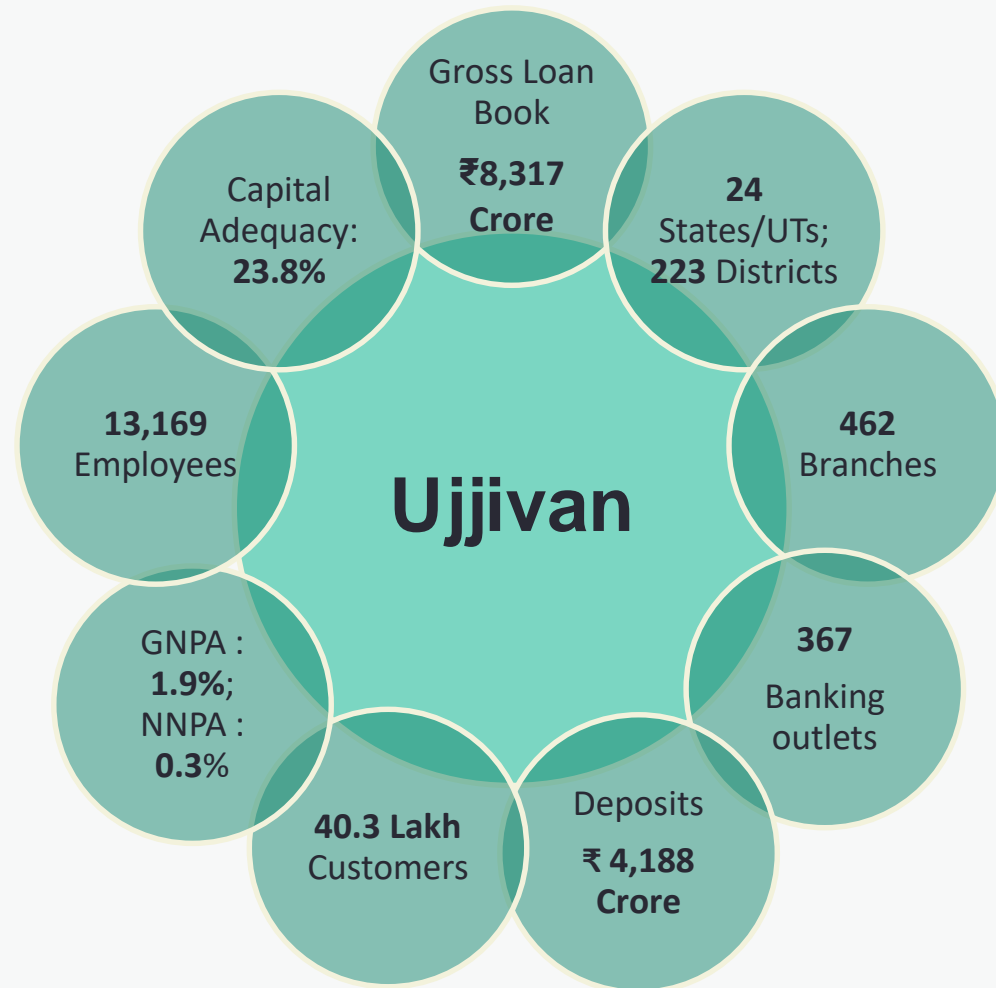
## Key Focus Areas for H2-FY19

- ❖ Ramp up Microfinance disbursement with focus on customer retention & new customer acquisition
- ❖ Roll out of Agri-Composite Loans by Q4
- ❖ Wholesale Lending to focus on Microfinance Institutions
- ❖ Promotion of new features- Bill Payment, UPI, Corporate Internet Banking, NACH, e-mail indemnity, RuPay promotions, regional language App to drive transactions and balances
- ❖ Marketing in regional languages via local mass media- Radio, regional TV, print
- ❖ Focus on longer tenor (1 year) institutional Fixed deposits
- ❖ Branch Rollout: to end the year with 475 banking outlets of which 120 will be URCs
- ❖ Control on existing costs by revisiting processes & contracts

<sup>^</sup> MSE: Micro & Small Enterprise, URC: Unbanked Rural Centre



# Bank Snapshot: September, 2018



# Q2-FY19: Business and Operational Highlights

## Gross Loan Book

- ₹8,317 crore as of Sep'18
- 24.7% y-o-y growth
- 6.8% q-o-q growth

## Loan Composition

- Non-Micro banking book constitutes 12.1% against 4.3% in Sep'17

## Disbursements

- ₹2,383 crore for Q2-FY19
- 22.0% y-o-y growth
- 13.9% q-o-q growth

## Asset Quality

- GNPA at 1.9% from 2.7% in Jun'18, NNPA at 0.3%
- Adequate PCR at 85%

## Secured Loan Book

- 9.0% to total loan book
- 270.1% y-o-y growth, 38.0% q-o-q growth

## Net Loan Book

- ₹8,167 crore as of Sep'18
- 28.3% y-o-y growth
- 4.9% q-o-q growth

## Branch Roll-out

- Converted 180 asset centres into banking outlets in H1-FY19 including 10 URCs

## Deposits

- Deposits constitute 49% to total funding
- Reduced reliance on CD - 14% (22% in Jun '18)

## Retail Deposits

- Retail deposits at 31.3% against 9.5% in Sep'17
- CASA at 9.0% improved from 4.6% in Sep'17

^ URC: Unbanked Rural Centre, CD: Certificate of Deposits, GNPA / NNPA: Gross / Net Non-Performing Assets

## Q2-FY19: Financial Highlights (Consolidated)

### Total Income

- ₹467.4 crore in Q2-FY19
- 23.6% y-o-y growth
- 1.2% q-o-q growth

### Net Interest Income (NII)

- ₹239.3 crore in Q2-FY19
- 45.4% y-o-y growth
- 7.6% q-o-q growth

### Net Interest Margin (NIM)

- 12.0% in Q2-FY19
- Up from 10.6% in Q2-FY18 and 11.6% in Q1-FY19

### Cost to Income

- 77.4% in Q2-FY19 as against 68.8% in Q2-FY18 and 72.3% in Q1-FY19

### Profit

- Net Profit of ₹44.3 crore in Q2-FY19 as against Net Loss of ₹12.0 crore in Q2-FY18 and Net Profit of ₹45.0 crore in Q1-FY19

### Return Ratios

- ROA at 1.7% / ROE at 9.7% for Q2-FY19 as against (0.6%) / (2.9%) for Q2-FY18 and 1.8% / 10.1% respectively for Q1-FY19

Note: All financials given in this presentation are on I-GAAP basis unless specified. These are for informational purpose only



# Way Forward (1/2)

## Micro banking

- ❖ Multi pronged strategy for H2-FY19
  - Opening up of new catchment areas to boost new customer acquisition
  - Focus on bringing back center meeting discipline
  - Revamped incentive scheme
  - Refinement in credit policy

## Rural banking

- ❖ Ramp up in Q4 with opening of 63 outlets in H2
- ❖ Multi Product Strategy
- ❖ Customized product offerings for small & marginal farmers
- ❖ Target Rural Affluent for deposits and word of mouth marketing, focus on deposits from panchayat & other government, private bodies

## Way Forward (2/2)

### MSE

- ❖ Introduction of new secured product variants
- ❖ Partnership with leading online aggregators to develop multiple sourcing channels
- ❖ Overdraft cross-sell campaigns on existing MSE and Current Account customers

### Affordable Housing

- ❖ Further deepening of market penetration
- ❖ Thrust on semi and informal segment

### Branch Banking

- ❖ Product enhancement & ecosystem for Current Account
- ❖ Salary account re-launched with revamped offerings
- ❖ Privileged offerings based on Total Relationship Value
- ❖ Leverage Bill Payment options, RuPay Offers, Mobile Banking Penetration & Loyalty Programs

## Guidance for FY19

- ❖ AUM growth: 30—35%; Micro-banking to grow around 20%
- ❖ NIM (bank): To remain at current level of ~10.8% in FY19
- ❖ Cost of funds: Expected to be in the range of 8.4-8.5% in FY19
- ❖ RoA: 1.7% in FY19
- ❖ RoE around 12% in FY19
- ❖ 6.5x leverage maximum
- ❖ Cost to Income ratio would be in range of 74% - 75% in FY19; to achieve 55% in 3-4 years
- ❖ Credit cost: sub 70 bps in FY19
- ❖ MD designate to be announced at least 6 months prior to Mr. Ghosh stepping down; hand-holding for smooth transition; both internal and external candidates are being evaluated

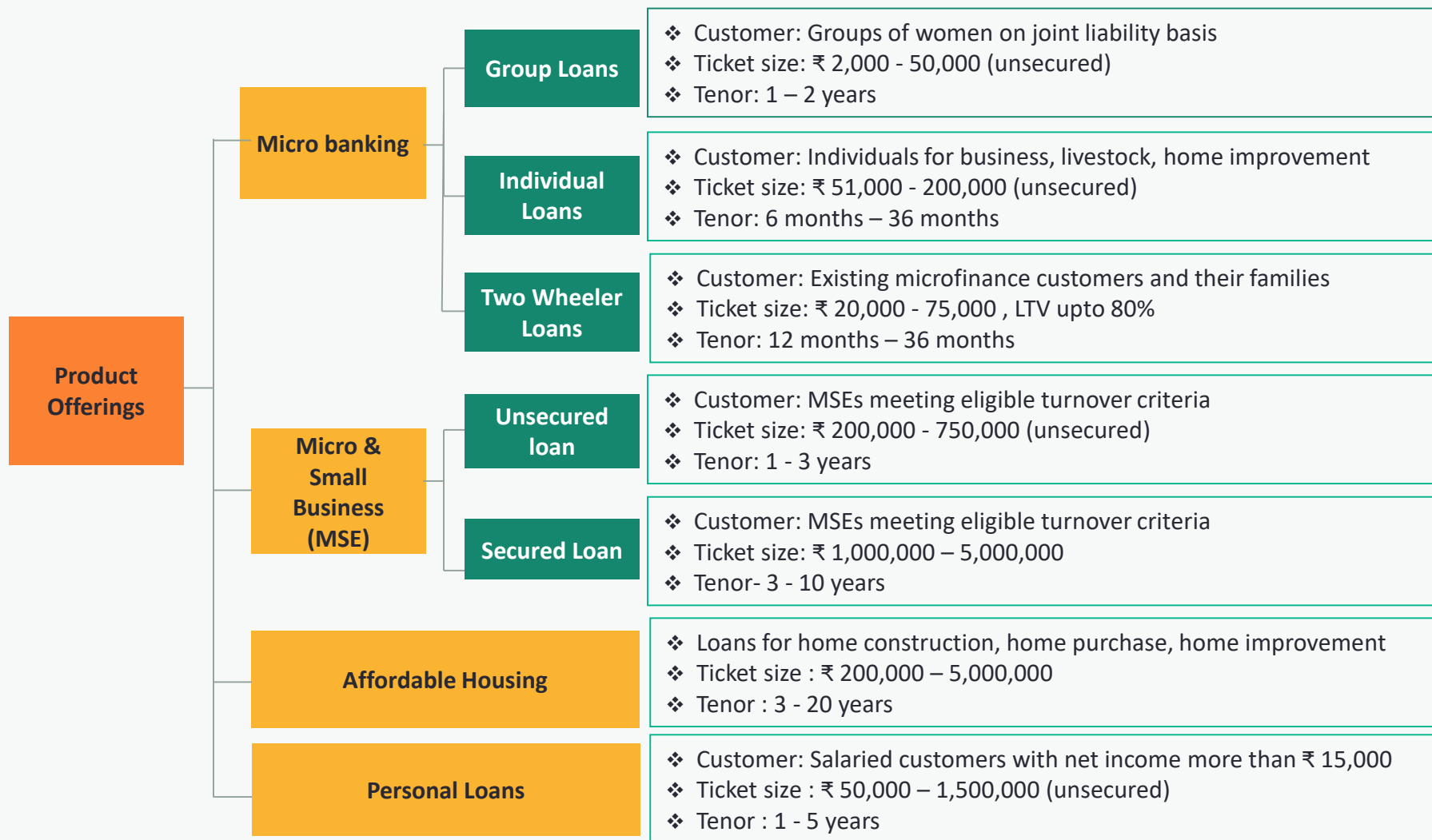


## Listing of Ujjivan SFB shares

- ❖ We are fully committed to abide by the RBI guidelines in terms of promoter holding and listing of the SFB and working out the various options including:
  - Distribution of 20-60% of Ujjivan SFB shares to existing shareholders of UFSL (Holding Company)
  - Rights Issue
  - IPO of Ujjivan SFB
- ❖ We have formed a Board Committee to evaluate all option keeping in mind the interest of UFSL shareholders and various tax, compliance and other regulatory aspects. This committee will work in close conjunction with a similar Board Committee formed by Ujjivan SFB. Both the committees would ensure compliance with all the regulatory requirements and come up with optimal solution ensuring best interest of all stakeholders

