IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES.

THIS OFFERING OF THE SECURITIES DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE QUALIFIED INSTITUTIONAL BUYERS AS DEFINED UNDER REGULATION 2(1)(SS) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 ("SEBI ICDR REGULATIONS") AND ARE NOT RESTRICTED FROM PARTICIPATING IN THE OFFERING UNDER THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LAWS AND NOT EXCLUDED PURSUANT TO REGULATIONS 179(2)(B) OF THE SEBI ICDR REGULATIONS.

IMPORTANT: This e-mail is intended for the named recipient(s) only. If you are not an intended recipient, please delete this e-mail from your system immediately. You must read the following before continuing. The following applies to the pre-numbered placement document of Ujjivan Small Finance Bank Limited (the "**Bank**") dated September 15, 2022 in relation to the proposed qualified institutions placement of equity shares of the Bank of face value of ₹ 10 each (the "**Equity Shares**") by the Bank filed with BSE Limited and National Stock Exchange of India Limited (the "**Placement Document**") attached to this e-mail, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Placement Document. In accessing the Placement Document, you agree to be bound by the following terms and conditions, including any modifications to them, from time to time, each time you receive any information from us as a result of such access. The information in the Placement Document is confidential and subject to updating, completion, revision, verification, amendment and change without notice. You agree and acknowledge that, none of the Bank and, IIFL Securities Limited and DAM Capital Advisors Limited (the "**Book Running Lead Managers**") or any person who controls them or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability whatsoever for any loss howsoever arising from any use of this e-mail or the attached Placement Document or their respective contents or otherwise arising in connection therewith. **You acknowledge that the Placement Document is intended for use by you only and you agree not to forward it to any other person, internal or external to your company, in whole or in part, or otherwise provide access via e-mail or otherwise to any other person.**

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE EQUITY SHARES OF THE BANK HAVE NOT BEEN NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE U.S. STATE SECURITIES LAWS.

ACCORDINGLY, THE EQUITY SHARES OF THE BANK ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN 'OFFSHORE TRANSACTIONS' (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT ("**REGULATION S**")) IN RELIANCE ON REGULATION S AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES ARE MADE. FOR A DESCRIPTION OF THESE AND CERTAIN FURTHER RESTRICTIONS ON OFFERS, SALES AND TRANSFERS OF THE EQUITY SHARES OF THE BANK AND DISTRIBUTION OF THE ATTACHED PLACEMENT DOCUMENT, SEE "SELLING RESTRICTIONS", "NOTICE TO INVESTORS", AND "PURCHASER AND TRANSFER RESTRICTIONS".

THE ATTACHED PRE NUMBERED PLACEMENT DOCUMENT MAY NOT BE FORWARDED, DOWNLOADED, DELIVERED OR DISTRIBUTED, IN WHOLE OR IN PART, ELECTRONICALLY OR OTHERWISE TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE U.S. SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE EQUITY SHARES OF THE BANK DESCRIBED IN THE ATTACHED PLACEMENT DOCUMENT. YOU ARE ADVISED TO READ THIS DISCLAIMER CAREFULLY BEFORE READING, ACCESSING OR MAKING ANY OTHER USE OF THE PLACEMENT DOCUMENT. THE PLACEMENT DOCUMENT IS AVAILABLE FOR YOU TO READ ON SCREEN AND TO PRINT IN PDF FORMAT.

INVESTING IN THE EQUITY SHARES DESCRIBED IN THE PLACEMENT DOCUMENT INVOLVES A HIGH DEGREE OF RISK AND YOU SHOULD NOT INVEST ANY FUNDS IN THE EQUITY SHARES, UNLESS YOU ARE PREPARED TO RISK LOSING ALL OR PART OF YOUR INVESTMENT. YOU ARE ADVISED TO CAREFULLY READ THE SECTION TITLED "RISK FACTORS" ON PAGE 39 AS WELL AS INFORMATION CONTAINED ELSEWHERE IN THE ATTACHED PLACEMENT DOCUMENT BEFORE MAKING AN INVESTMENT DECISION.

This Issue and the distribution of this Placement Document is being done in reliance on Chapter VI of the SEBI ICDR Regulations and Section 42 and 62 of the Companies Act, 2013, as amended and the rules made thereunder. This Placement Document is personal to each prospective investor and does not constitute an offer or invitation or solicitation of an offer to the public or to any other person or class of investors.

