

Ujjivan Financial Services Limited

Corporate Presentation

March 2017

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Conducive Economic Environment

Government supportive of Financial Inclusion, SFB and Microfinance. Initiatives like PMJDY, MUDRA, Insurance schemes, Housing for all Initiative by 2022.

Ujjivan SFB's goal aligned to the goals of Government and Regulatory Authorities

RBI quite supportive of Small Finance Banks and financial inclusion

Well-defined regulatory framework in place

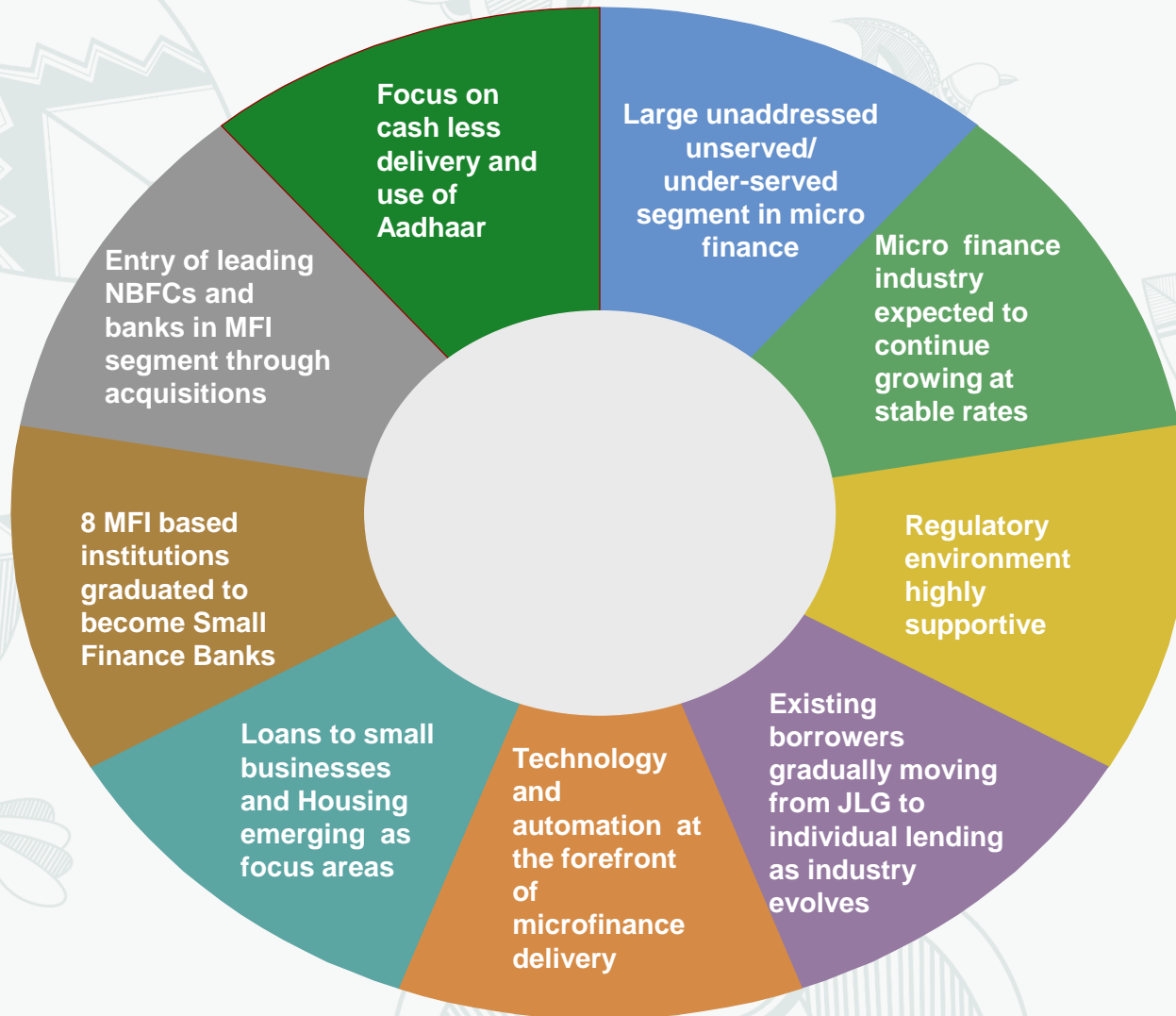
“Financial inclusion is at the core of the government’s focus, which is to create job-creators, not job-seekers”

- Prime Minister, Narendra Modi

“My sense is that small finance banks will create a revolution in the banking sphere. A revolution will create easier access to finance to all small entities looking for finance. For example, a small finance bank is mandated to give 50 per cent of its loans to small firms.”

- Ex. RBI governor, Raghuram Rajan

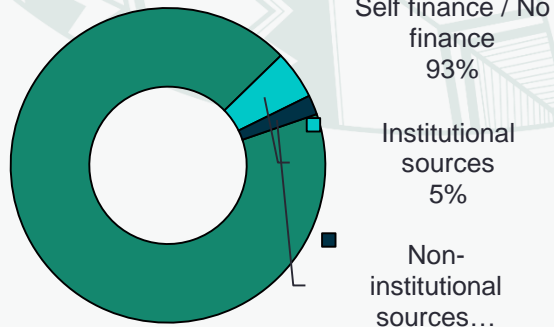
Micro Finance Industry- Growth Potential



SFB offers a Direct play on the Large Financial Inclusion Opportunity

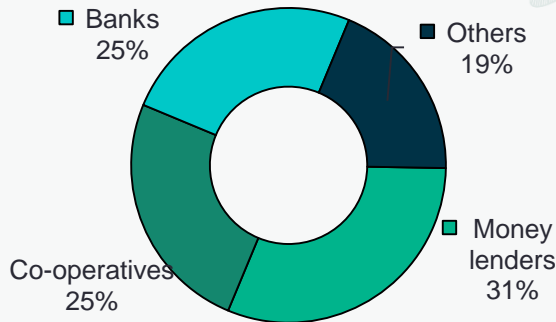
Funding Sources - MSME

Large unbanked potential in the case of MSMEs



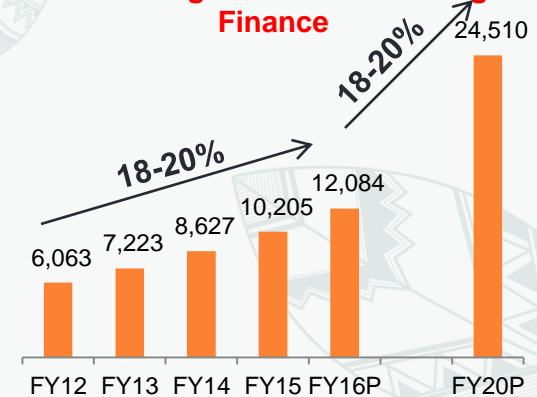
Sources of loans - Farmers

SFBs will target a Significant Market Share



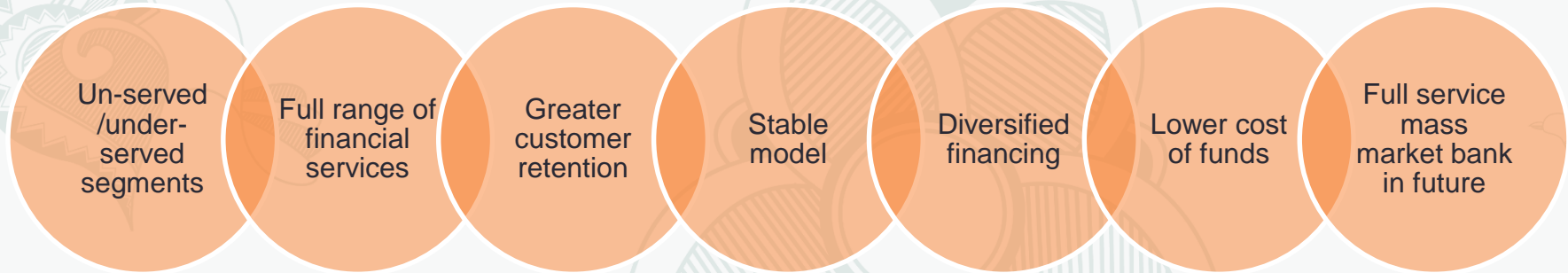
Retail Housing Loans

Increasing Demand in Housing Finance



- Market for unregulated entities (including chit funds) rapidly shrinking as source of savings/ investments for unserved/under-served segments
- Shift in savings under way from unorganised to the organised segment; presents a huge potential for upcoming SFBs which are focused on the unserved/under-served segment

Evolution to SFB as a Natural Course of Microfinance Business Growth



Source: Global Finolex database, RBI and NSSO-2010, CRISIL (as reproduced from the PNB Housing Finance Limited Prospectus)

Evolution of the Company

- ✦ In 2005, Samit Ghosh – a career banker for over 30 years, embarked on a journey with the mission to meet the needs of the unserved/under-served economically active poor
- ✦ Focussed on the microfinance sector, established Ujjivan on the Grameen model with a retail back-end similar to a bank.
- ✦ Ujjivan has disbursed ₹ 243 Billion of loans to 3.7 million customers ⁽¹⁾