# Ujjivan SFB Business

# Asset Offerings



# Update On New Initiatives, FY19

## Personal Loan

- ❖ Launched in Q2-FY19
- ❖ Live in 8 cities and 59 branches
- ❖ Technology led business process to ensure lower TAT
- ❖ Sourcing of business through multiple channels
- ❖ Listed on key Online aggregator platforms
- ❖ On boarded DSAs across regions

## Two-wheeler Loan

- ❖ Launched in Q2-FY19
- ❖ Cross Sell Loan to existing Micro banking customers with at least 12 months EMI relationship with good repayment track record
- ❖ Lower TAT, Simple & transparent processing and affordable pricing for our customer segment

## Lending to Financial Institution

- ❖ Lending to NBFCs, MSME financiers, MFIs
- ❖ Focus on Term Loans having tenor of 1 -2 years

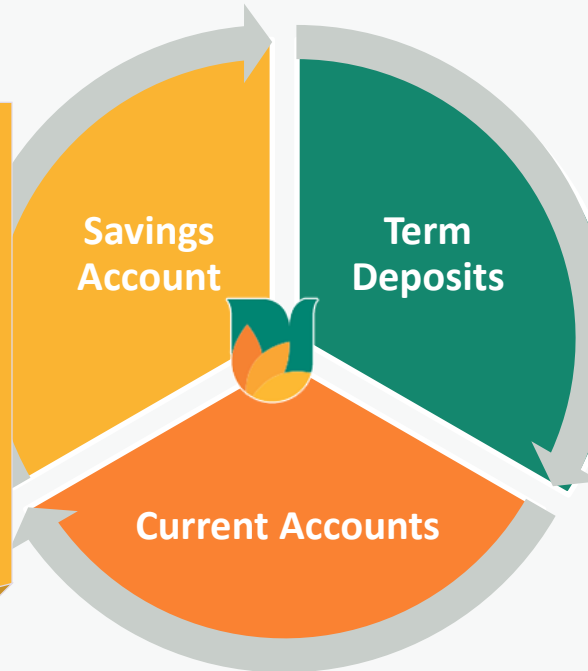
## Rural Business

- ❖ Focus on Small/Marginal farmers meeting their undeserved needs
  - ❖ Addressing the Male customers
    - Composite Agriculture Term Loans
    - Dairy Loans
    - Two Wheeler Loans



# Liability Offerings Update

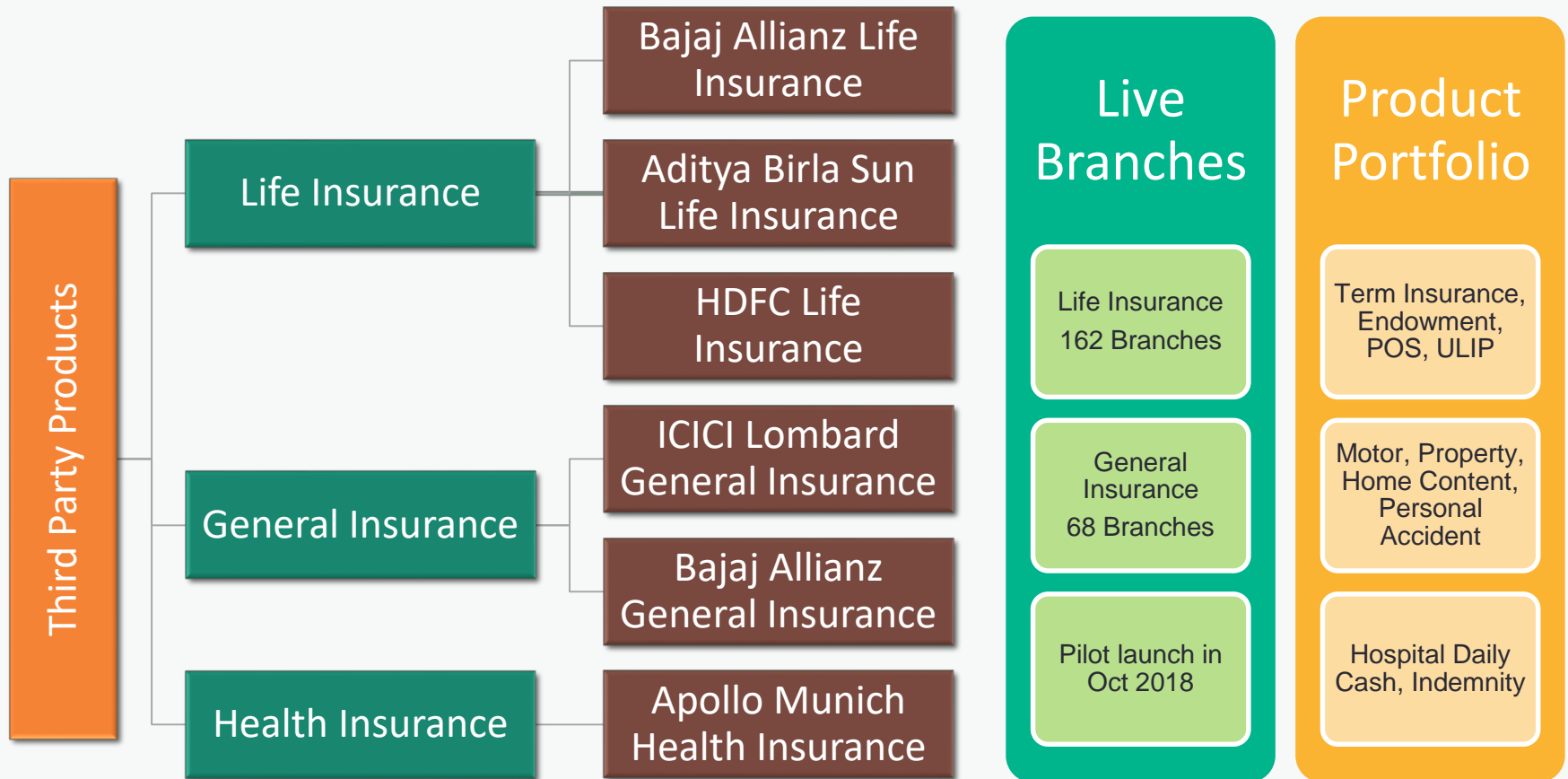
- ❖ No minimum balance requirement and unlimited free transactions at Ujjivan's ATM
- ❖ New Product "Corporate Salary Account" launched on 01<sup>st</sup> August 2018
- ❖ Introduced differential interest rate effective 08<sup>th</sup> July 2018 :
  - 4% (up to ₹5 Lac)
  - 5.5% (₹5Lac – up to ₹50Lac)
  - 6.75% (₹50 Lac- ₹5 Cr)
  - 7% (above ₹5 Cr)



- ❖ Attractive Entry Level - ₹ 1000 for FD and ₹ 100 for RD
- ❖ No penalty upon premature and partial withdrawal after 6 months
- ❖ Introduction of a new Interest rate slab effective from 01.09.2018 for 799 days at 8.5% for TDs, additional interest rate of 0.5% for senior citizens
- ❖ Introduction of Standalone FD through Hand Held Device effective from 04.09.2018, Standalone FDs can be funded by Cheque, EFT and Cash

- ❖ Ujjivan SFB provides 3 variants of Current account catering to requirements of the mass market segments.
- ❖ Launch of new current account variant - "Business Edge Current account" on 1<sup>st</sup> of Aug 2018
- ❖ Business Edge offers :
  - Rewards & offers to the customer with respect to Free POS rental & Installation, CMS services based on the Average monthly balances maintained by the customer.
  - Free cash deposits across all Ujjivan branches up-to 12 times of previous/ current month's average balance for Business Edge Current Account – Flexi Next/ Flexi Now option as chosen by the customer in accordance with the Business Seasonality.
  - Free Electronic fund transfer and unlimited free ATM transactions at Ujjivan ATMs