Confirmation of your Representation: You are accessing the attached Placement Document on the basis that you have confirmed your representation, agreement and acknowledgement to the Book Running Lead Managers that: (1) you are the intended recipient of the attached Placement Document, (2) the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions and to the extent that you purchase the securities described in the attached Placement Document, you will be doing so pursuant to Regulation S; (3) the securities offered hereby have not been registered under the U.S. Securities Act; (4) that you consent to delivery of the attached Placement Document and any amendments or supplements thereto by electronic transmission; (5) you are a "Qualified Institutional Buyer" as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not restricted from participating in the offering under the SEBI ICDR Regulations and other applicable laws and not excluded pursuant to Regulations 179(2)(b) of the SEBI ICDR Regulations; (6) you are not a resident in a country where delivery of the attached Placement Document by electronic transmission may not be lawfully made in accordance with the laws of the applicable jurisdiction, (7) you are not registered as an Foreign Venture Capital Investor; (8) you are aware that your name has been included in the Placement Document as proposed allottees along with the number of Equity Shares proposed to be Allotted to you and the percentage of your post issue shareholding in the Bank and you consent to such disclosure; (9) you are aware that if you, together with any other Qualified Institutional Buyers belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, the Bank shall be required to disclose your name, along with the name of such other Allottees and the number of Equity Shares Allotted to you and to such other Allottees, on the website of the Stock Exchanges, and you consent to such disclosure; and (10) you are aware that if you are circulated the Placement Document or are Allotted any Equity Shares in the Issue, the Bank is required to disclose details such as your name, address, PAN, email-id and the number of Equity Shares Allotted along with other relevant information as may be required, to the Registrar of Companies, Karnataka at Bangalore and you consent to such disclosures.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Book Running Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute a "general solicitation" or "general advertising" (each as defined in Regulation D under the U.S. Securities Act) or "directed selling efforts" (as defined in Regulation S) in the United States or elsewhere. You are reminded that the attached Placement Document has been delivered to you on the basis that you are a person into whose possession the attached Placement Document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the attached Placement Document to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or invitation or solicitation in any place where offers, invitations or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and Book Running Lead Managers or any affiliate of the Book Running Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Book Running Lead Managers or such affiliate on behalf of the Bank in such jurisdiction. Further, nothing in this electronic transmission constitutes an offer or an invitation or solicitation of an offer or an offer or invitation to the public under the Companies Act, 2013, or any other applicable law, by or on behalf of either the Bank or the Book Running Lead Managers to subscribe for or purchase any of the equity shares described in the attached Placement Document. The attached Placement Document has not been and will not be registered as a prospectus with any registrar of companies in India and is not and should not be construed as an offer document under the SEBI ICDR Regulations or any other applicable law. The attached Placement Document has not been and will not be reviewed or approved by any regulatory authority in India, including the Securities and Exchange Board of India, any registrar of companies in India or any stock exchange in India. The attached Placement Document is not and should not be construed as an invitation, offer or sale of any securities to the public in India.

The Placement Document been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Bank, the Book Running Lead Managers or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any of them accepts any liability or responsibility whatsoever in respect of any difference between the Placement Document distributed to you in electronic format and the hard copy version available to you on request from the Book Running Lead Managers. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. The attached Placement Document is intended only for use by the addressee named herein and may contain legally privileged and / or confidential information. If you are not the intended recipient of the attached Placement Document, you are hereby notified that any dissemination, distribution or copying of the attached Placement Document is strictly prohibited. If you have received the attached Placement Document in error, please immediately notify the sender or the Book Running Lead Managers by reply email and destroy the email received and any printouts of it.

Actions That You May Not Take: You should not reply by e-mail to this announcement, and you may not purchase any of the equity shares described in the attached pre-numbered Placement Document by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. You may not nor are you authorized to deliver or forward this document, electronically or otherwise, to any other person.

YOU MAY NOT AND ARE NOT AUTHORIZED TO (1) FORWARD, DISTRIBUTE OR DELIVER THE ATTACHED PLACEMENT DOCUMENT, ELECTRONICALLY OR OTHERWISE, OR DISCLOSE THE CONTENTS OF THE PLACEMENT DOCUMENT TO ANY OTHER PERSON OR (2) REPRODUCE IN WHOLE OR PART THE ATTACHED PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISSEMINATION, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Capital terms used but not defined herein shall have the meaning ascribed to such terms in the Placement Document attached hereto.