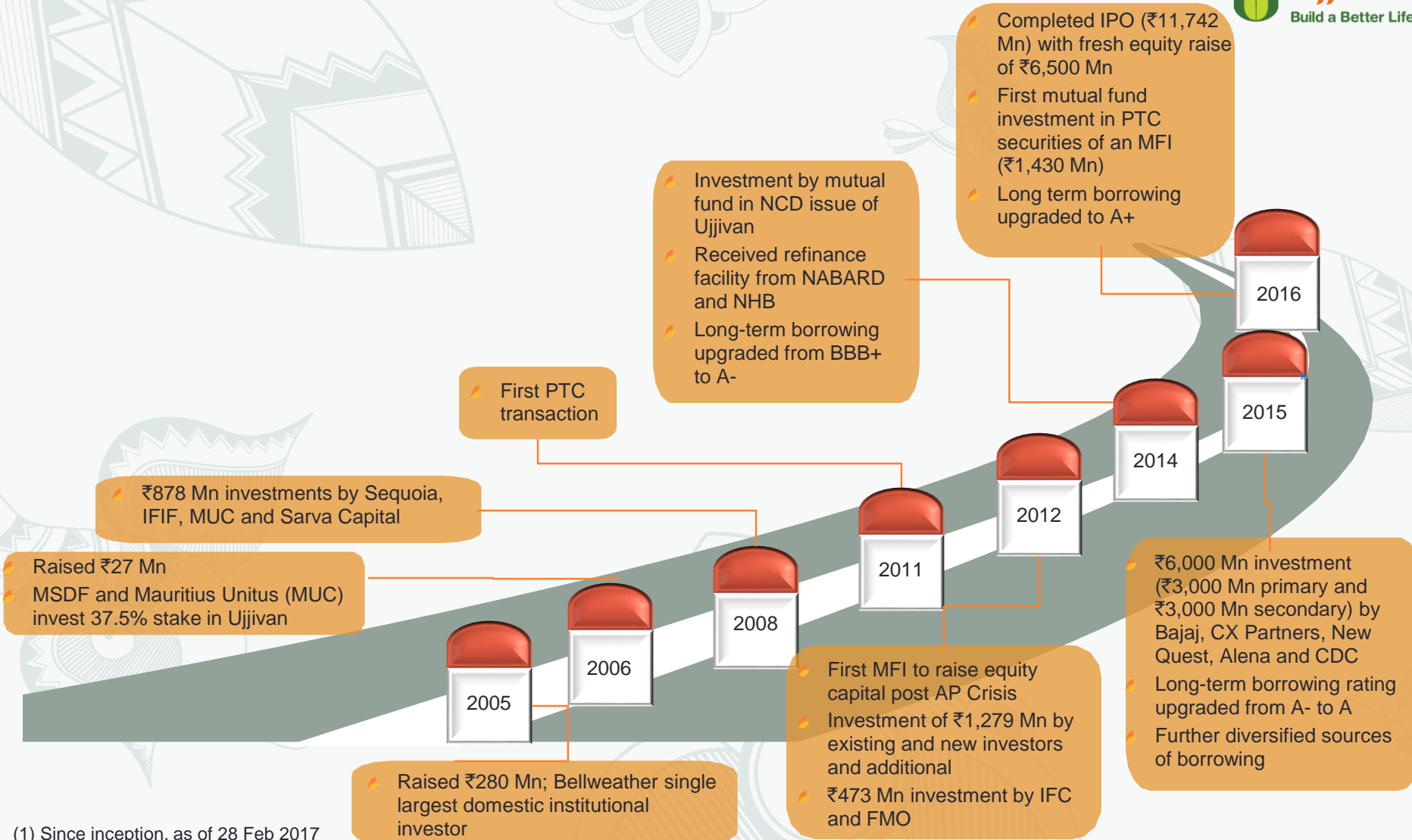
Samit Ghosh
Founder, Ujjivan



2005	2006 & 2007	2008 & 2009	2010 & 2011	2012	2013	2014 & 2015	2016	2017
Registered as an NBFC; commenced operations in South India	Introduced stock options for all employees	100 th branch opened	First profitable year (FY2009-10)	Crisis management	NBFC-MFI status granted by RBI	Started pilot for Housing loan business	Pilot project for MSE loan business	Transfer of business undertaking to Ujjivan SFB
Started pilot project in Bengaluru	Commenced operations in North and East India	Commenced operations in West India	Commenced operations in North-east India	Enhanced Efficiency with OERs brought to 10% from 17%	Scaled up individual lending business	Received in-principle approval for SFB	Received final approval for setting up of an SFB	Launch of Ujjivan Small Finance Bank
			Surpassed 1 million members under the financial inclusion product "Group Term Life"	Initiation of individual lending	Borrower base crossed 1 million		Established subsidiary Ujjivan SFB	
							Crossed 3 Million customers	

(1) Since inception, as of 28 Feb 2017

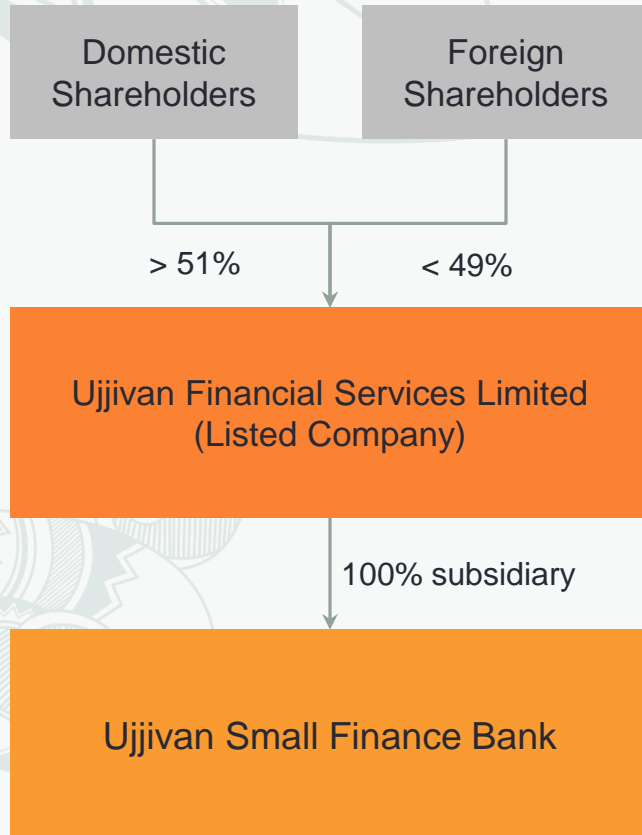
Successful Capital Funding



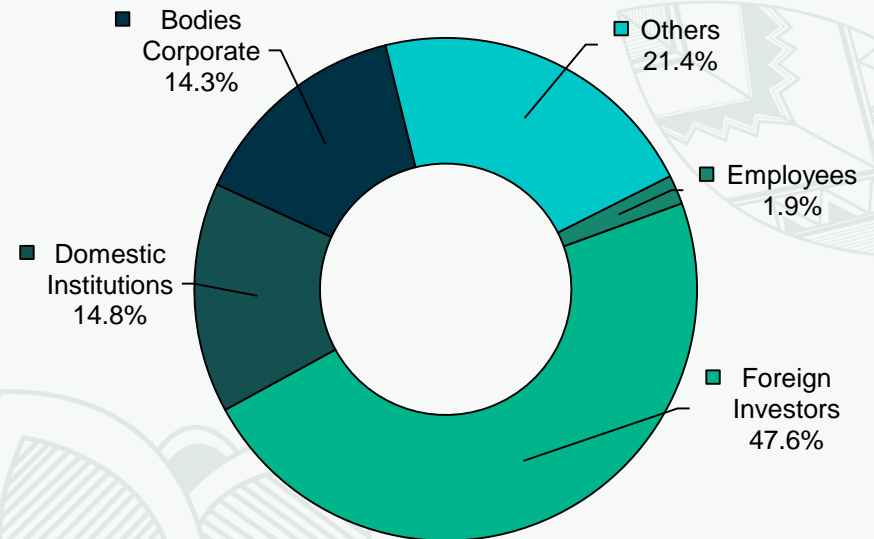
(1) Since inception, as of 28 Feb 2017

Ujivan Financial Services - Corporate Structure and Shareholding Pattern

Corporate Structure

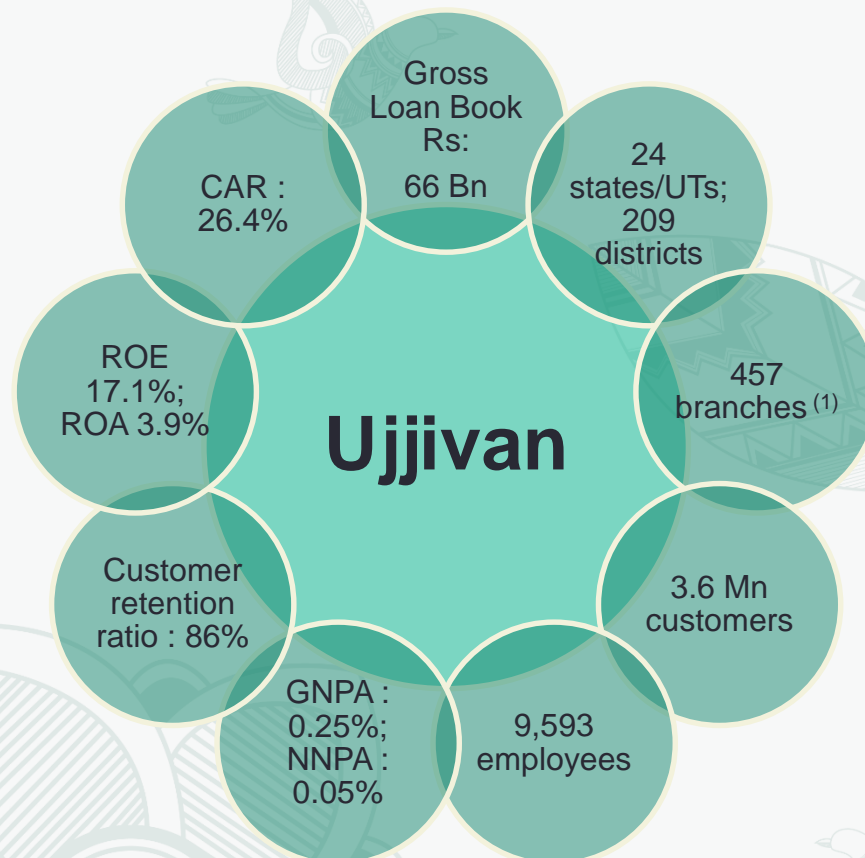


Shareholding pattern of Ujivan Financial Services (as on 10th March 2017)