# Third Party Products



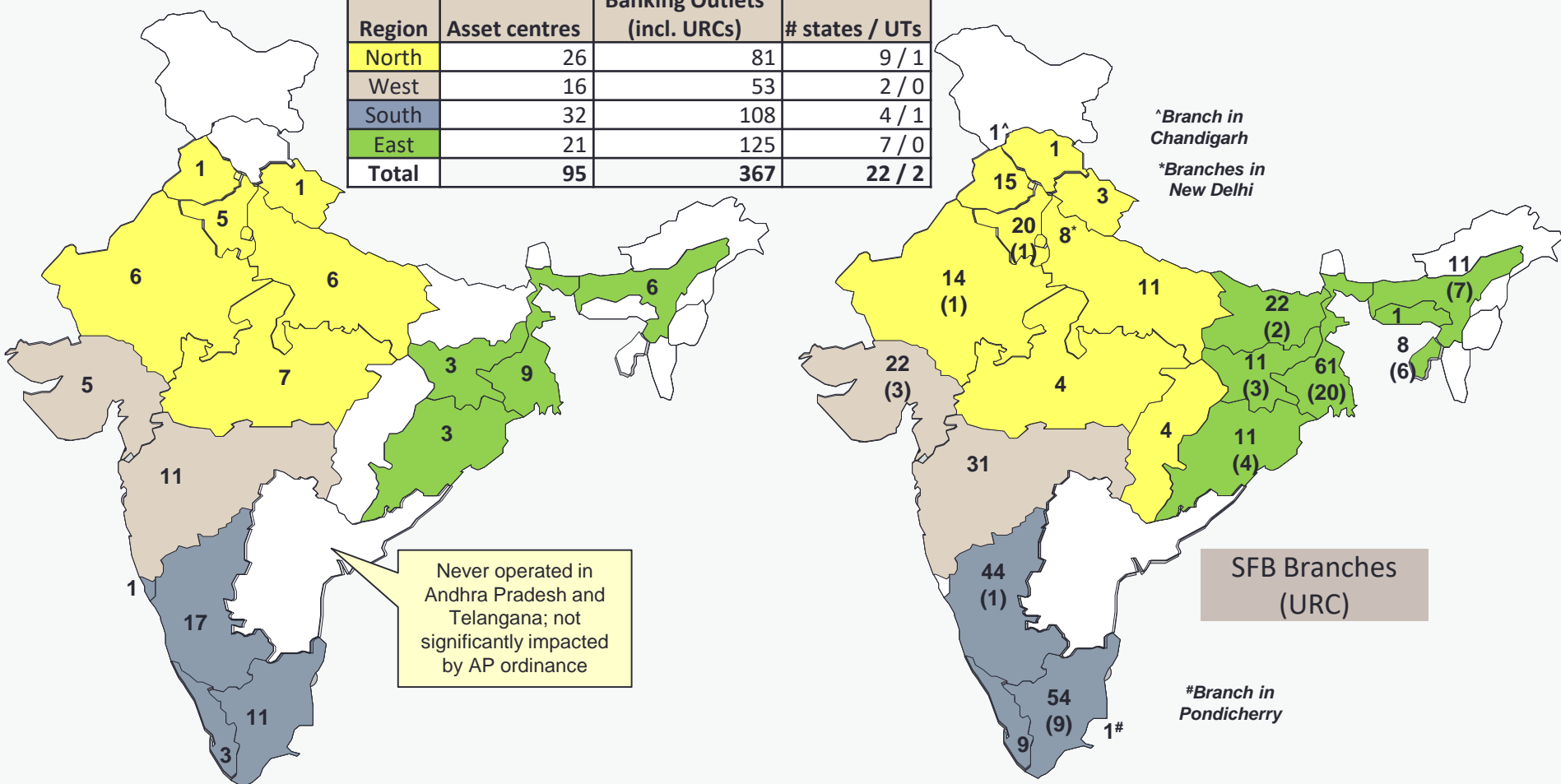


# Wide Geographical Distribution

## State wise Asset Centres Mix

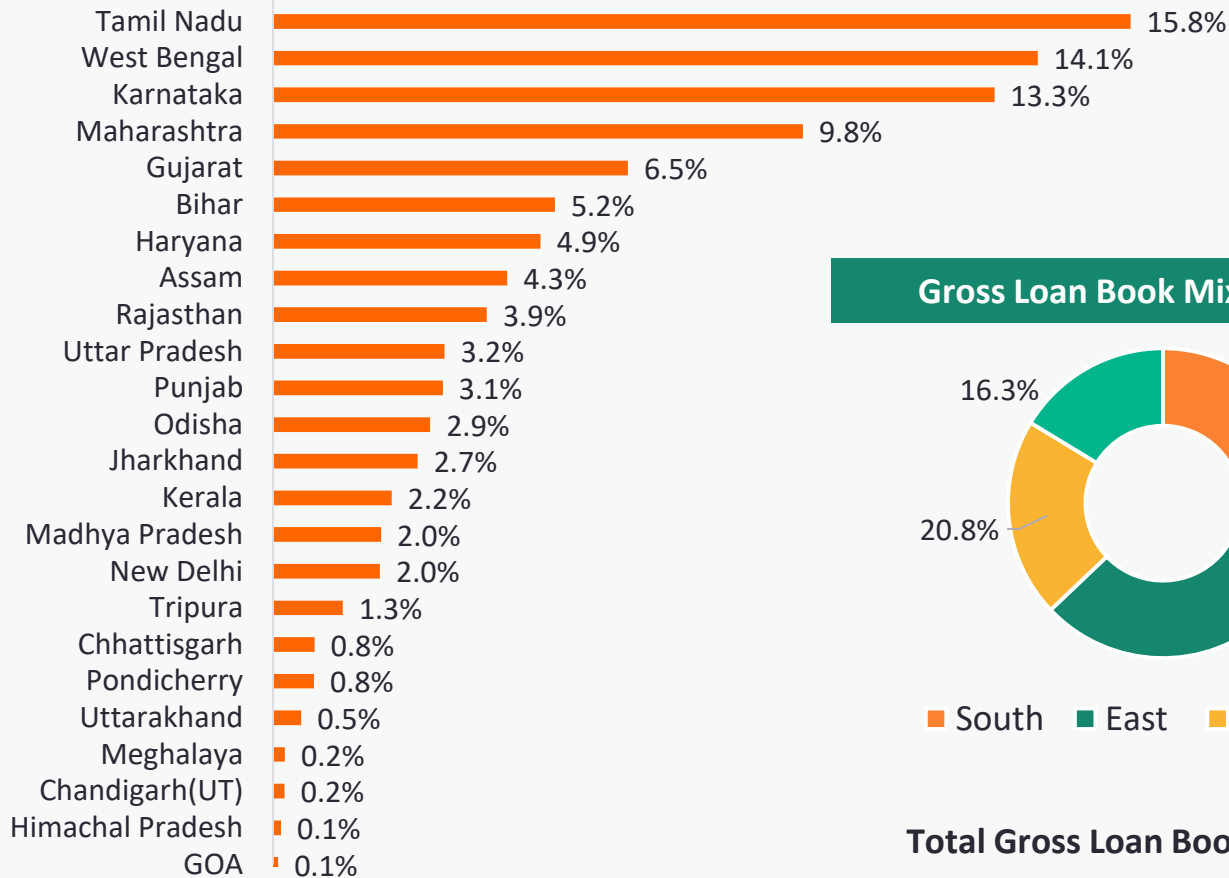
Region	Asset centres	Banking Outlets (incl. URCs)	# states / UTs
North	26	81	9 / 1
West	16	53	2 / 0
South	32	108	4 / 1
East	21	125	7 / 0
<b>Total</b>	<b>95</b>	<b>367</b>	<b>22 / 2</b>

## State wise Full-fledged Banking Outlets



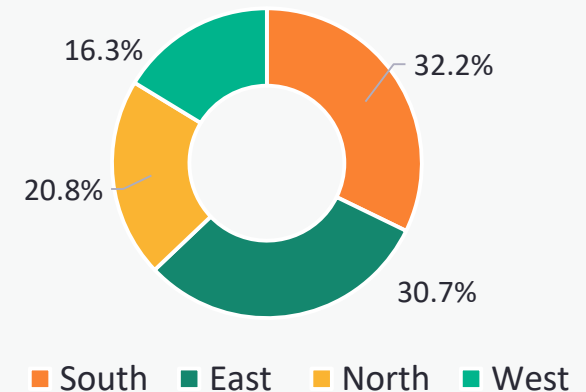
# Diversified Portfolio Mix

State wise Portfolio Mix (%) – Sep'18



Highly diversified with no state accounting for more than 16% of overall portfolio

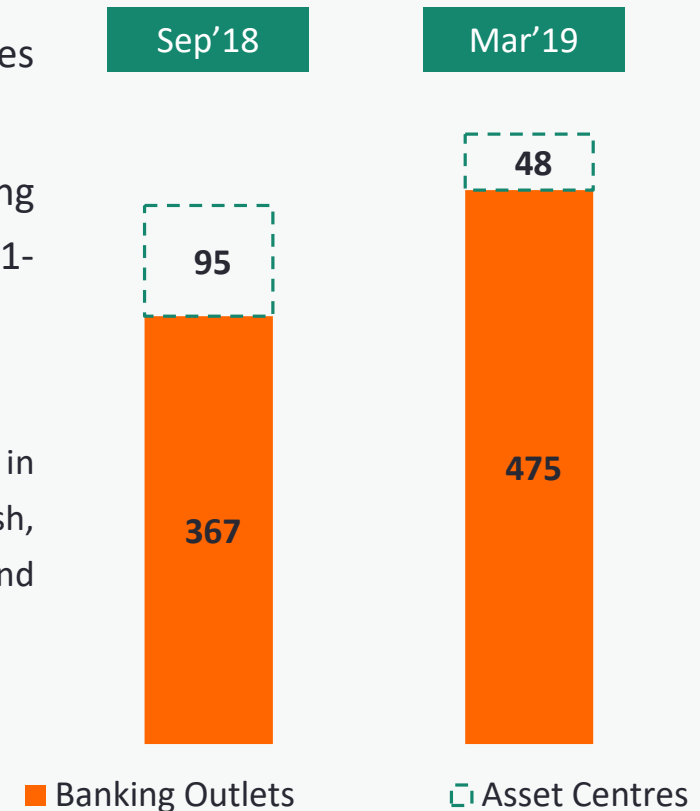
Gross Loan Book Mix - Region wise



Total Gross Loan Book: ₹8,317 Crore

# Banking Outlets Roll Out Plan

- ❖ As of Sep'2018, there are 462 branches with 95 asset centres and 367 banking outlets including 57 URCs
- ❖ In Q2-FY19, we have converted 92 asset centres into banking outlets which includes 9 Unbanked Rural Centres (URCs). In H1-FY19, we operationalized total 180 banking outlets
- ❖ Total 475 banking outlets planned in FY19
  - 108 banking outlets will be opened in H2-FY19, of which 63 will be in URCs in Assam, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Odisha, West Bengal, Bihar, Odisha, Rajasthan, West Bengal and Tamil Nadu
- ❖ Remaining 48 asset centres will be converted in FY20

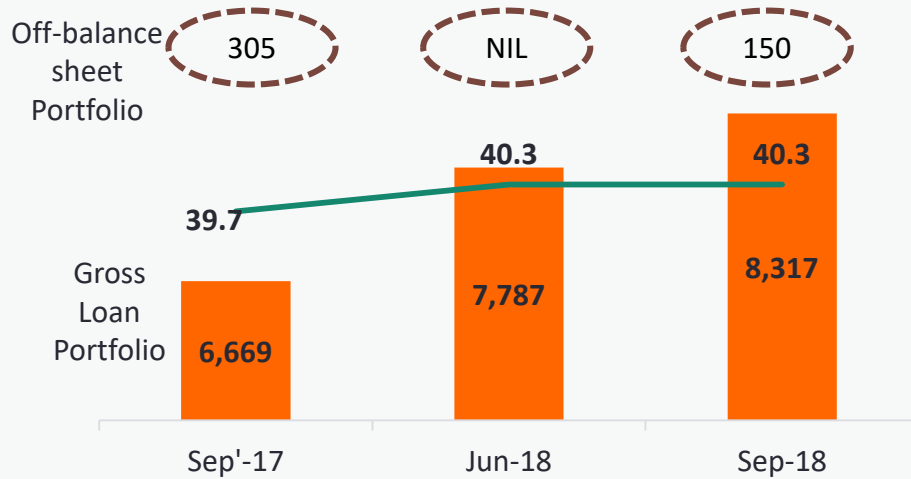


Each banking outlet to serve both asset and liability offerings

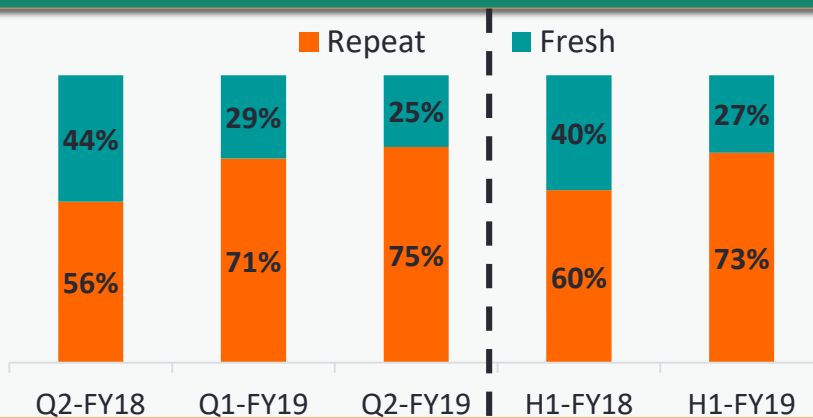
# Business Performance Overview

# Loan Book and Disbursement Trend

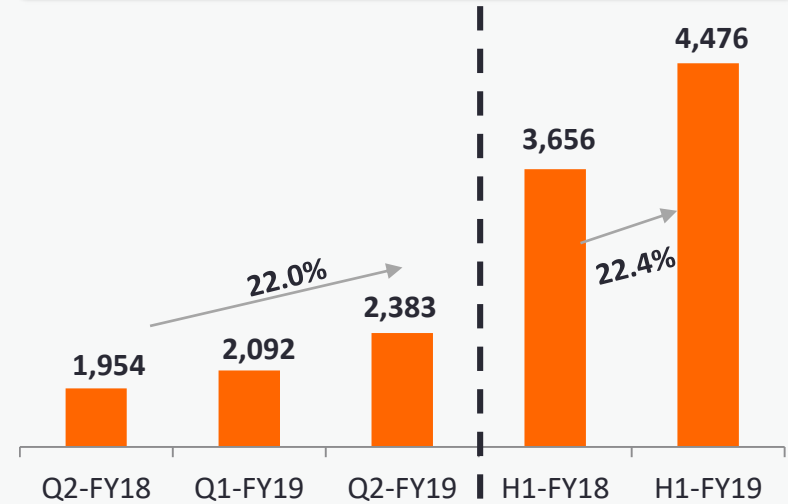
## Loan Book (₹ in Crore) & Active Customer base