UJJIVAN SMALL FINANCE BANK LIMITED

Registered Office and Corporate Office: Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095, Karnataka, India
Tel: +91 80 4071 2121 | **Contact Person**: Sanjeev Barnwal, Company Secretary and Compliance Officer **Email:** investorrelations@ujjivan.com | **Website**: www.ujjivansfb.in |
CIN: L65110KA2016PLC142162

Our Bank was incorporated as Ujjivan Small Finance Bank Limited on July 4, 2016 at New Delhi as a public limited company under the Companies Act, 2013, and was granted the certificate of incorporation by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Our Promoter, Ujjivan Financial Services Limited ("**UFSL**") was granted the in-principle approval to establish a small finance bank ("**SFB**"), by the RBI, pursuant to its letter dated October 7, 2015. Subsequently, UFSL received the final approval for our Bank to carry on the SFB business in India, pursuant to a letter dated November 11, 2016 issued by the RBI. Our Bank commenced its business with effect from February 1, 2017 and was included in the second schedule to the RBI Act pursuant to a notification dated July 3, 2017 issued by the RBI. For further details, see "*General Information*" on page 412.

The Bank is issuing 22,61,90,476 equity shares of face value of ₹ 10 each (the "**Equity Shares**") at a price of ₹21 per Equity Share (the "**Issue Price**"), including a premium of ₹11 per Equity Share, aggregating to approximately ₹475.00 crore (the "**Issue**"). For further details, see "*Summary of the Issue*" on page 31.

THIS ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND RULES FRAMED THEREUNDER EACH AS AMENDED.

The Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). The closing price of the outstanding Equity Shares on BSE and NSE as on September 14, 2022 was ₹25.40 per Equity Share. Our Bank has received in-principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**") for listing of the Equity Shares to be issued pursuant to the Issue, from BSE and NSE on September 12, 2022. Our Bank shall make applications to the Stock Exchanges for obtaining final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Bank or the Equity Shares.

A copy of the Preliminary Placement Document and a copy of this Placement Document, which includes disclosures prescribed under Form PAS-4 (as defined hereinafter), have been delivered to the Stock Exchanges. Our Bank shall also make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 (as defined hereinafter) and the PAS Rules (as defined above). The Preliminary Placement Document and this Placement Document have not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), the Stock Exchanges, the RoC or any other regulatory or listing authority, and is intended only for use by Eligible QIBs (as defined hereinafter). The Preliminary Placement Document and this Placement Document have not been and shall not be filed as a prospectus with the RoC, shall not be circulated or distributed to the public in India or any other jurisdiction, and the Issue shall not constitute a public offer in India or any other jurisdiction.

OUR BANK HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE ISSUE. THE ISSUE AND DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO ELIGIBLE QIBS IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013 AND THE RULES PRESCRIBED THEREUNDER, AND CHAPTER VI OF THE SEBI ICDR REGULATIONS. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PROSPECTIVE INVESTOR OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN ELIGIBLE QIBS. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED ONLY TO SUCH ELIGIBLE QIBS WHOSE NAMES ARE RECORDED BY OUR BANK PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES.

YOU MAY NOT AND ARE NOT AUTHORISED TO: (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE COMPANIES ACT, 2013, AS AMENDED, THE SEBI ICDR REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OF OTHER JURISDICTIONS.

INVESTMENTS IN EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" ON PAGE 39 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS OWN ADVISORS ABOUT THE CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT. PROSPECTIVE INVESTORS SHALL CONDUCT THEIR OWN DUE DILIGENCE ON THE EQUITY SHARES AND THE BANK.

Invitations, offers and sales of Equity Shares to be issued pursuant to the Issue shall only be made pursuant to the Preliminary Placement Document, together with the Application Form, this Placement Document and the Confirmation of Allocation Note (each as defined herein). For further details, see "*Issue Procedure*" on page 365. The distribution of this Placement Document or the disclosure of its contents without our Bank's prior consent to any person other than Eligible QIBs and persons retained by Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of the Preliminary Placement Document or any documents referred to in this Placement Document.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "*offshore transactions*", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. See "*Selling Restrictions*" on page 377 for information about eligible offerees for the Issue and "*Transfer Restrictions*" on page 383 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information on our Bank's website, any website directly or indirectly linked to our Bank's website or on the respective websites of the Book Running Lead Managers (as defined hereinafter) or of their respective affiliates does not form part of this Placement Document and prospective investors should not rely on any such information contained in or available through any such websites for their investment in this Issue.