About Ujjivan Small Finance Bank

- One of the finest microfinance institutions in India catering to the unserved/under-served segments
 - Successfully built a micro-lending franchise over 10 years with a Gross Loan Book of ₹66 Bn
 - Most geographically diversified with presence in 24 states/UTs
 - No single state accounts for more than 16% of Gross Loan Book
- Launched Small Finance Bank (SFB) in February 2017
 - Aim to become a mass market bank focusing on the unserved/under-served segments
 - Converted 14 existing branches to SFB branches ⁽²⁾
- Leading technology adopter with best-in-class systems combined with robust risk management processes
- Consistent asset quality with strong historical growth profile and return metrics
- Professional and experienced management team
- Consistently rated as one of the Best Places to Work in India ⁽³⁾



Note: Data as of 31 Dec 2016; (1) as of 28 Feb 2017 ; (2) as of 15 Mar 2017 ; (3) as per the Great Places to Work survey

Ujjivan - Best Placed to Capitalize on the Market Opportunity

- 1 Unique Strategy to Capitalise on the Market Opportunity
- 2 Full Spectrum of Financial Services through Multiple Channels
- 3 Best Technology to Support Digital Banking
- 4 Most Geographically Diversified SFB
- 5 Robust Risk Management Framework
- 6 Customer Centric with an Emphasis on Financial Literacy
- 7 Focus on Community Development Programs
- 8 Focus on Employee Development and Welfare
- 9 Professional and Experienced Management Team
- 10 Robust Business and Financial Performance

SFB Roll-Out

- 14 existing branches converted to SFB branches⁽¹⁾
- Plan to convert all existing branches to bank branches in a phased manner over a period of two years
 - 160 branches to be converted initially
 - Additional Unbanked Rural Centres (URCs) to be opened to fill RBI requirement of 25% branches in unbanked areas
 - Each converted branch to cover both asset and liability products

(1) as of 15 Mar 2017

Strategy to Build the Liability Franchise

Generate customer awareness; target unserved/under-served customers



Migrate existing customers to bank customers



Intend to disburse 100% of loans through Ujjivan SFB bank accounts



Educate customers to use banking facilities and encourage cashless repayments

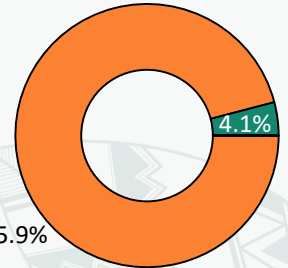


Target new customers from micro entrepreneurs and blue-collared salaried workers from lower income groups and under-served segments

Asset Offerings

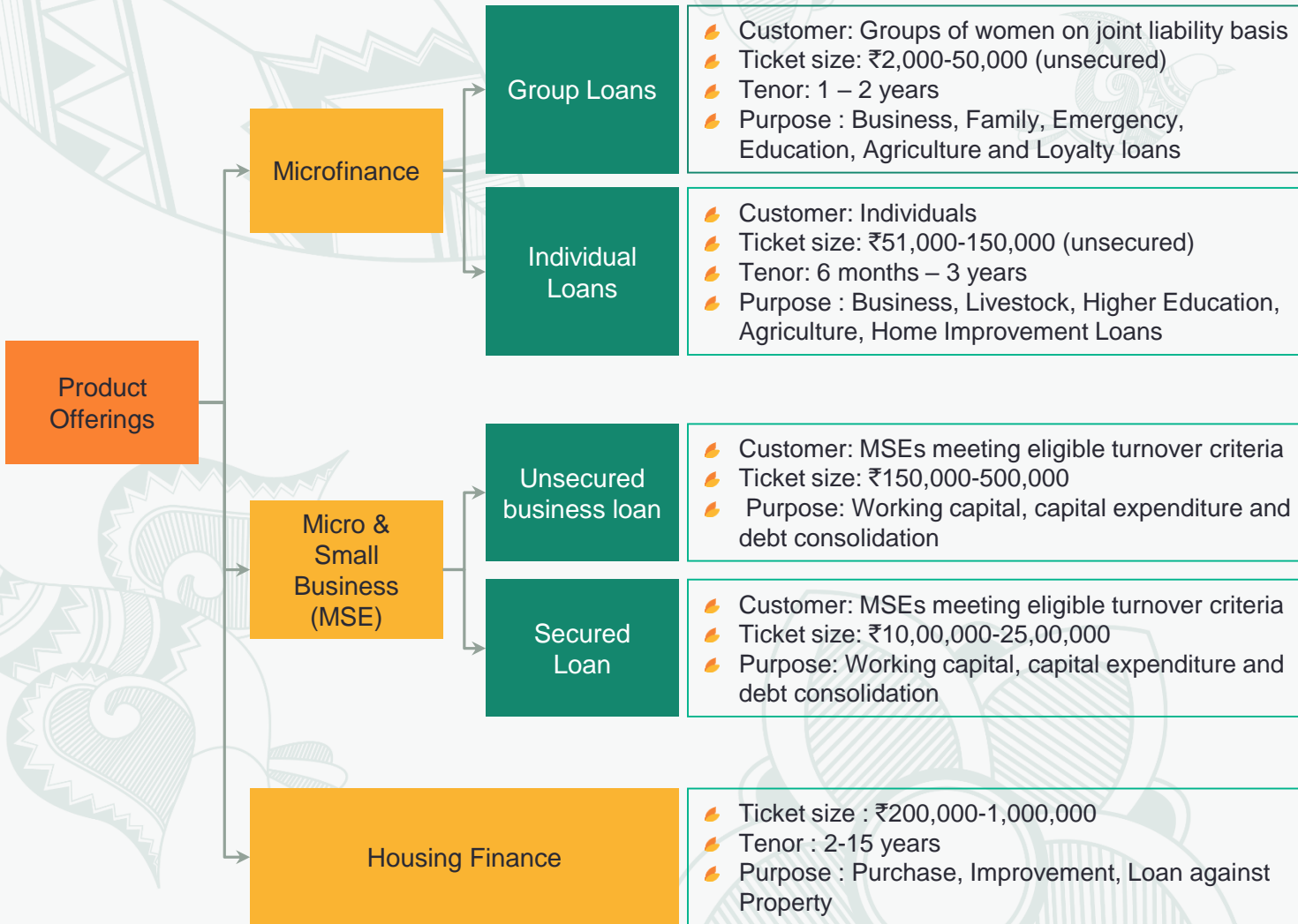
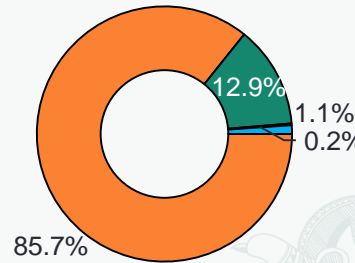
Gross Loan Book

FY13



- Micro Loans (Group)
- Micro Loans (Individual)
- Micro & Small Business Loans
- Housing Finance

9MFY17



Liability Products

- No minimum deposit charges
- Unlimited Free transactions at Ujjivan SFB ATMs
- Personalized Rupay Classic Debit Card
- Interest rate : 4%

Savings Account

Deposits

- Retail
- Institutional

RETAIL

- Attractive Entry Level - ₹1000 for FD and ₹100 for RD
- Premature Closure and Partial Withdrawal facility option
- Processing through Branch, Centre meetings, Mobile and internet banking
- Interest rate of 5.5% -8%

INSTITUTIONAL

- Targeted at small institutions
- No initial deposit or average monthly balance criteria for saving
- Minimum value of ₹25,000 for FD

Current Accounts

- Small initial deposit and low monthly average balance requirements
- Electronic fund transfer and bill payment facilities

Fee Based Products (Remittances & Third Party Insurance products)

- Easy affordable services and products
- Remittance services - a huge unmet need in unserved and underserved segment
- Segment under penetrated for Insurance products - existing base offers huge potential
- Life insurance products : in the event of death of the loan customer or spouse, insurance amount helps beneficiary repay existing loan



Easy and Convenient Banking

Modes to facilitate banking



Paperless / Cashless

- Quick and simple account opening / processes without forms
- Encourage use of cashless transactions



Assisted banking

- Educate and assist people to use different banking channels
- Bank staff to assist customers till they are able to use channels independently

Key channels



Branch

- All current branches to convert into bank branches
- Additional URCs to be opened



ATMs

- All branches to have ATMs
- ATMs with biometric and security pin access



Internet/ Mobile

- Pay bills, transfer funds, etc.
- Instant banking, easy to monitor
- Additional facilities – registration, generation/change of password



Phone

- 24x7 helpline; No lengthy IVRs
- Access to account related info, request for services, handle complaints, grievances



Missed call / SMS

- Simple short codes for quick requests / enquiries
- Balance and mini-statement through missed call on specified numbers



Doorstep

- Mobile ATMs carried to centre meetings held in neighbourhoods
- Deposits / withdrawals and other transactions

Why will people save with Ujjivan

Treat customers with RESPECT

Ease of access through multiple channels

Brand franchise - Leverage on existing customer base

Employees from local community to serve as brand ambassadors

Best Technology to Support Digital Banking

IT Infrastructure

Infosys Finacle Core Banking Solutions

Wipro Systems Integrator

ORACLE Servers and Accounting

IBM Cloud resilience services

sas Security Systems

evolute Hand-held Device

Craft Silicon Thinking, crafting, transforming

tikona Digital Networks

AADHAAR Aadhaar based loan processing

NPCI NATIONAL INSTITUTE FOR PAYMENT AND SETTLEMENTS CORPORATION OF INDIA

Bankers Realm.NET Mobile app based processing

Truceil

iexceed

CRMNEXT

Biometrics ATMs

- Best in class technology platforms
- IT systems enabled to make real time customer acquisition, loan underwriting and loan processing
- State of the art technology designed to handle high volume & low value business