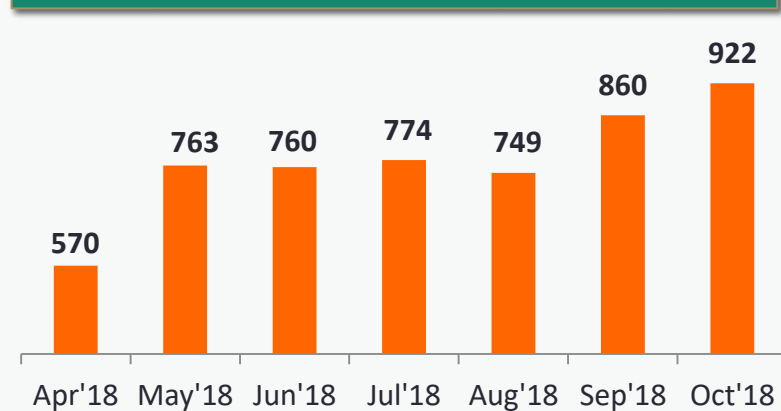
## Type of Loan (on Disbursement)



## Total Disbursements (₹ in Crore)



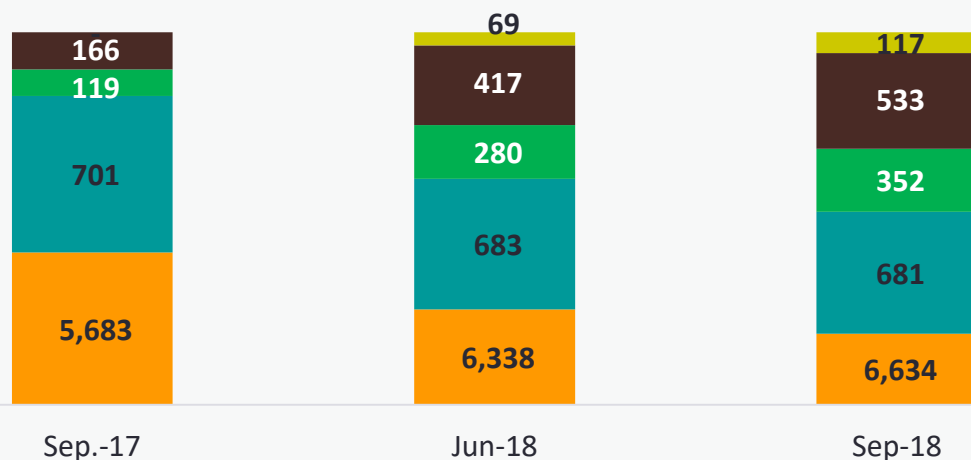
## Monthly Disbursement Trend (₹ in Crore)



# Composition of Gross Loan Book

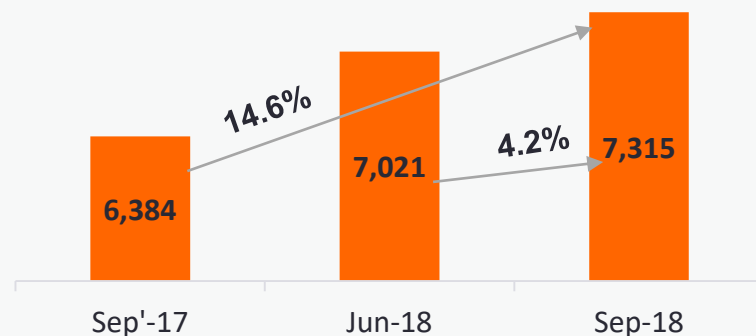
## Loan Book – Segment wise (₹ in Crore)

■ Group Loans 
 ■ Micro Individual Loan 
 ■ MSE 
 ■ Affordable Housing 
 ■ Others



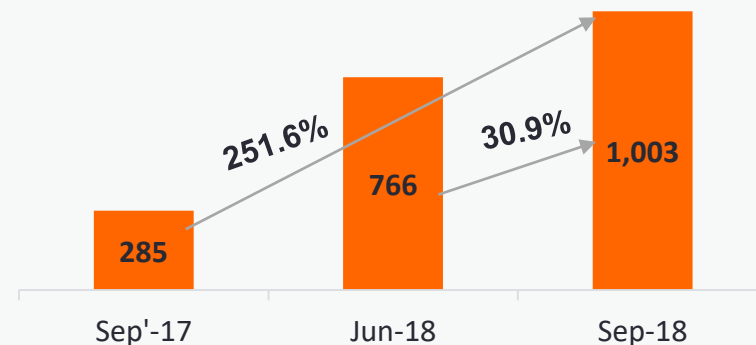
Product Bifurcation	% Share as of Sep'18
Group Loan	79.8
Micro Individual Loan	8.2
MSE	4.2
Affordable Housing	6.4
Others	1.4

## Micro banking^ Portfolio Trend (₹ in Crore)



^ Micro banking: Includes Group Loan and Micro Individual Loan

## Non – Micro banking Portfolio Trend (₹ in Crore)



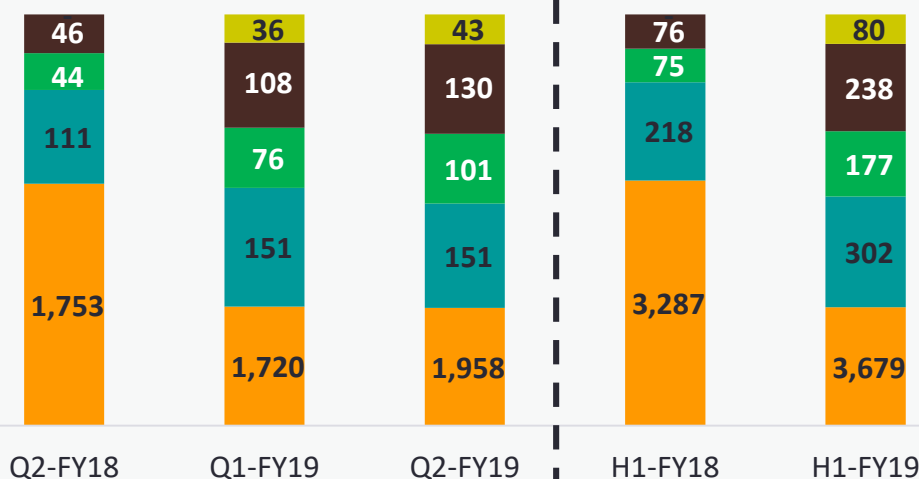


# Disbursement Spread, Yield and Average Ticket Size

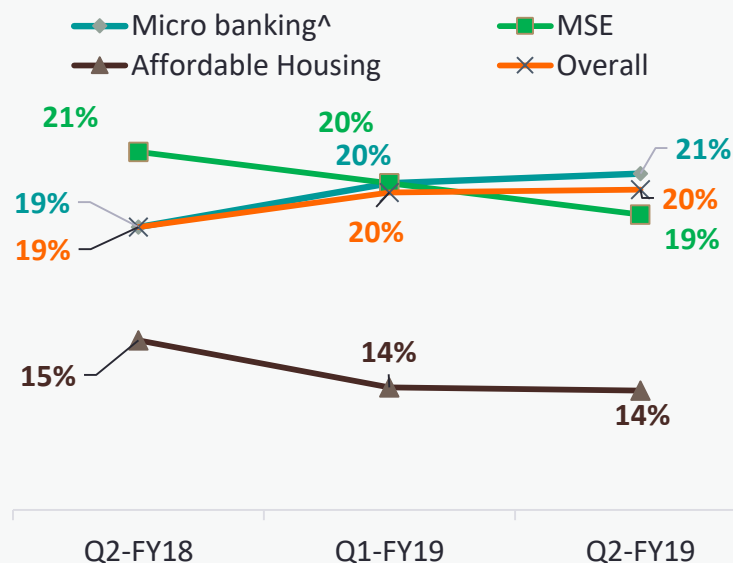


## Product wise Disbursement (₹ in Crore)

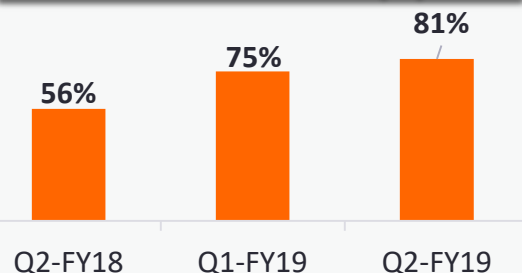
Group Loans   Micro Individual Loan   MSE  
Affordable Housing   Others



## Yield on AUM (%) – Segment wise



## Cashless Disbursement (%)



## Average Ticket Size (₹) – YTD FY 2018-19

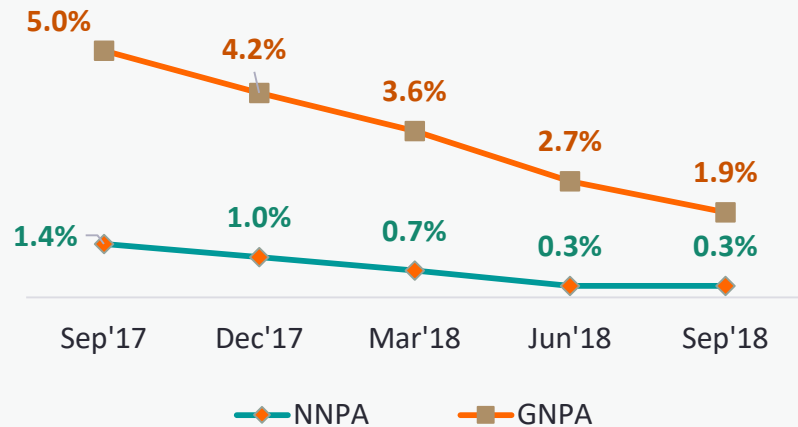
Product	Q2-FY19	Q1-FY19
Group Loans	29,506	30,192
Micro Individual Loan	80,929	79,545
MSE	5.8 lakh	5.2 lakh
Housing Finance	9.3 lakh	8.3 lakh

^ Micro banking: Includes Group Loan and Micro Individual Loan

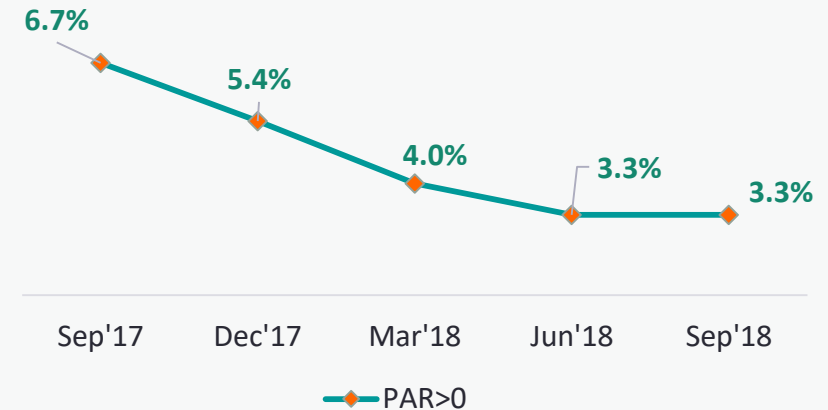
Interest rate on Group Loans have been increased by 75 bps effective 3<sup>rd</sup> September, 2018