This Placement Document is dated September 15, 2022.

BOOK RUNNING LEAD MANAGERS	
IIFL SECURITIES LIMITED	**DAM CAPITAL ADVISORS LIMITED**

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NOTICE TO INVESTORS

Our Bank has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Bank and the Equity Shares, which we consider material in the context of the Issue. The statements contained in this Placement Document relating to our Bank and the Equity Shares are in all material respects, true, accurate and not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Bank and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Bank. There are no other facts in relation to our Bank and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Bank has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements.

IIFL Securities Limited and DAM Capital Advisors Limited (the "**Book Running Lead Managers**") have not separately verified the information contained in this Placement Document (financial, legal, or otherwise). Accordingly, neither the Book Running Lead Managers, nor any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Managers or any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Issue of the Equity Shares or their distribution.

Each person receiving this Placement Document acknowledges that such person has not relied on any of the Book Running Lead Managers or on any of their respective shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Bank and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of our Bank, or by or on behalf of the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction and any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary is a criminal offense in the United States and may be a criminal offence in other jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. See "*Selling Restrictions*" on page 377 for information about eligible offerees for the Issue and "*Transfer Restrictions*" on page 383 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

The information contained in this Placement Document has been provided by our Bank and from other sources identified herein. The distribution of this Placement Document or the disclosure of its contents without the prior consent of the Bank to any person, other than Eligible QIBs whose names are recorded by our Bank prior to the invitation to subscribe to the Issue in consultation with the Book Running Lead Managers or their representatives, and those retained by Eligible QIBs to advise them with respect to their subscription of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited.

The distribution of this Placement Document and the issue of the Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Placement Document does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Bank and the Book Running Lead Managers which would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document, nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. For further details, see "*Selling Restrictions*" on page 377.

In making an investment decision, the prospective investors must rely on their own examination of our Bank and the Equity Shares and the terms of the Issue, including the merits and risks involved. The prospective investor should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. The prospective investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Bank nor the Book Running Lead Managers are making any representation to any investor, purchaser, offeree or subscriber to the Equity Shares in relation to this Issue regarding the legality of an investment in the Equity Shares by such investor, purchaser, offeree or subscriber under applicable legal, investment or similar laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Bank.

Each investor, purchaser, offeree or subscriber of the Equity Shares is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and it is eligible to invest in India and in our Bank under Indian law, including under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013, read with Rule 14 of the PAS Rules and that it is not prohibited by SEBI or any other statutory, regulatory or judicial authority in India or any other jurisdiction from buying, selling or dealing in the securities including the Equity Shares or otherwise accessing the capital markets in India.

This Placement Document contains summaries of certain terms of documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

The information on our Bank's website, www.ujjivansfb.in, any website directly and indirectly linked to the website of our Bank or on the respective websites of the Book Running Lead Managers and of their affiliates, does not constitute nor form part of this Placement Document. The prospective investors should not rely on any such information contained in, or available through, any such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

For information to investors in certain other jurisdictions, see "*Selling Restrictions*" on page 377.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in the Issue. By Bidding and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Bank and the Book Running Lead Managers, as follows:

1. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Bank which is not set forth in this Placement Document;

2. You are a "Qualified Institutional Buyer" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013 and all other applicable laws; and (ii) comply with all requirements under applicable law in this relation, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue;

3. You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India;

4. If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Placement Document and have a valid and existing registration with SEBI under the applicable laws in India, or (ii) a multilateral or bilateral development financial institution and can participate in the Issue only under Schedule II of FEMA Rules and you are eligible to invest in India under applicable law, including FEMA Rules, and any other notifications, circulars or clarifications issued thereunder. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You have not been prohibited by SEBI, RBI or any other regulatory authority, from buying, selling or dealing in securities or otherwise accessing the capital markets. Since FVCIs are not permitted to participate in the Issue, you confirm that you are not an FVCI;

5. You are eligible to invest in and hold the Equity Shares of the Bank in accordance with the FDI Policy, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules, wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules;