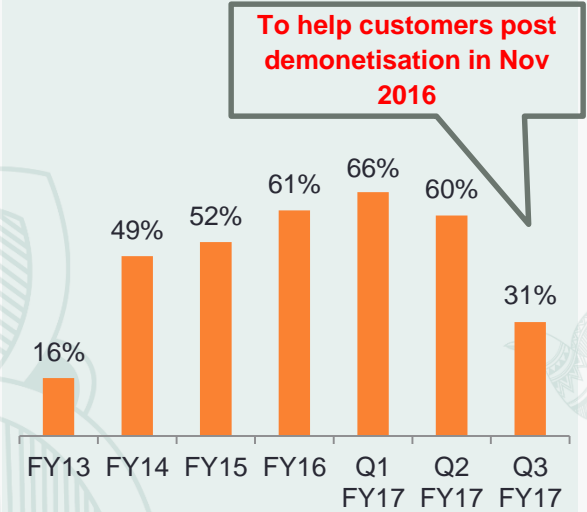
Other Infrastructure

- Phone banking systems
- Hand-held devices/tablets to field staff for secure and efficient operations
- Robust software for Workflow and Document Management System for Loan Processing

Automation / Electronic Clearing

- Electronic processing of applications at branches
- Initiated cashless customer transaction in 2012
- First MFI in India to implement ECS for cashless mode of collections

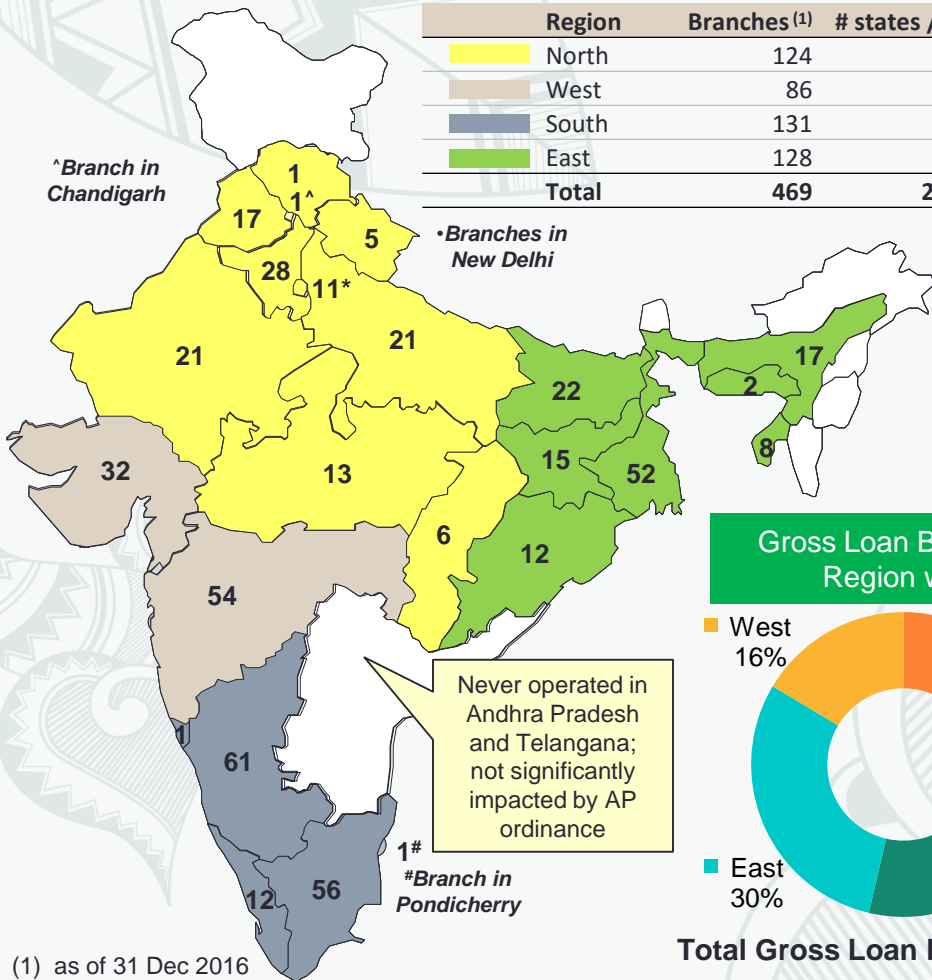
Cashless Disbursement (as % of total)



Most Geographically Diversified SFB

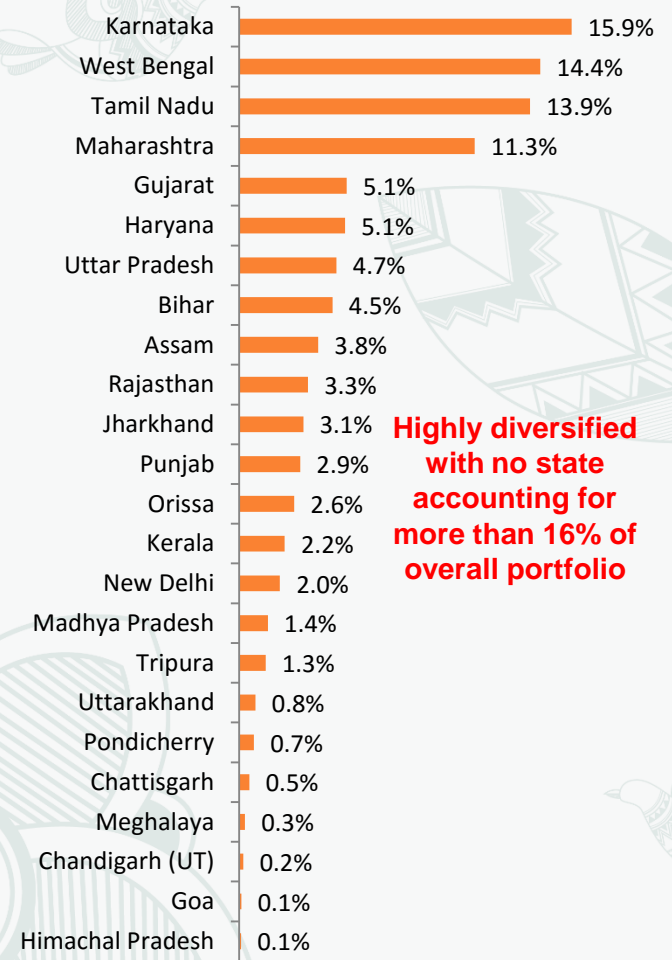
Branch Mix- State Wise

Region	Branches ⁽¹⁾	# states / UTs
North	124	9 / 1
West	86	2 / 0
South	131	4 / 1
East	128	7 / 0
Total	469	22 / 2

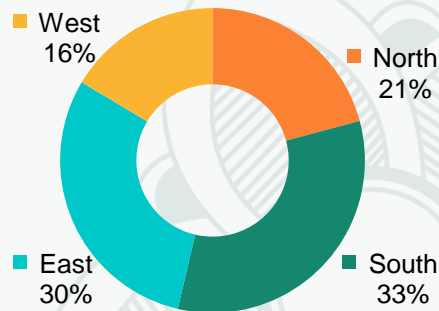


(1) as of 31 Dec 2016

Portfolio Mix- State wise (%) (9MFY17)