# GNPA, NNPA and PAR

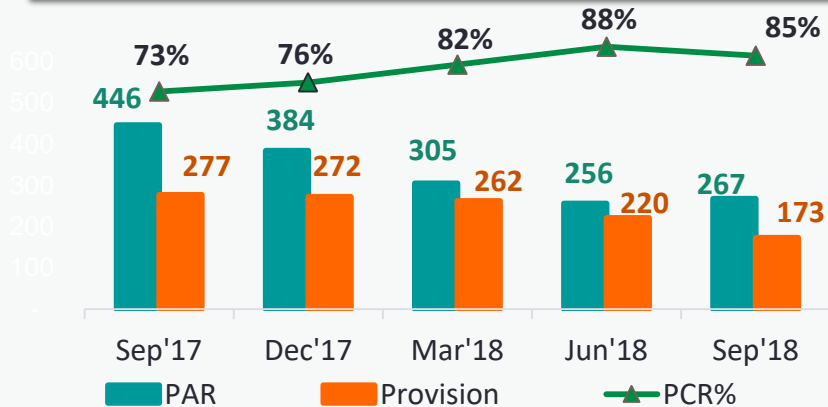
## GNPA and NNPA



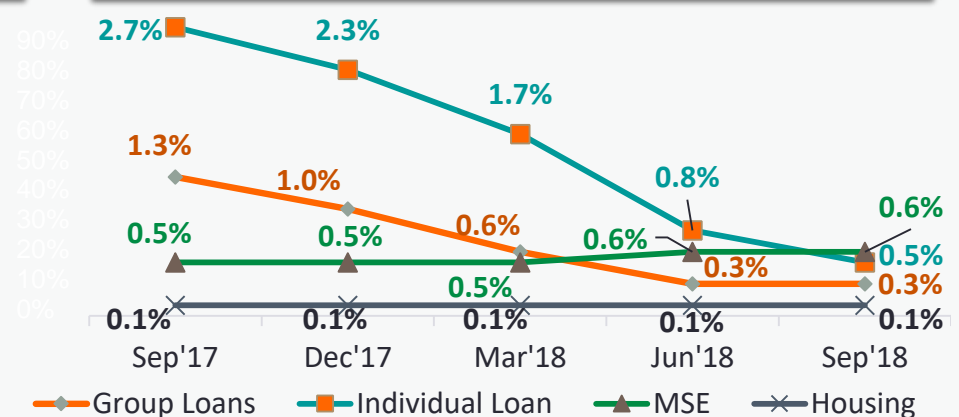
## Portfolio At Risk (PAR%)



## PAR, Provision (₹ in Cr.) & Provision Coverage Ratio



## NNPA (%) – Segment wise



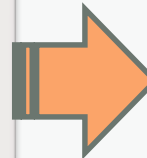
Note: All financials given in this presentation are on I-GAAP basis unless specified. These are for informational purpose only

## Kerala Status Update

Particulars	Overall	Flood Affected Branches
Number of Branches in Kerala	12	4
Number of accounts in Kerala	86,946	28,046
Loan Book (In Rs. Cr.)	174	52

### Actions

- ❖ Relief material like food, clothing & medicines distributed
- ❖ Repayment holiday to 22,103 accounts from 4 affected branches as declared by Kerala SLBC/61/104/GN/2018
- ❖ Provided 5% standard asset provision to restructured assets i.e. addition of 1.77 Cr



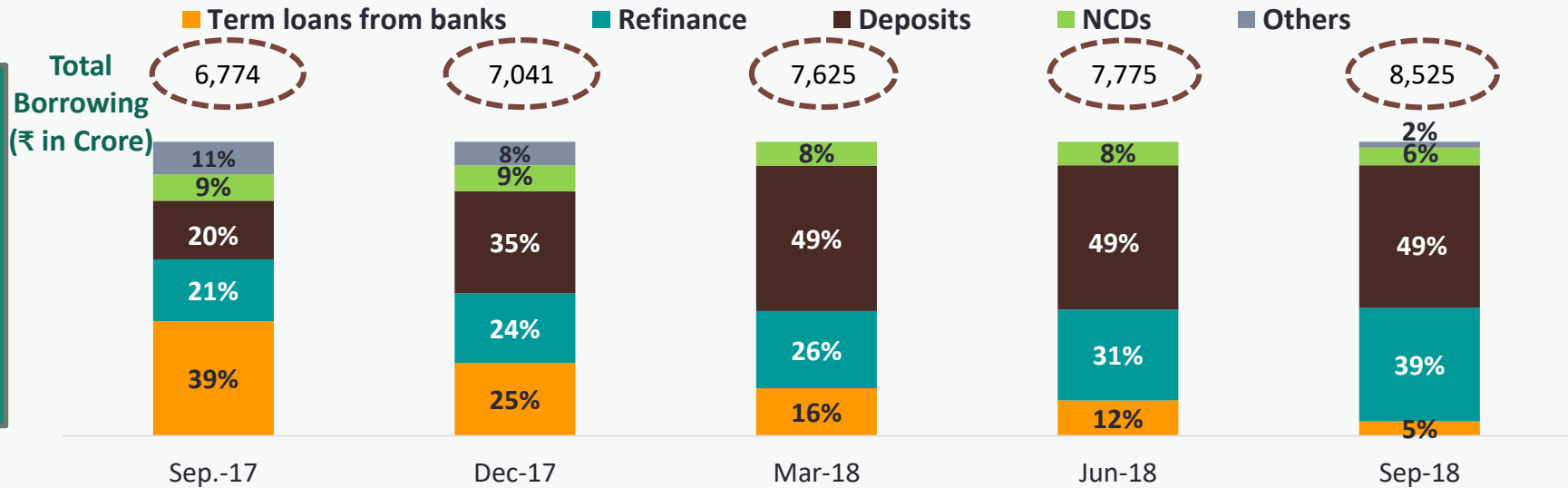
### Outcome

- ❖ ~97.5% customers have paid in October
- ❖ ~93% customers who were overdue as of September have paid at least 1 EMI in October

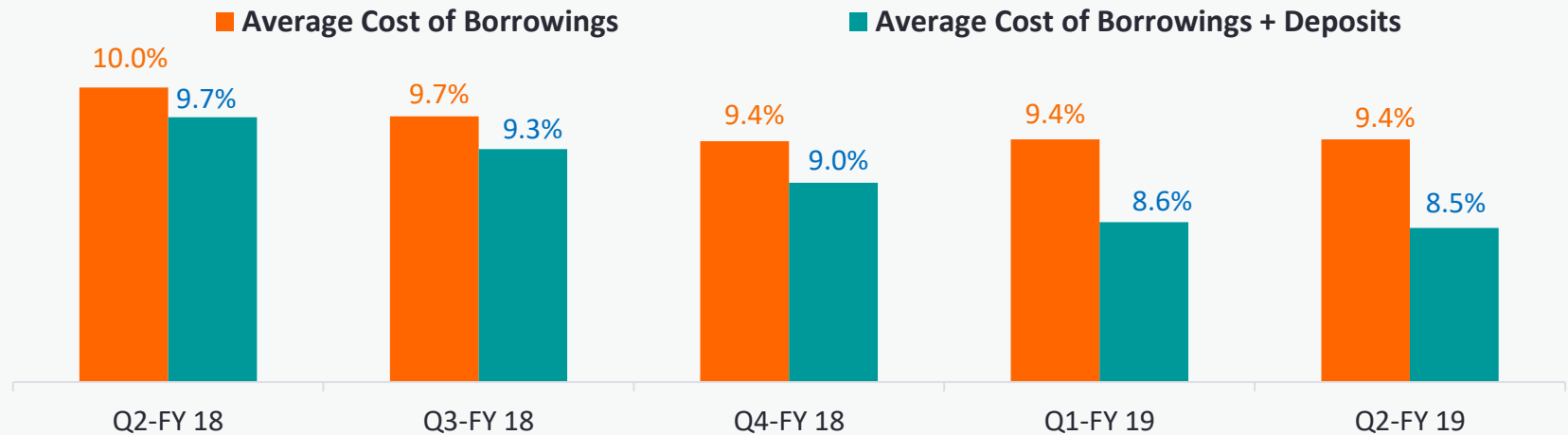
# Liabilities Profile

# Borrowings Profile and Cost of Funds

## Borrowings Profile

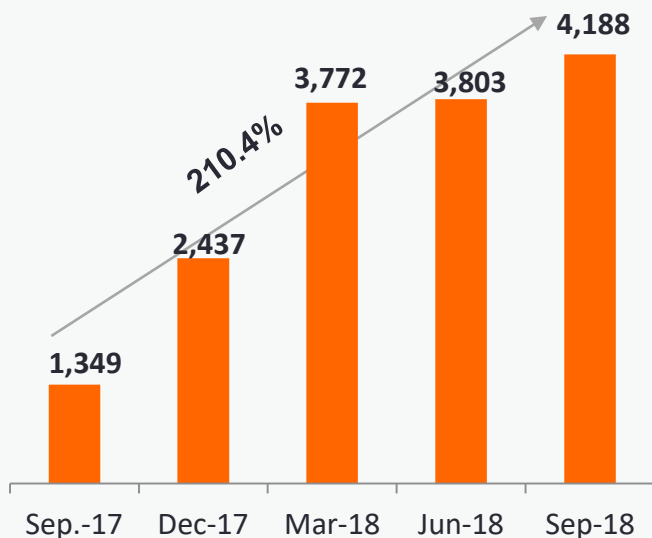


## Cost of funds

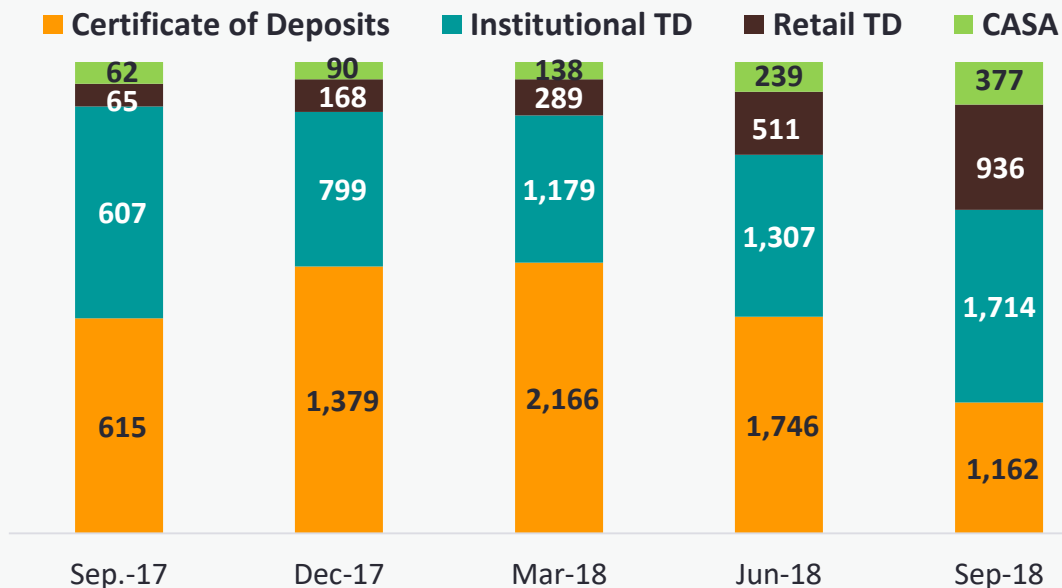


# Deposits Update – USFB

## Total Deposits (₹ in Crore)



## Deposits break-up (₹ in Crore)



Deposit Ratios	Q2-FY19
Average Cost of Deposits	7.5%
CASA Ratio	9.0%
Retail to Total Deposit	31.3%
Credit to Total Deposit	199%

^ TD: Term Deposits, CASA: Current Account, Savings Account

- ❖ Reliance on money market (certificate of deposits-CD) reducing quarter on quarter as CD balance went down by 46% from the start of FY19
- ❖ Retail deposits (including CASA) has shown significant improvement quarter on quarter with banking outlets roll out. Retail % share has increased to 31.3% from 11.3% in Mar'18



# Liquidity Position and Asset Liability Management

## FUNDING STRATEGY

1. Building of Deposits
2. Long Term Refinance
3. Cut Down of CD Exposure
4. Rigorous monitoring of inflows & outflows to ensure optimized borrowing mix