6. You will provide the information as required under the Companies Act, 2013 and the PAS Rules for record keeping by our Bank, including your name, complete address, phone number, e-mail address, permanent account number and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

7. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment (hereinafter defined), except on the Stock Exchanges;

8. You are aware that the Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than Eligible QIBs. The Preliminary Placement Document and this Placement Document have not been reviewed, verified or affirmed by SEBI, the RBI, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. The Preliminary Placement Document and this Placement Document shall be filed with the Stock Exchanges for record purposes only and be displayed on the websites of our Bank and the Stock Exchanges;

9. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities, as may be required and complied and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in this Placement Document), and will honor such obligations;

10. Neither our Bank, the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue and your participation in the Issue is on the basis that you are not, and will not, up to the Allotment of the Equity Shares, be a client of the Book Running Lead Managers. Neither the Book Running Lead Managers nor any of their respective shareholders, directors,

officers, employees, counsels, representatives, agents or affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

11. All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Placement Document. Neither our Bank, nor the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsel, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Placement Document;

12. You are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category of investors other than the Eligible QIBs and the Allotment shall be on a discretionary basis at the discretion of our Bank in consultation with the Book Running Lead Managers;

13. You have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 377 and 383, respectively;

14. You have been provided a serially numbered copy of this Placement Document, and have read it in its entirety, including in particular the "*Risk Factors*" on page 39;

15. In making your investment decision, you have (i) relied on your own examination of our Bank and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Bank, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, the effects of local laws (including tax laws), (iv) relied solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Bank or any other party, (v) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Bank and the Equity Shares, and (vi) relied upon your own investigation and resources in deciding to invest in the Issue;

16. Neither the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from the Equity Shares). You waive, and agree not to assert any claim against, either of the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

17. You are a sophisticated investor and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any managed accounts for which you are subscribing for the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Bank and/or the Book Running Lead Managers or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

18. If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

19. You are not a 'promoter' of our Bank (as defined under the SEBI ICDR Regulations), and are not a person related to the Promoter, either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any Promoter or Promoter Group (as defined under the SEBI ICDR Regulations) of our Bank or persons or entities related thereto;

20. You have no rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Bank, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoter);

21. You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the level permissible as per any applicable law;

22. To the best of your knowledge and belief, your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size. For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB ; and

    b. 'Control' shall have the same meaning as is assigned to it under the SEBI Takeover Regulations;

23. You are aware that in accordance with Section 12B of the Banking Regulation Act, 1949 read with the Reserve Bank of India (Prior Approval for Acquisition of Shares or Voting Rights in Private Sector Banks) Directions, 2015, dated November 19, 2015 and the Reserve Bank of India (Ownership in Private Sector Banks) Direction, 2016 dated May 12, 2016, no person (along with his relatives, associate enterprises or persons acting in concert with) can acquire or hold 5% or more of the total paid-up share capital of our Bank, or be entitled to exercise 5% or more of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, you hereby represent that your (direct or indirect) aggregate holding in the paid-up share capital of our Bank, whether beneficial or otherwise:

    a. after subscription to the Equity Shares in the Issue by you, your relatives, your associate enterprises or persons acting in concert with you, aggregated with any pre-Issue shareholding in the Bank of you, your relatives, your associate enterprises or persons acting in concert; or

    b. after subscription to the Equity Shares in the Issue by you aggregated with any pre-Issue shareholding in our Bank of you, your relatives, your associate enterprises or persons acting in concert with you, shall not amount to 5% or more of the total paid-up share capital of our Bank or would not entitle you to exercise 5% or more of the total voting rights of our Bank, except with the prior approval of the RBI;

24. You are aware that (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) final applications will be made for obtaining listing and trading approvals from the Stock Exchanges, and that there can be no assurance that such approvals will be obtained on time or at all. Neither our Bank nor the Book Running Lead Managers nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

25. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

26. You are aware that in terms of the requirements of the Companies Act, 2013 upon Allocation, the Bank will be required to disclose names and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document. However, disclosure of such details in relation to the proposed Allottees in this Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Bank, in consultation with the Book Running Lead Managers;

27. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Bank shall make necessary filings with the RoC as may be required under the Companies Act, 2013;

28. You acknowledge that the Preliminary Placement Document does not, and this Placement Document does not, and shall not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

29. You are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in this Issue, our Bank shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures being made by our Bank;