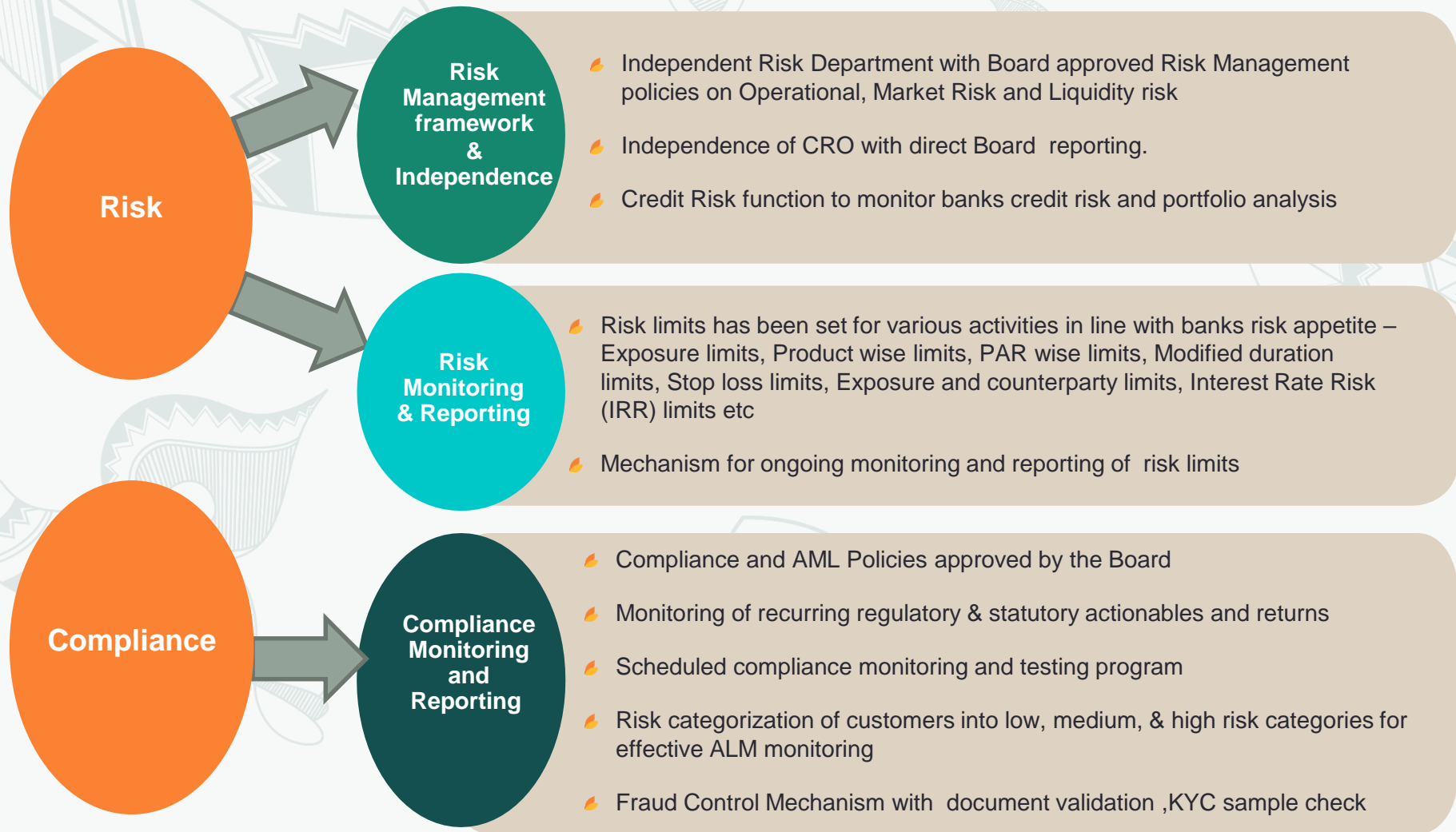


Gross Loan Book Mix- Region wise



Total Gross Loan Book: ₹66 Bn

Robust Risk Management Framework



Customer Centric with an Emphasis on Financial Literacy

Product Innovation based on Feedback

- Consistently assessing customer requirements
- First MFI in the country to introduce monthly repayment option based on customer feedback

Multiple Channels of Contact

- Customer care at branches
- Regional grievance redressal officers
- National toll free customer helpline

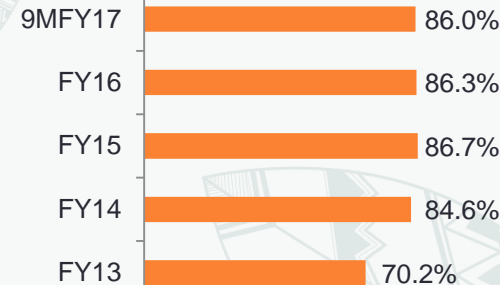
Dedicated Service Quality Department

- Continuous focus on customer retention, protection and grievance redressal

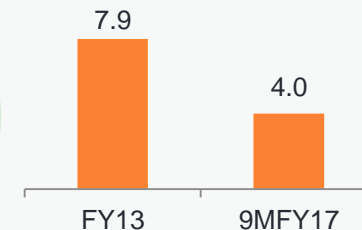
Focus on Financial Literacy

- Community Development programs to address local community needs
- Partnered with Parinaam Foundation

Customer Retention Ratio (%)



Turnaround Times (Micro Group Loans) (Days)



Certified by Smart Campaign (2013)

"Excellent Adherence" in the Code of Conduct Assessment (2015)

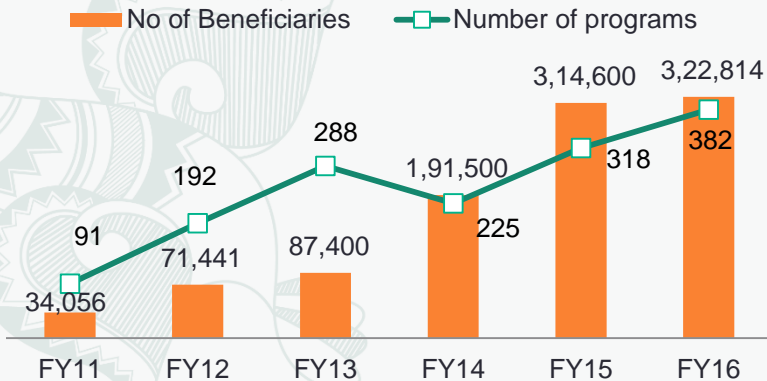
Socially Transparent and Responsible (S.T.A.R.) MFI MIX (2013)

'Innovator in Responsible Business' Inc India magazine (2013)

Focused Community Development Programs

CSR Programs by Ujjivan

- Social development projects since 2010; each branch undertakes a CSR project each year
- **Financial literacy** promoted through movies such as Sankalp, etc.
- Empowers customers and branch teams to jointly undertake urgently needed **community development**
- Sanitation facilities in girls' schools, safe drinking water facilities, basic facilities and infrastructure for orphanages
- ~1 Mn people have benefitted from Ujjivan's social development projects



Programs by Parinaam (Ujjivan's sister foundation)

Urban Ultra Poor Program

- Aims at tackling generational and familial poverty rather than providing isolated individual female support
- Covers livelihood development, healthcare support, childcare and education, financial literacy and social services support

Healthcare programs

- Provide access to quality healthcare at affordable rates
- Health Camps and Medical Intervention programs for Ujjivan's Customers and their families

Diksha Financial Literacy Program

- In-depth classroom training to educate low income families on
 - Reduction of financial risk
 - Make informed and intelligent financial decisions

Recently launched financial literacy film focused on liability products – Paison ki ABCD



Focus on Employee Development and Welfare

Rewards and recognition policy

- Acknowledge excellence and develop a high performance culture
- Highlight success stories in different disciplines

Skill Development & Training

- All employees to transition to bank employees- significant training to make employees bank-ready
- Frequent training sessions to provide need-based skill development training

High Employee Retention

- Consistently high Employee Retention ratio – 81.6% for FY16

Ujjivan Welfare Relief Trust

- Provide relief to customers and employees in the event of natural calamities

Management Development Program

- Tied-up with various business schools for identification and recruitment of management trainees

ESOP Schemes

- Provide employees with opportunity for ownership interest in the business on the basis of their performance
- Motivate employees for future performance



#3
IN INDIA
&
PROUD

India's Best Companies
To Work For 2016
THE ECONOMIC TIMES
Among the Top 3 Companies to Work for in India

Consistently
Ranked among
the Best
Places to Work
as per the
Great Places to
Work Survey
since 2009;

Experienced Board of Directors – Ujjivan Financial Services Limited (Listed Entity)



K.R. Ramamoorthy

Non-executive Chairman and Independent Director

Fellow member of the Institute of the Company Secretaries of India; Former CMD Corporation Bank and Former Chairman and CEO ING Vysya Bank



Abhijit Sen

Non-executive Independent Director

Previously he was the MD & CFO of Citibank N.A. in India. Serving on the Board of several high quality Indian companies



Vandana Viswanathan

Non-executive Independent Director

Co-founder of Cocoon Consulting, a management and human relationship consulting firm



Venkatesh Natrajan

Non-executive Director

Part of Lok Advisory Services with substantial experience in early venture capital, product development and marketing



Sudha Suresh

Managing Director & CEO

Chartered Accountant, Cost Accountant and Company Secretary with over 2 decades of experience. Spearheaded Ujjivan's IPO and responsible of spearheading the entire finance function at Ujjivan over the past few years



Jayanta Basu

Non-executive Director

Designated Partner at CX advisors LLP. Previously worked with Citibank India and has approximately 19 years of experience in the field of investments



Amit Gupta

Non-executive Director

Founding Partners and COO of New Quest Capital Advisors (HK) and oversees India and South East Asia business

Experienced Board of Directors – Ujjivan Small Finance Bank (100% Subsidiary of Ujjivan Financial Services Limited)



Sunil Patel

*Non-executive Chairman and Independent Director
Practicing Chartered Accountant and Former Director and Former Partner of A. F. Ferguson and Co.*



Samit Ghosh

*Managing Director & CEO
Founder of Ujjivan and career banker for over 30 years. Past President of MFIN and the chairman of AKMI. Rich experience of having works with CitiBank, Standard Chartered Bank, HDFC Bank and Bank Muscat*



Luis Miranda

*Non-executive Independent Director
Former President and CEO of IDFC PE and Former Partner and MD of Chrys Capital India.*



Prabal Sen

*Non-executive Independent Director
Professor of economics at XLRI, Jamshedpur with over 39 years of experience in teaching, research and corporate management*



Nandlal Sarda

*Non-executive Independent Director
Professor in Indian Institute of Technology, Mumbai . Former Director Union Bank of India, The Clearing Corporation of Indi and Andhra Bank*



Biswamohan Mahapatra

*Non-executive Independent Director
Career central banker – career spanning over 33 years in the Reserve Bank of India and retired as its Executive Director*



Vandana Vishwanathan

*Non-executive Director
Co-founder of Cocoon Consulting, a management and human relationship consulting firm*