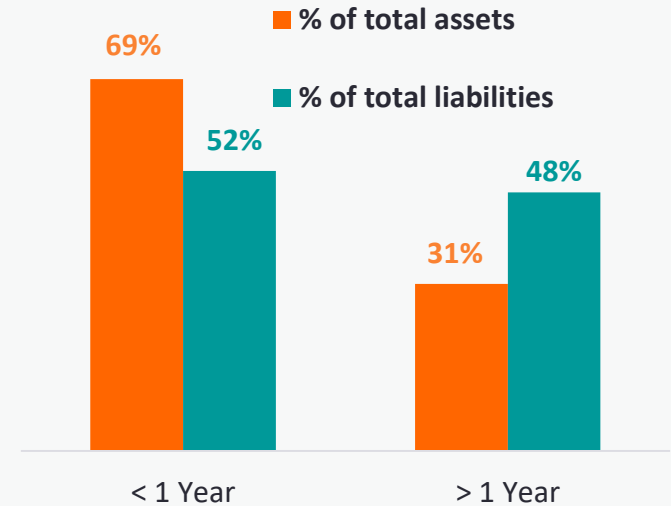
**NO MAJOR IMPACT OF LIQUIDITY CRISIS**

### LIQUIDITY MANAGEMENT

- Raised long term funds from SIDBI/NABARD
- Favorable liquidity position as of end-Sep'18
- No impact on disbursements → Sep-Oct'18 disbursements were at highest level

### RAISING TIER-II CAPITAL

- Mandate signed with International Finance Corporation (IFC) to raise US\$50mn. of tier II capital
- Will serve dual purpose of augmenting capital and aids in balance sheet stability to better support long tenure loans



- ❖ Long term book adequately funded by long term deposits/borrowings
- ❖ 17% of the short term book funded by long term deposits/borrowings
- ❖ Adequately capitalized with CAR at 23.8% of which Tier I is 23.1%
- ❖ Strong liquidity position maintained with LCR at above 100% consistently against minimum stipulated limit of 70%

^ CAR: Capital Adequacy Ratio, LCR: Liquidity Coverage Ratio, CD: Certificate of Deposits

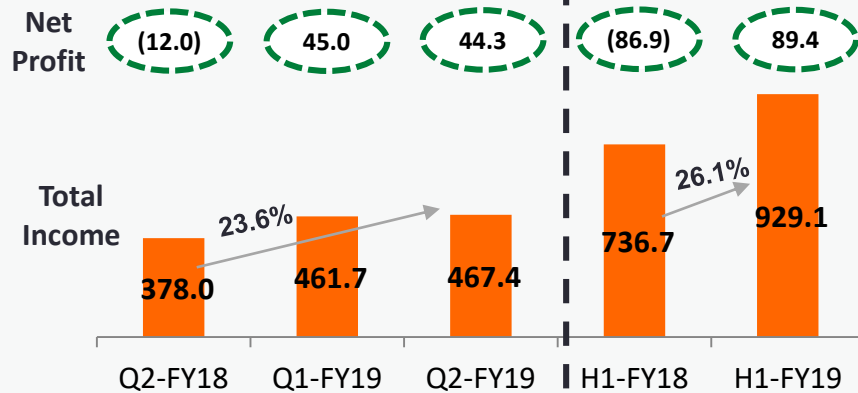
## Credit Ratings for Ujjivan SFB

Particulars	₹ in Crore	Rating Agency
Long Term Borrowing	4,250.00	CARE A+ (Stable)
NCD	100.00	CARE A+ (Stable)
NCD	400.00	[ICRA] A+ (Stable)
Certificate of Deposit	1,000.00	[ICRA] A1+
Short term fixed Deposit	1,000.00	[ICRA] A1+
Certificate of Deposit	4,000.00	CRISIL A1+
Short term fixed Deposit	3,000.00	CRISIL A1+

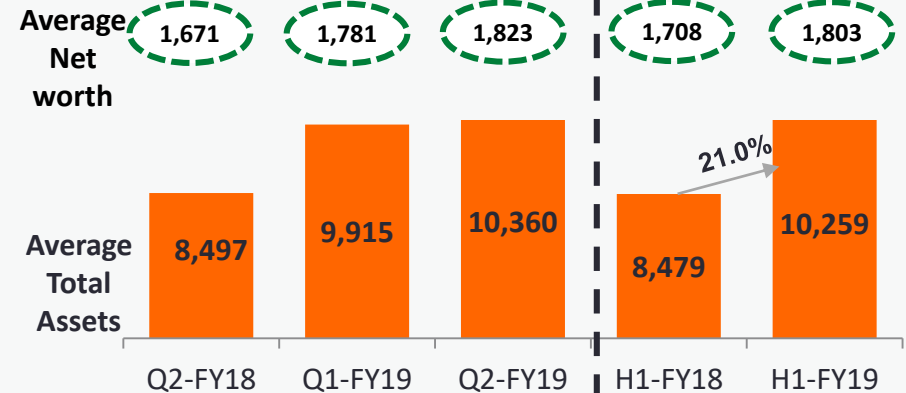
# Financial Overview – Consolidated UFSL

# Financial Overview

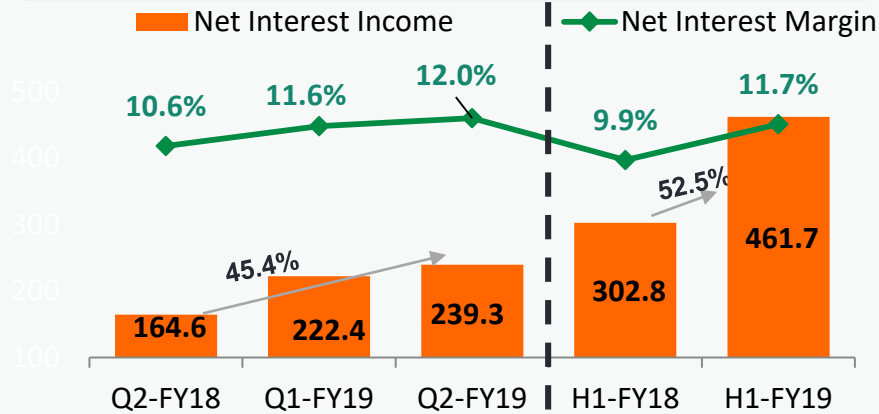
## Total Income and Net Profit (₹ in Crore)



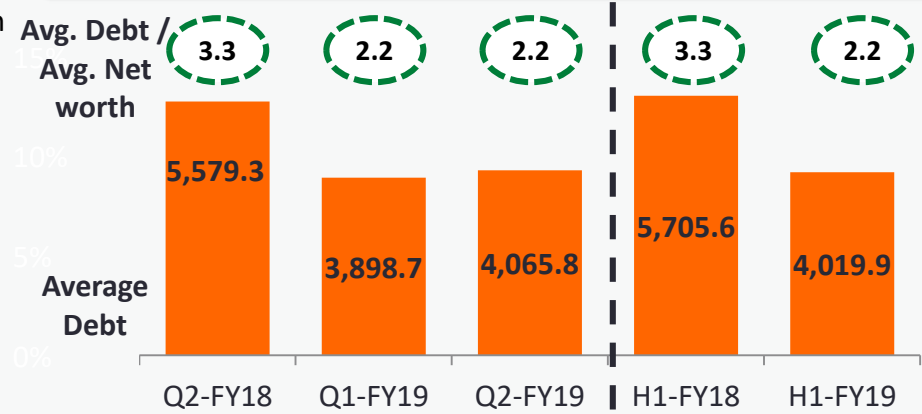
## Average Total Assets and Net worth (₹ in Crore)



## NII (₹ in Crore) and NIM



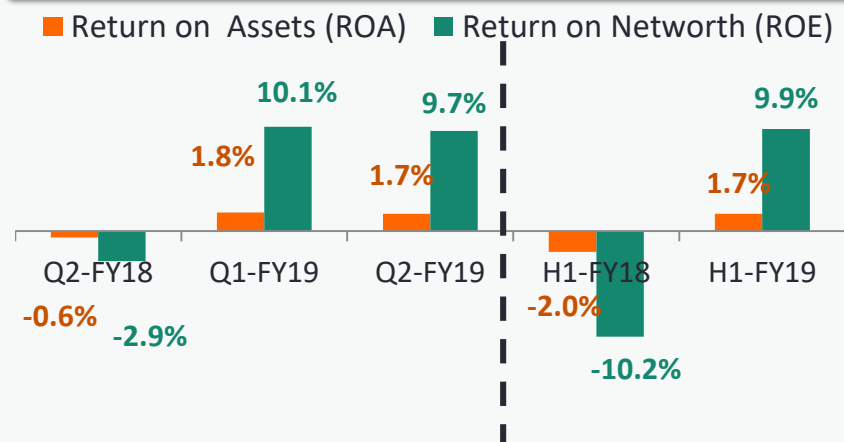
## Debt to Equity Ratio



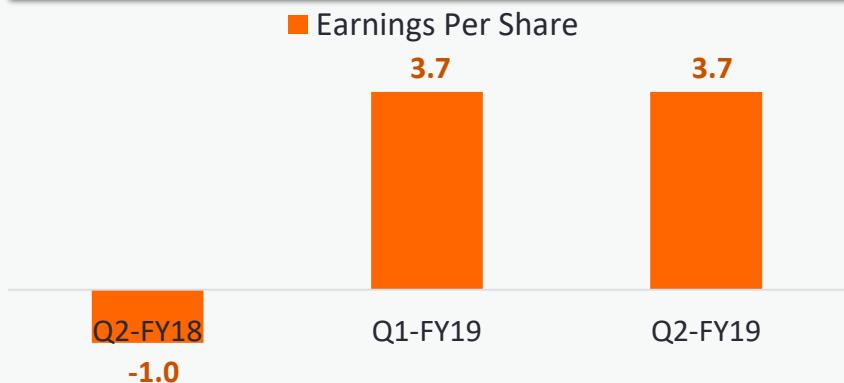
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# Financial Overview (Contd.)

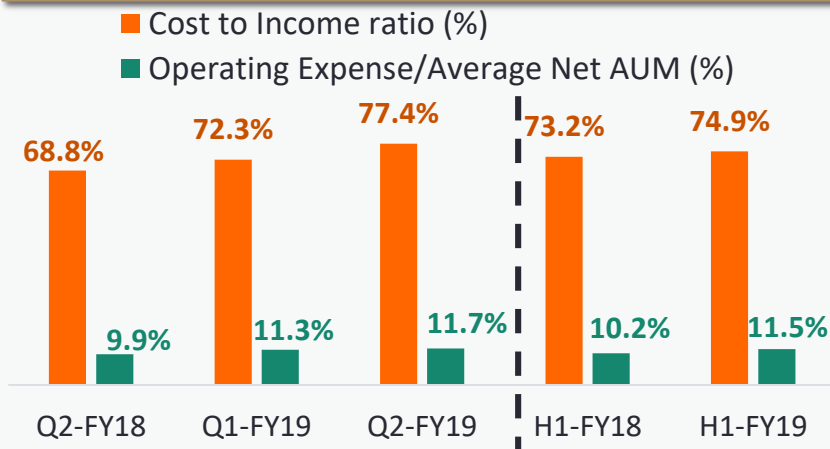
## ROA (%) and ROE (%)