30. You are aware and understand that the Book Running Lead Managers have entered into a Placement Agreement with our Bank, whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

31. The contents of this Placement Document are exclusively the responsibility of our Bank and that neither the Book Running Lead Managers nor any person acting on its or their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of our Bank and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Managers or our Bank or any other person and neither the Book Running Lead Managers nor our Bank or any of their respective affiliates, including any view, statement, opinion or representation expressed in any research published or distributed by them, and the Book Running Lead Managers and their respective affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

32. Neither the Book Running Lead Managers nor any of their respective affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Bank of any of its obligations or any breach of any representations and warranties by our Bank, whether to you or otherwise;

33. You acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;

34. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013;

35. Either (i) you have not participated in or attended any investor meetings or presentations by our Bank or its agents with regard to our Bank or this Issue; or (ii) if you have participated in or attended any Bank presentations: (a) you understand and acknowledge that the Book Running Lead Managers may not have the knowledge of the statements that our Bank or its agents may have made at such Bank presentations and are therefore unable to determine whether the information provided to you at such meetings or presentations included any material misstatements or omissions, and, accordingly you acknowledge that Book Running Lead Managers have advised you not to rely in any way on any such information that was provided to you at such meetings or presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

36. You understand that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state of the United States and accordingly, may not be offered or sold within the United States, except in reliance on an exemption from the registration requirements of the U.S. Securities Act.

37. You are outside the United States and are subscribing for the Equity Shares in an “offshore transaction” as defined in Regulation S, and are not our Bank’s or the BRLMs’ affiliate or a person acting on behalf of such an affiliate;

38. You are not acquiring or subscribing for the Equity Shares as a result of any “directed selling efforts” (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act;

39. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue. You agree to indemnify and hold our Bank and the Book Running Lead Managers and their respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

40. Our Bank, the Book Running Lead Managers, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Managers on their own behalf and on behalf of our Bank, and are irrevocable;

41. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Bengaluru, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

42. The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations; and

43. You have no right to withdraw your Application Form or revise your Bid downwards after the Issue Closing Date (as defined hereinafter).

OFFSHORE DERIVATIVE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines, and approvals in terms of Regulation 21 of the SEBI FPI Regulations, FPIs, including the affiliates of the Book Running Lead Managers, who are registered as category I FPIs can issue, subscribe and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations, i.e., as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned category I FPIs may receive compensation from the purchasers of such instruments. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs and such instrument is being transferred only to person eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been, and are not being offered, or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or above of our post-Issue Equity Share capital on a fully diluted basis. The SEBI has, vide a circular dated November 5, 2019, issued the operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), to facilitate implementation of the SEBI FPI Regulations. In terms of such FPI Operational Guidelines, the above mentioned restrictions shall also apply to subscribers of offshore derivative instruments and two or more subscribers of offshore derivative instruments having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the offshore derivative instruments. Further, in the event a prospective investor has investments as an FPI and as a subscriber of offshore derivative instruments, these investment restrictions shall apply on the aggregate of the FPI and offshore derivative instruments investments held in the underlying company. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA rules. These investment restrictions shall also apply to subscribers of offshore derivative instruments. Affiliates of the BRLMs which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Bank and do not constitute any obligation of, claims on or interests in our Bank. Our Bank has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by and are the sole obligations of, third parties that are unrelated to our Bank. Our Bank, and, the BRLMs do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the BRLMs and does not constitute any obligations of or claims on the BRLMs.

Bidders interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES AND RBI

Disclaimer clause of the Stock Exchanges

As required, a copy of the Preliminary Placement Document and this Placement Document have been submitted to each of the Stock Exchanges. The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of the contents of the Preliminary Placement Document and this Placement Document;

(2) warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Bank, its Promoter, its management or any scheme or project of our Bank,

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document have been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with, such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

Disclaimer clause of RBI

A license authorizing the Bank to carry on small finance bank business has been obtained from the Reserve Bank of India in terms of Section 22 of the Banking Regulation Act, 1949. It must be distinctly understood, however, that in issuing the license, the Reserve Bank of India does not undertake any responsibility for the financial soundness of the Bank or for the correctness of any of the statements made or opinion expressed in this connection.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the Eligible QIBs who are the prospective investors in the Equity Shares issued pursuant to the Issue, references to the 'Bank', 'we', 'us', 'our' or the 'Issuer' are to Ujjivan Small Finance Bank Limited.