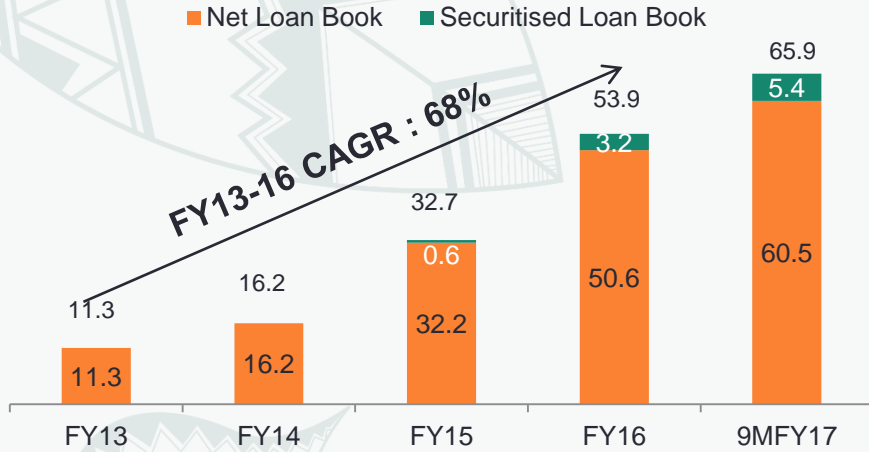


Anadi Charan Sahu

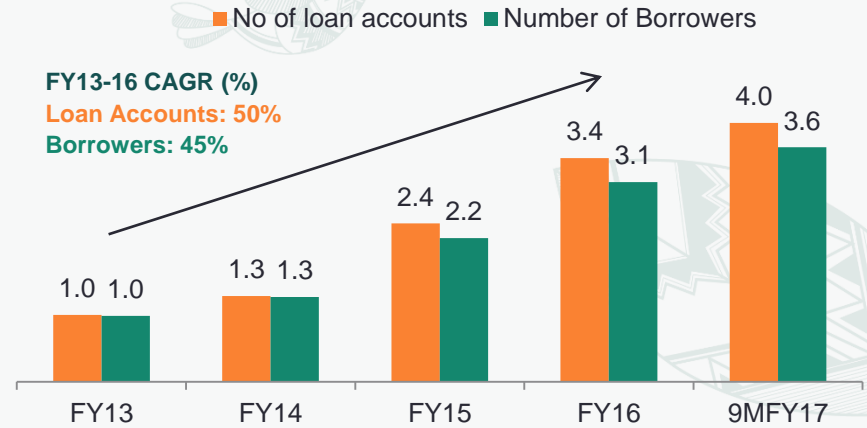
*Non-executive Director
Over 30 years of experience in financial services in IDBI and SIDBI*

Robust Financial Performance

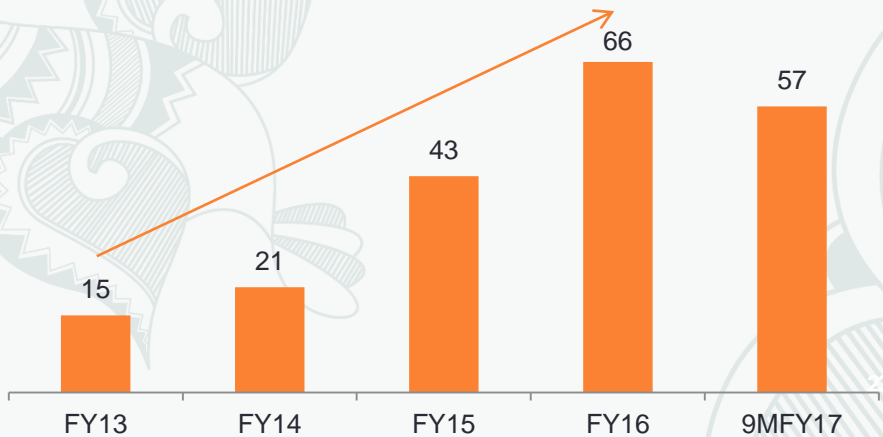
Loan Book (₹ Bn)



Borrowers



Disbursement (₹ Bn)

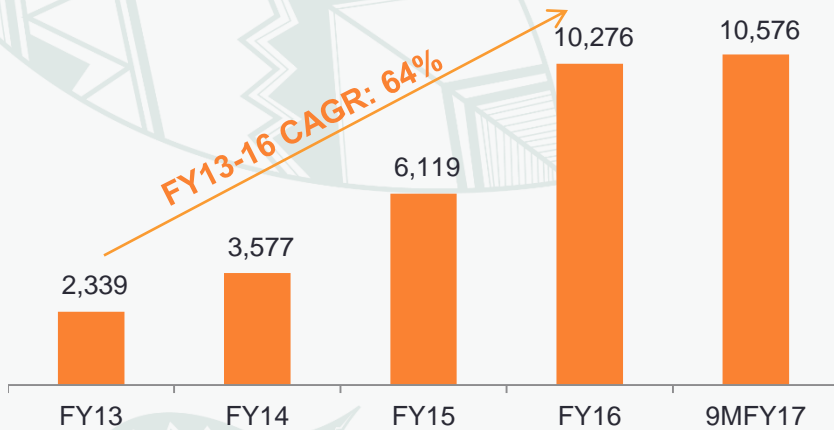


Ticket Size by Loan Type (9M FY17)

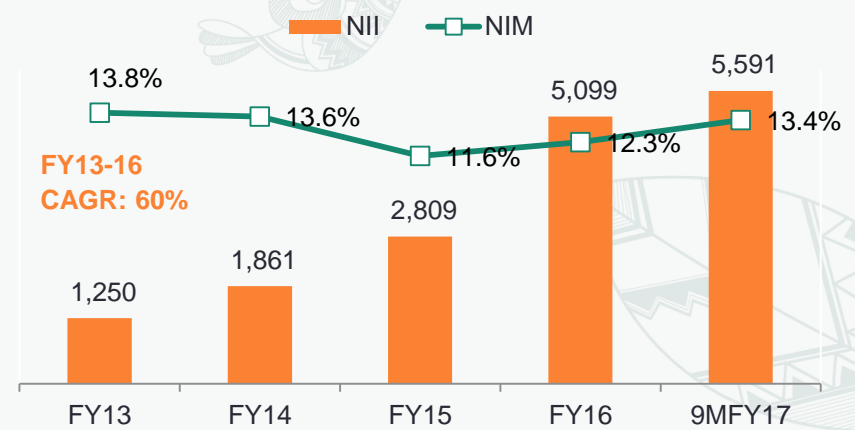
Type of Loans	Average Ticket size (₹)
Micro Loans (Group)	23,172
Micro Loans (Individual)	69,386
Small Business Loans	402,782
Home Loans	379,837

Robust Financial Performance (Contd.)

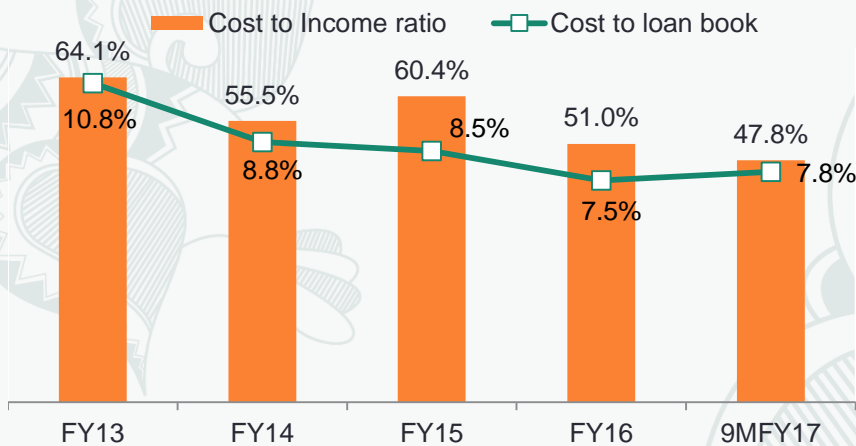
Total Income (₹ Mn)



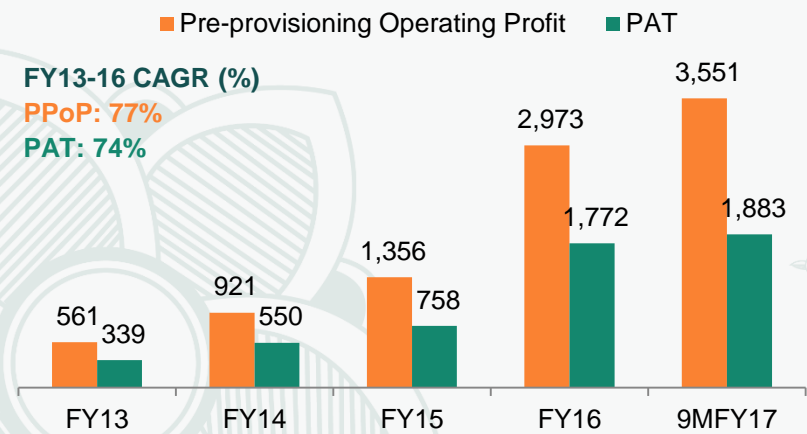
NII (₹ Mn) and NIMs



Cost Efficiency

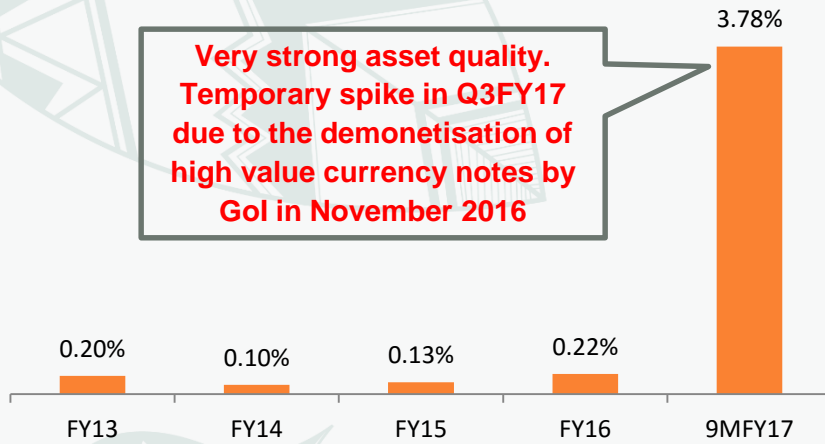


Profitability (₹ Mn)

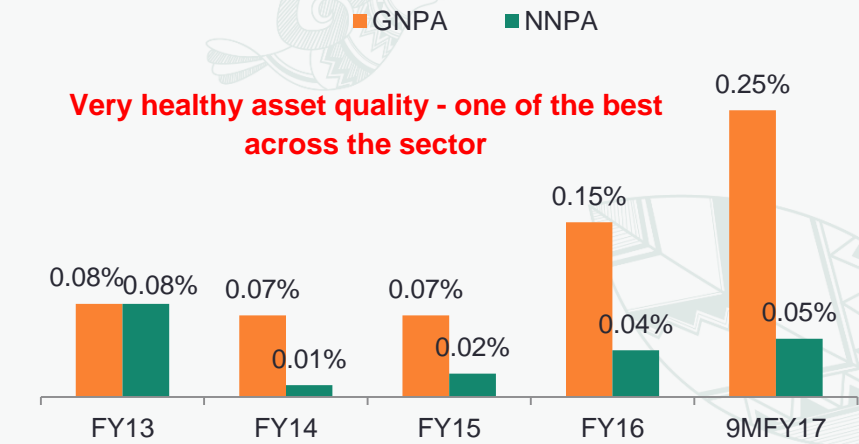


Robust Financial Performance (Contd.)