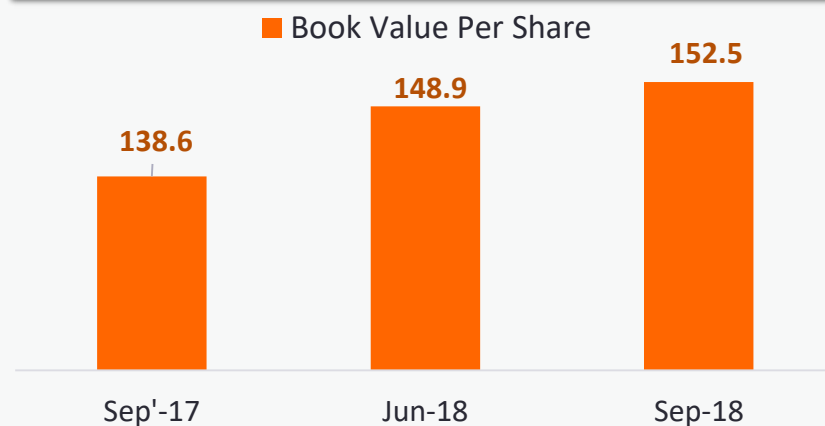
## Diluted Earnings Per Share (in ₹)



## Operating Efficiency



## Book Value Per Share (in ₹)



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# Financials – Profit and Loss Statement

₹ in Crore

Particulars	Q2-FY19	Q2-FY18	YOY Growth (%)	Q1-FY19	QoQ Growth (%)	H1-FY19	H1-FY18	YOY Growth (%)
Revenue from operations	429.4	339.3	26.6%	403.7	6.4%	833.1	662.7	25.7%
Other income	38.0	38.8	(2.0%)	58.0	(34.5%)	96.0	74.0	29.7%
<b>Total Income</b>	<b>467.4</b>	<b>378.0</b>	<b>23.6%</b>	<b>461.7</b>	<b>1.2%</b>	<b>929.1</b>	<b>736.7</b>	<b>26.1%</b>
Finance costs	166.7	153.0	9.0%	161.8	3.0%	328.5	310.2	5.9%
Employee expenses	121.6	89.5	35.8%	114.8	5.9%	236.4	177.6	33.1%
Other expenses	95.9	55.2	73.5%	89.7	6.9%	185.6	116.2	59.7%
Depreciation	15.0	10.1	48.1%	12.1	23.8%	27.1	18.0	50.9%
Provisions and write offs	6.2	88.2	(93.0%)	15.1	(59.2%)	21.2	247.4	(91.4%)
<b>Total Expenses</b>	<b>405.3</b>	<b>396.0</b>	<b>2.3%</b>	<b>393.5</b>	<b>3.0%</b>	<b>798.8</b>	<b>869.3</b>	<b>(8.1%)</b>
<b>Profit before tax</b>	<b>62.1</b>	<b>(18.0)</b>	<b>NA^</b>	<b>68.2</b>	<b>(9.0%)</b>	<b>130.3</b>	<b>(132.7)</b>	<b>NA</b>
Total tax expense	17.7	(6.1)	NA	23.1	(23.3%)	40.9	(45.8)	NA
<b>Profit After Tax</b>	<b>44.3</b>	<b>(12.0)</b>	<b>NA</b>	<b>45.0</b>	<b>(1.6%)</b>	<b>89.4</b>	<b>(86.9)</b>	<b>NA</b>

^Not Applicable

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# Financials – Balance Sheet

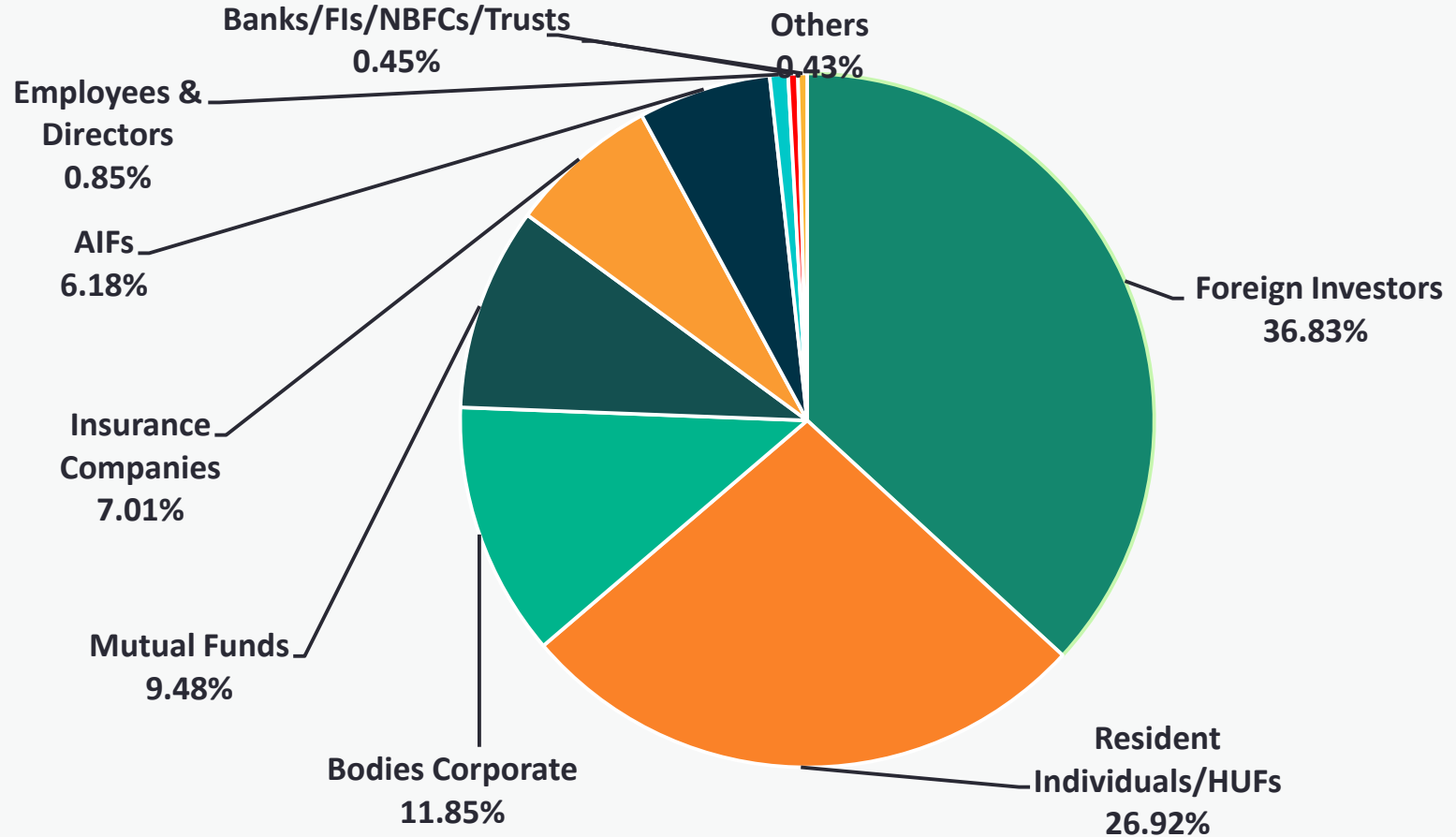
₹ in Crore

Particulars	Sep-18	Sep-17	YOY Growth (%)	Jun-18	QOQ Growth (%)
Share capital	121.0	119.7	1.1%	121.0	0.1%
Reserves and surplus	1,724.2	1,540.2	11.9%	1,679.6	2.7%
Borrowings	4,186.9	5,119.7	(18.2%)	3,944.6	6.1%
Deposits	4,077.5	1,247.5	226.8%	3,779.0	7.9%
Provisions	198.6	298.8	(33.5%)	249.2	(20.3%)
Other Liabilities	396.3	154.1	157.1%	241.8	63.9%
<b>Total</b>	<b>10,704.5</b>	<b>8,480.2</b>	<b>26.2%</b>	<b>10,015.2</b>	<b>6.9%</b>
Cash and cash equivalent	564.6	349.1	61.7%	547.1	3.2%
Advances	8,167.5	6,364.4	28.3%	7,786.6	4.9%
Investments	1,330.3	1,172.8	13.4%	1,235.9	7.6%
Fixed & tangible assets	252.2	171.9	46.7%	216.7	16.4%
Other assets	389.9	422.0	(7.6%)	228.9	70.3%
<b>Total</b>	<b>10,704.5</b>	<b>8,480.2</b>	<b>26.2%</b>	<b>10,015.2</b>	<b>6.9%</b>

Note: All financials given in this presentation are on I-GAA These are for informational purpose only

# Shareholding Pattern of Ujjivan Financial Services

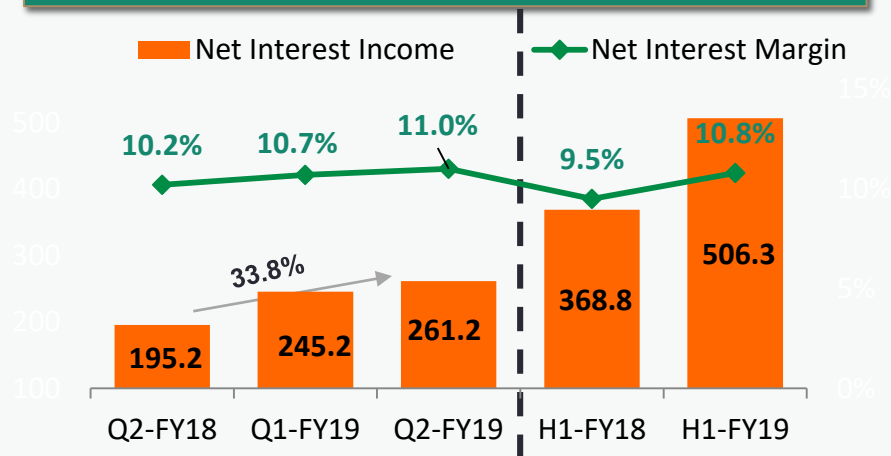
Shareholding Pattern as 30<sup>th</sup> September, 2018



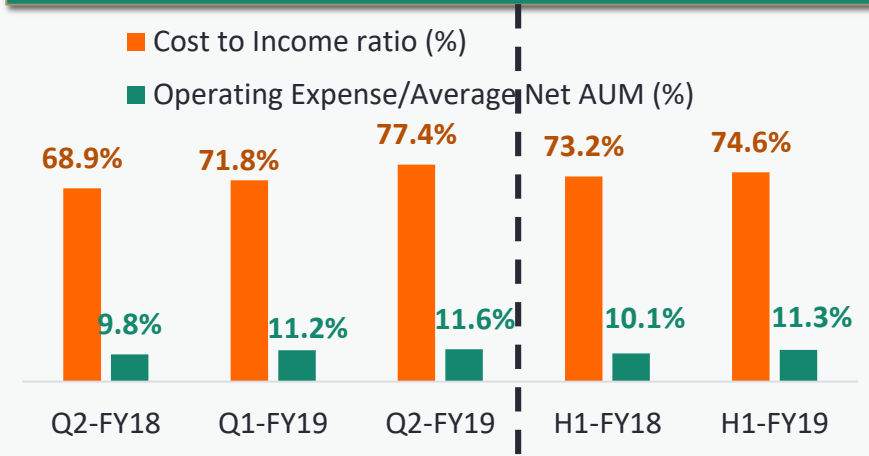
# Financial Overview – Ujjivan SFB

# Financial Overview

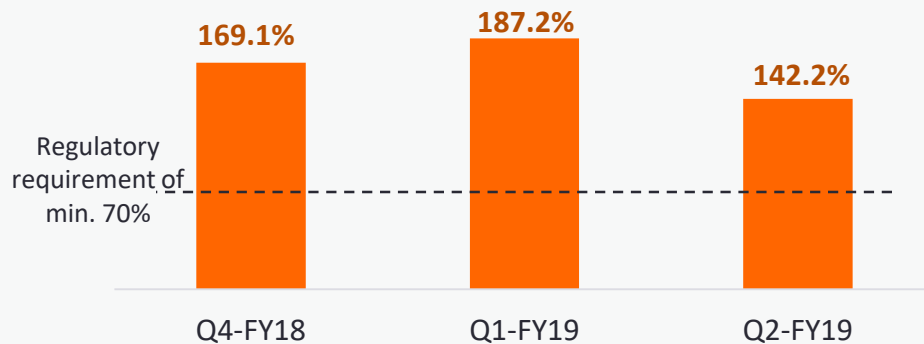
## NII (₹ in Crore) & NIM



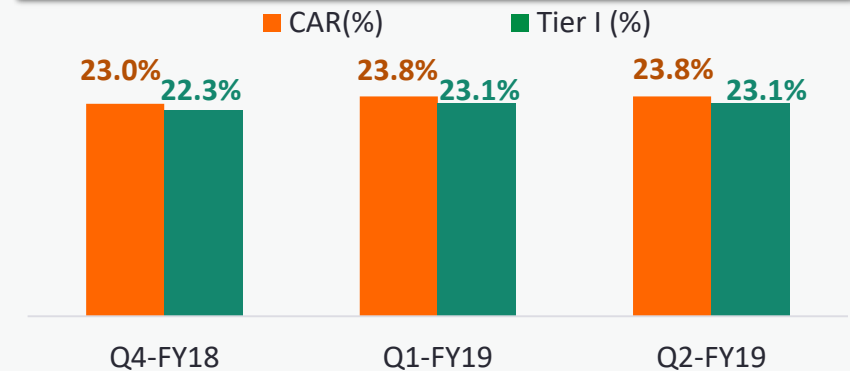
## Operating Efficiency (%)



## Liquidity Coverage Ratio (%)



## Capital Adequacy Ratio (%)\*



\* CAR computation is as per RBI directive dated November 8, 2017 which provided exemption to all SFB with no capital charge on market and operational risk weighted asset.