In this Placement Document, references to 'INR', '₹', 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India and to 'USD', 'U.S. Dollars' and 'US$' are to the legal currency of the United States. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. All the numbers in this Placement Document have been presented in crore or whole numbers, unless stated otherwise. One crore represents 10,000,000 and one billion represents 1,000,000,000.

The financial year of our Bank commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise, all references to a particular 'financial year', 'Fiscal Year' or 'FY' are to the twelve month period ended on March 31 of that year and references to a particular 'year' are to the calendar year ending on December 31 of that year.

In this Placement Document, we have included the Fiscal 2022 Audited Financial Statements, Fiscal 2021 Audited Financial Statements, Fiscal 2020 Audited Financial Statements, Unaudited Interim Financial Results and the Unaudited Condensed Interim Financial Statements.

In terms of the RBI guidelines dated April 27, 2021, our Bank is required to appoint a minimum of two joint statutory auditors. The Bank has appointed Mukund M Chitale & Co., Chartered Accountants and B K Ramadhyani & Co. LLP, Chartered Accountants as its joint statutory auditors (collectively, the "**Joint Statutory Auditors**") pursuant to a shareholders' resolution dated September 27, 2021. For details, see "*Our Statutory Auditors*" on page 411.

The financial statements for Fiscal 2020 and Fiscal 2021 have been audited by our previous statutory auditors, MSKA & Associates, Chartered Accountants. The financial statements for Fiscal 2022 have been audited by our Joint Statutory Auditors. The Unaudited Interim Financial Results and the Unaudited Condensed Interim Financial Statements have been subjected to a limited review by our Joint Statutory Auditors. For further information, see "*Financial Information*" on page 77.

Further, with respect to the Unaudited Condensed Interim Financial Statements, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein states that they did not audit and they do not express an opinion on that Unaudited Condensed Interim Financial Statements. Accordingly, the degree of such reliance on their report for such Unaudited Condensed Interim Financial Statements should be restricted in light of the limited nature of the review procedures applied therein. For further information, see "*Financial Information*" on page 77.

There are significant differences between Indian GAAP, Ind AS, U.S. GAAP and IFRS. The Financial Information included in the Preliminary Placement Document and this Placement Document comprise of our audited financial statements for Fiscals 2020, 2021, 2022 and the Unaudited Condensed Interim Financial Statements and the Unaudited Interim Financial Results prepared by the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act 1949, accounting principles generally accepted in India including the Companies (Accounting Standard) Rules 2006 (as amended) specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and circulars, guidelines and directions issued by Reserve Bank of India from time to time.

As a subsidiary of UFSL, a company listed on the Stock Exchanges which prepares its financial statements in accordance with Ind AS with effect from April 1, 2017, limited financial information of the Bank is also prepared in accordance with accounting policies applicable to UFSL for the limited purpose of preparation of the consolidated financial statements of UFSL. Ind AS differs in many respects from Indian GAAP, and our select financial information prepared in accordance with the accounting policies applicable to UFSL (for the limited purpose of inclusion in UFSL's financial statements) are therefore not comparable to our financial statements prepared under Indian GAAP for such respective periods and included in this Placement Document.

The MCA (defined hereinafter) has notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a press release was issued by MCA on January 18, 2016 outlining the roadmap for implementation of Indian Accounting Standards ("**IND AS**") converged with International Financial Reporting Standards ("**IFRS"**) for banks. Banks in India were required to comply with the IND AS for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter.

On April 5, 2018, the RBI has announced deferment of implementation date by one year for scheduled commercial banks. Subsequently, the RBI, through its notification dated March 22, 2019, decided to further defer the implementation of Ind AS until further notice for all scheduled commercial banks. Further, there may be regulatory guidelines and clarifications in some critical areas of Ind AS application, which the Bank will need to suitably incorporate in its implementation project as and when those are issued. The Ind AS financial information that we may be required to prepare when applicable to us in the future will therefore not be comparable to the financial information we currently prepare in accordance with the accounting policies of UFSL for the limited purpose of consolidation of UFSL's financials. For further information, see "*Risk Factors – Banking companies in India, including us, may be required to report financial statements as per Ind AS in the future. However, our Promoter, UFSL, currently reports its financial statements under Ind AS and as a result, we are required to prepare select Ind AS financial information for the limited purposes of consolidation by UFSL. Differences exist between Ind AS and Indian GAAP, which may be material to investors' assessment of our financial condition.*" on page 43.