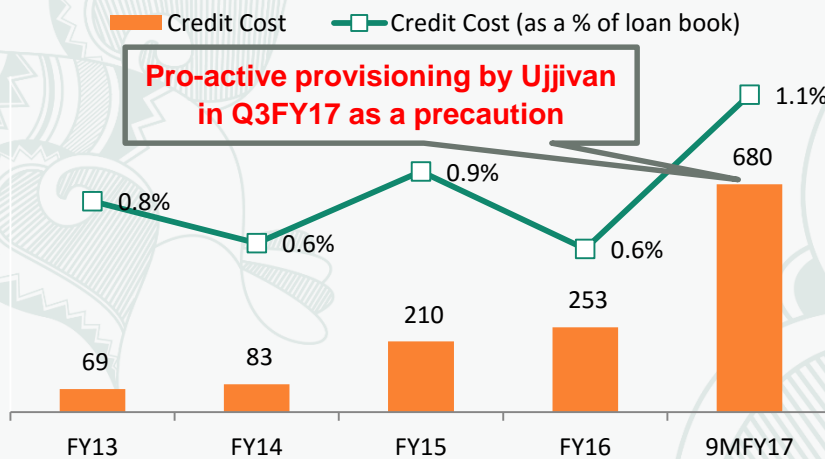
PARs > 30 days



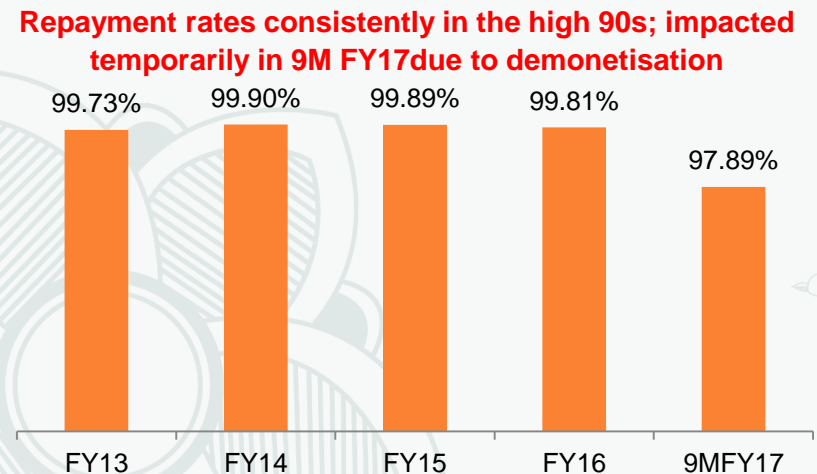
Non-Performing Assets



Credit Cost (₹ Mn, and as a % of Gross Loan Book)

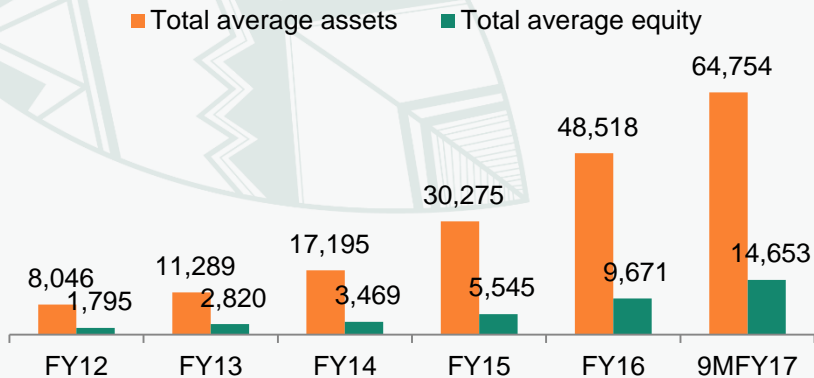


Cumulative Repayment Rate (%)

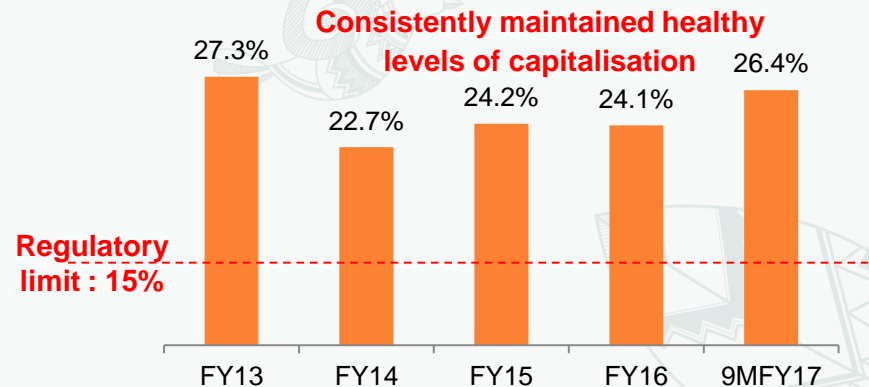


Robust Financial Performance (Contd.)

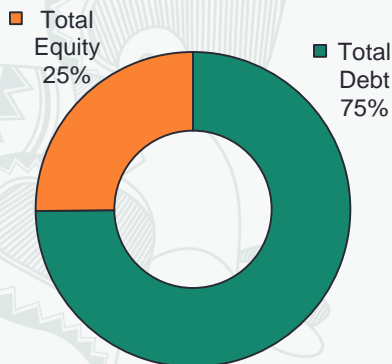
Average Assets and Equity (₹ Mn)



CARs



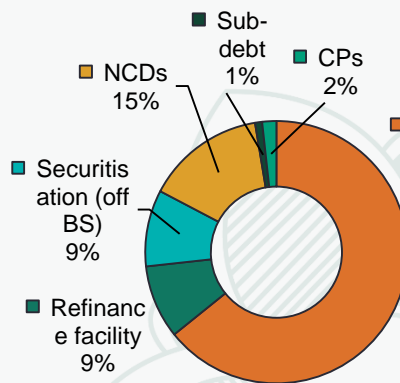
Debt / Equity (Dec 2016)



Credit rating consistently improved from BBB in FY12 to A+ in FY17

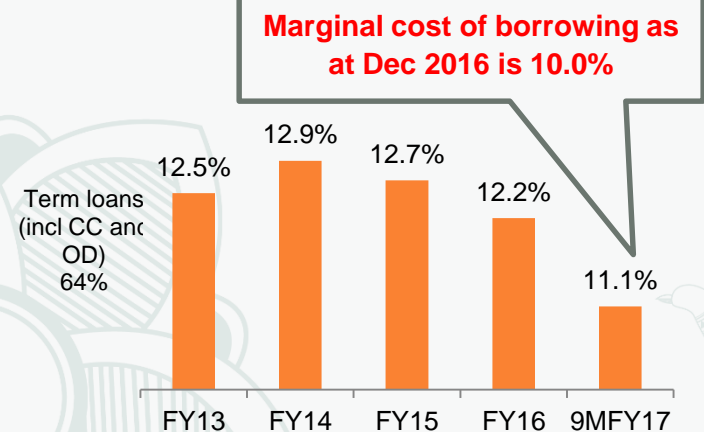
Relationship with 45 banks and lending acquisitions