Note: All financials given in this presentation are on I-GAAP basis unless specified. These are for informational purpose only

# Income Statement – USFB

₹ in Crore

Particulars	Q2-FY19	Q2-FY18	YoY Growth (%)	Q1-FY19	QoQ Growth (%)	H1-FY19	H1-FY18	YoY Growth (%)
Interest Earned	427.0	350.0	22.0%	406.3	5.1%	833.3	682.7	22.1%
Other Income	37.8	27.6	37.2%	53.3	(29.0%)	91.1	51.3	77.8%
<b>Total Income</b>	<b>464.8</b>	<b>377.6</b>	<b>23.1%</b>	<b>459.6</b>	<b>1.1%</b>	<b>924.5</b>	<b>734.0</b>	<b>26.0%</b>
Interest Expended	165.8	154.8	7.1%	161.1	2.9%	327.0	311.1	5.1%
Operating Expenses	231.5	153.6	50.7%	214.4	8.0%	445.9	310.1	43.8%
Provisions and Contingencies	23.5	81.8	(71.3%)	37.9	(38.1%)	61.5	201.0	(69.4%)
<b>Total Expenditure</b>	<b>420.8</b>	<b>390.1</b>	<b>7.9%</b>	<b>413.5</b>	<b>1.8%</b>	<b>834.3</b>	<b>822.1</b>	<b>1.5%</b>
<b>Net profit for the period</b>	<b>44.0</b>	<b>(12.5)</b>	<b>NA^</b>	<b>46.1</b>	<b>(4.6%)</b>	<b>90.1</b>	<b>(88.1)</b>	<b>NA</b>

^Not Applicable

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# Balance Sheet – USFB

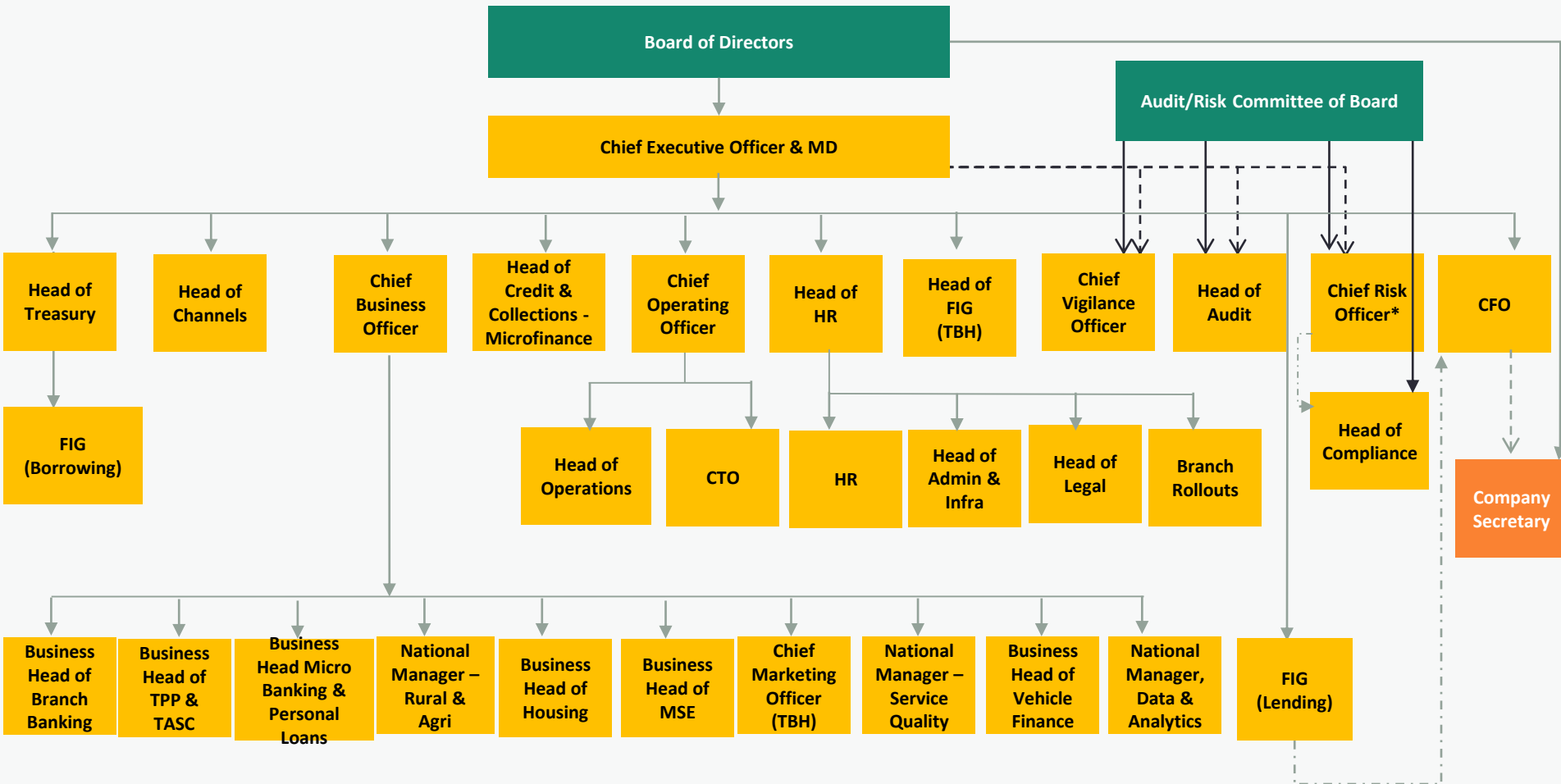
₹ in Crore

Particulars	Sep-18	Sep-17	YoY Growth (%)	Jun-18	QoQ Growth (%)
<b>CAPITAL AND LIABILITIES</b>					
Capital	1,640.0	1,640.0	-	1,640.0	-
Reserves and Surplus	97.0	(88.1)	NA	53.0	83.0%
Deposits	4,188.1	1,349.1	210.4%	3,803.4	10.1%
Borrowings	4,186.9	5,119.7	(18.2%)	3,944.6	6.1%
Other Liabilities and Provisions	271.7	206.0	31.9%	277.1	(1.9%)
<b>TOTAL</b>	<b>10,383.7</b>	<b>8,226.7</b>	<b>26.2%</b>	<b>9,718.2</b>	<b>6.8%</b>
<b>ASSETS</b>					
Cash and Balances with Reserve Bank of India	196.0	109.8	78.5%	183.6	6.8%
Balance with Banks and Money at Call and Short Notice	341.2	245.6	38.9%	298.1	14.5%
Investments	1,330.3	1,172.8	13.4%	1,203.8	10.5%
Advances	8,036.6	6,245.9	28.7%	7,604.8	5.7%
Fixed Assets	252.1	171.9	46.7%	216.6	16.4%
Other Assets	227.5	280.7	(19.0%)	211.3	7.7%
<b>TOTAL</b>	<b>10,383.7</b>	<b>8,226.7</b>	<b>26.2%</b>	<b>9,718.2</b>	<b>6.8%</b>

^Not Applicable

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# Organization Structure



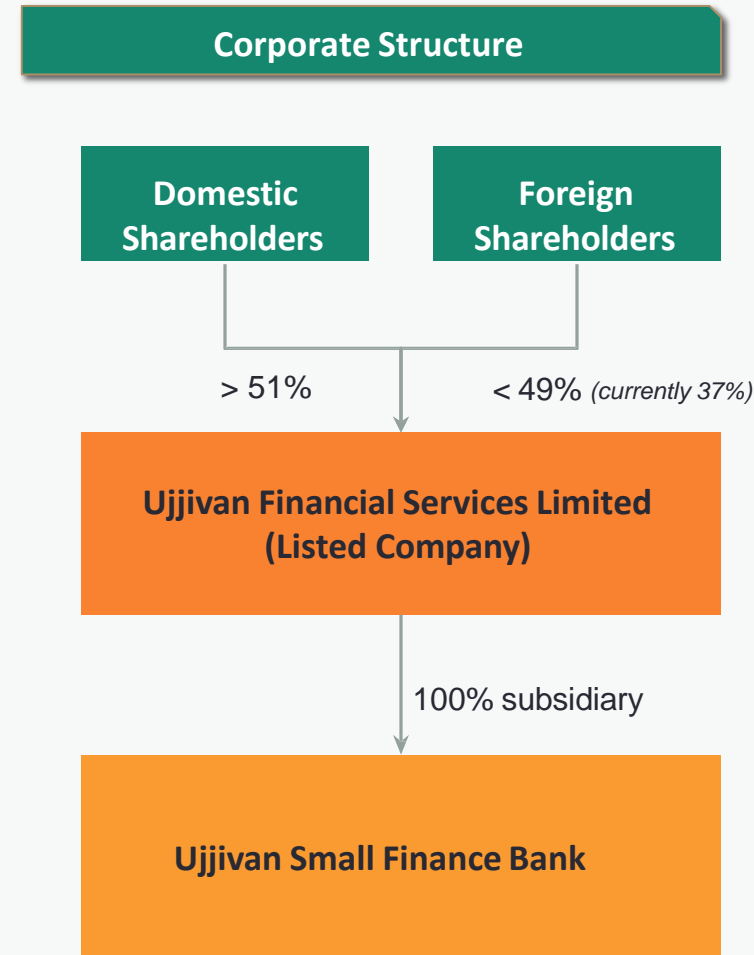


# Corporate Structure and SFB License norms

RBI Guidelines	Comment
1. After SFB reaches net worth of Rs. 5 bn., listing will be mandatory within 3 years of reaching that net worth	Subsidiary SFB has to be listed by 30 <sup>th</sup> Jan'2020 creating dual listing problem as the holding company (UFSL) is listed which will lead to discount in valuation of UFSL
2. Promoter's minimum contribution of 40% of paid-up capital to be locked in for a period of 5 years from the commencement of operations of bank	Prevents reverse merger for at least 5 years (till Jan'2022). Will require special RBI forbearance
3. Promoter's stake shall be brought down to 30% of paid-up capital within a period of 10 years and to 26% within 12 years from the commencement of operations of bank	Can be solved if reverse merger is permitted after 5 years (after Jan'2022)

We approached RBI for forbearance on either (1) or (2) above, i.e.,

- ❖ Either extend SFB listing timeline to 5 years (Jan'2022)
- ❖ Allow reverse merger in 3 years (Jan'2020) by relaxing promoter minimum contribution criteria of 40%



# Thank You!