Diversified Borrowing Profile



Borrowings (incl. securitisation) : ₹ 57 Bn

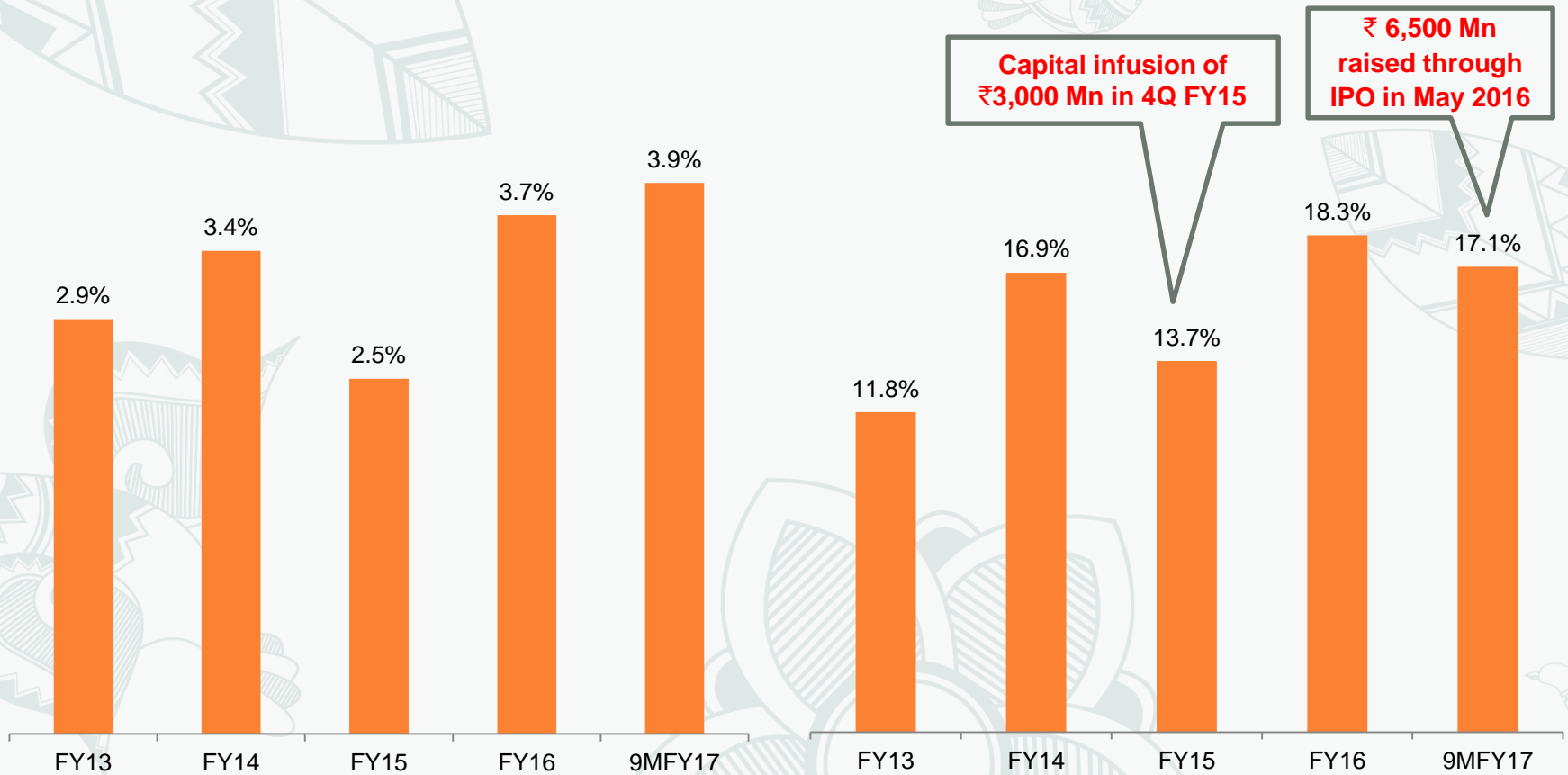
Consistent Reduction in the Weighted Average Cost of Debt



Robust Business and Financial Performance (Contd.)

RoAA

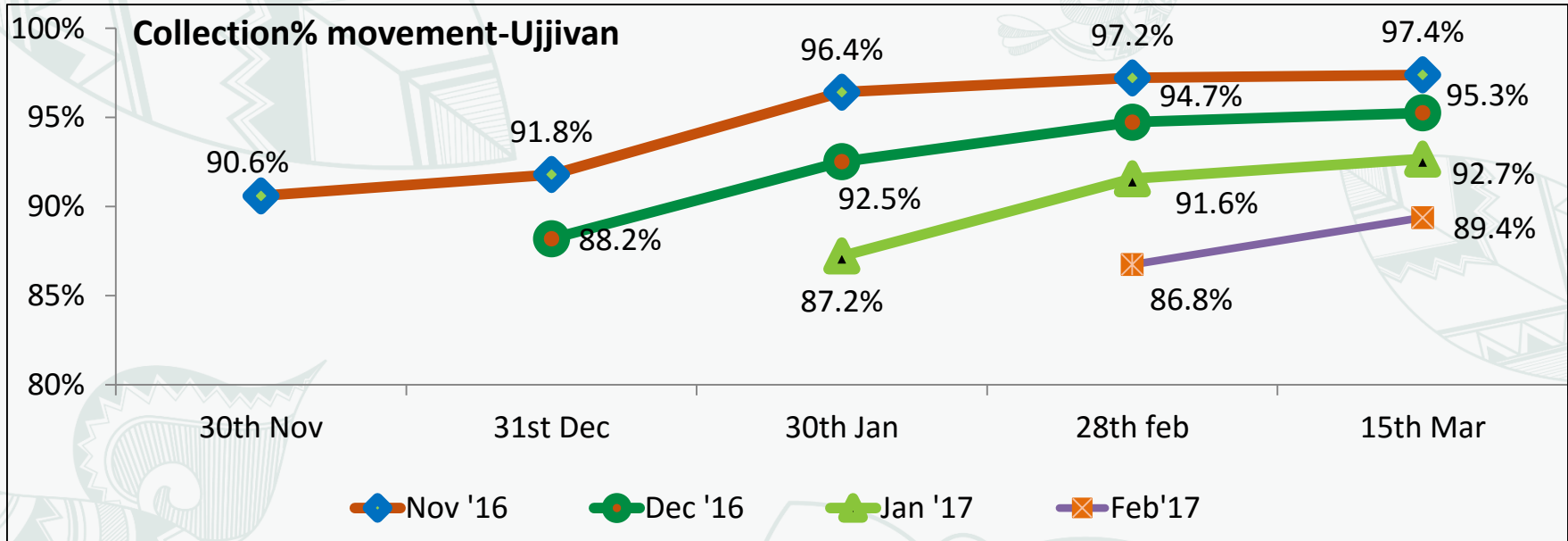
RoAE



Appendix : Demonetisation Update

Demonetisation Update

Collection Efficiency Post Demonetisation - As on 15th March '17



Shows Cumulative collection % movement from 30th Nov

Appendix : Financial Statements

Financials – Profit & Loss (₹ Mn)

	FY13	FY14	FY15	FY16	9M FY17
Income from Operations	2,225	3,479	5,993	10,073	10,348
Other Income	114	98	126	204	228
Total income	2,339	3,577	6,119	10,276	10,576
Employee benefits expenses	658	813	1,328	1,967	1,951
Administrative and other expenses	290	362	654	1,022	1,190
Finance cost	806	1,449	2,714	4,235	3,810
Depreciation and amortisation expenses	25	31	67	80	75
Provision / write off for receivables under financing activity	69	83	210	253	680
PBT	492	838	1,145	2,720	2,871
Current tax expenses	161	317	470	1,038	988
Provision for tax of earlier year	-	(1)	(2)	(2)	
Deferred tax	(8)	(28)	(81)	(88)	
Profit for the year	339	550	758	1,772	1,883

Financials – Balance Sheet (₹ Mn)

	FY13	FY14	FY15	FY16	9M FY17
Share Capital	656	656	861	1,012	1,188
Reserves and Surplus	2,558	3,069	6,503	10,966	16,140
Shareholders' equity	3,213	3,725	7,364	11,978	17,329
Long-term borrowings	3,835	5,651	12,831	17,332	22,752
Long-term provisions	12	23	59	131	152
Long term liabilities	3,846	5,674	12,890	17,462	22,904
Short-term borrowings	40	19	45	10	1,000
Current maturities of long-term borrowings	6,100	10,829	18,342	26,038	27,755
Trade payables	48	51	118	152	256
Other current liabilities	210	254	578	1,006	1,458
Short-term provisions	144	234	425	627	1,533
Short term liabilities	6,543	11,387	19,508	27,833	32,002
Total sources of funds	13,602	20,787	39,763	57,273	72,235
Fixed assets	111	127	179	242	1,072
Non-current investments	1	1	1	1	1
Deferred tax assets (net)	40	51	153	241	467
Long-term loans and advances	33	51	68	156	130
Other non-current assets	1,904	2,383	5,985	13,042	14,949
Non-current assets	2,090	2,614	6,387	13,681	16,620
Receivables under financing activity	9,474	13,876	26,299	37,793	45,783
Cash and Bank balances	1,786	3,945	6,448	4,913	8,302
Short-term loans and advances	62	106	207	297	741
Other current assets	191	229	422	589	789
Current assets	11,513	18,156	33,376	43,592	55,615
Total uses of funds	13,602	20,770	39,763	57,273	72,235

Appendix : Key Regulatory Framework for Small Finance Bank

SFB - Key Regulatory Framework

- Promoter of a SFB is required to be owned and controlled by Indian residents
- Minimum initial contribution of promoter is 40%, with 5 years lock in from the date of commencement of business of the SFB
- Other financial and non-financial service, activities of the promoters of the SFB to be kept distinctly ring-fenced and not comingled with the banking business
- Must be listed within 3 years once it has net worth of ₹5 Bn
- Minimum paid up capital of ₹1 Bn
- Minimum CAR of 15% of its RWA on a continuous basis, of which Tier I capital should be at least 7.5% of RWAs and Tier II capital should be limited to maximum of 100% of total Tier I capital
- Foreign shareholding limit of 74%(same as private sector banks under the approval route)
- At least 25% of branches in unbanked rural areas
- Not permitted to set up any subsidiaries to undertake non-banking financial services activities
- 75% of adjusted net bank credit to be extended towards Priority sector lending, of which 40% to be allocated to priority sector prescriptions as per the extent specified by the RBI
- Maximum loan size and investment limit exposure of the SFB to a single and group obligor is to be restricted to 10% and 15% of its capital funds, respectively
- At least 50% of loan portfolio should constitute loans and advances of up to ₹2.5m
- Board should have a majority of independent directors
- Any acquisition of 5% or more of the paid up share capital in a bank would require the prior approval of the RBI
- Any shareholder's voting rights is capped at 10%; such limit may be raised to 26% in a phased manner with RBI approval
- Have a high powered customer grievances cell to handle customer complaints and will come within the purview of the Reserve Bank of India's Banking Ombudsman Scheme 2006.

Thank you !