For Fiscal 2022, Fiscal 2021 and Fiscal 2020, our financials are prepared in thousands and have been presented in this Placement Document in crore for presentation purposes. One "crore" represents "10,000,000". For the quarter ended June 30, 2022 and June 30, 2021 our financials have been prepared in lakhs. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. All figures in decimals have been rounded off to the second decimal. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

INDUSTRY AND MARKET DATA

The statistical information, industry and market data, information regarding our position in the market, growth rates and other industry data pertaining to our business included in this Placement Document relating to the industry in which we operate has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, the Reserve Bank of India, the National Payments Corporation of India and the Indian Banks' Association. Wherever the Bank has relied on figures published by the RBI, unless stated otherwise, it has relied on the Governor's Statement on Monetary Policy Report 2022, February 10, 2022, RBI Report on Trend and Progress of Banking in India, Financial Stability Report (Issue No. 25), June 2022, RBI Data on Sectoral Deployment of Bank Credit, RBI Bulletin on Small Finance Banks: Balancing Financial Inclusion and Viability, the Quarterly Statistics on Deposits and Credit of SCB published by the RBI and the bank wise ATM/POS/Card Statisticsby the RBI. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

Statements in this Placement Document that are not statements of historical fact constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to materially differ. Please see "*Forward Looking Statements*" on page 13.

This data is subject to change and cannot be verified with complete certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates.

The extent to which the market and industry data used in this Placement Document is meaningful depends solely on the reader's familiarity with and understanding of the methodologies used in compiling such data. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Industry information included in this Placement Document has been derived from numerous sources. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.*" on page 63. Accordingly, investment decisions should not be based solely on such information.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute 'forward-looking statements'. The prospective investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'goal', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'seek to', 'should', 'will', 'will continue', 'will pursue', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Bank are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

The forward-looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Bank concerning, amongst other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Bank and the industry in which we operate. In addition even if the result of operations, financial conditions, liquidity and dividend policy of our Bank, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

All statements regarding our expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Bank's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements contained in this Placement Document (whether made by our Bank or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Bank to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Bank that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause the actual results, performances and achievements of our Bank to be materially different from any of the forward-looking statements include, among others:

- The extent to which COVID-19 may affect our business and operations in the future is uncertain and cannot be predicted;

- Any inability to comply with stringent regulatory requirements and prudential norms applicable to our Bank;

- Dependence on our micro banking business, particularly group loans, and any adverse developments in this segment;

- Banking companies in India, including us, will be required to report financial statements as per Ind AS in the future. However, our Promoter, UFSL, currently reports its financial statements under Ind AS and as a result, we are required to prepare select Ind AS financial information for the limited purposes of consolidation by UFSL. Differences exist between Ind AS and Indian GAAP, which may be material to investors' assessment of our financial condition;

- Given that we have a continuous requirement of funds, any inability to access sources of funds in an acceptable and timely manner or any disruption in the access to funds would adversely impact our results of operations and financial condition;

- Our growth strategy depends on our ability to compete effectively in the competitive Indian banking industry;

- Any inability to control the level of non-performing assets in our portfolio or any increase in RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations; and

- Our micro banking loan portfolio, certain categories of our MSE loans and products offered through our fintech partnerships are not supported by any collateral that could help repayment of the loan. In the event of non-payment by a borrower of any of these loans, we may be unable to collect the unpaid balance.

Additional factors that could cause actual results, performance or achievements of our Bank to differ materially include, but are not limited to, those discussed under the sections titled "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 39, 283, 295 and 253, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, any future gains, losses or impact on net income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Bank. Although our Bank believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure the prospective investors that such expectations will prove to be correct. Given these uncertainties, the prospective investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and our Bank or the Book Running Lead Managers undertake no obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Bank's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Bank could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Bank are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Bank is a limited liability company incorporated under the laws of India. All the Directors and Key Managerial Personnel of our Bank named herein are resident citizens of India and a substantial portion of the assets of our Bank and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Bank or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, Singapore, United Arab Emirates and Hong Kong, amongst others has been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the foreign judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per USD). The exchange rates are based on the reference rates released by the RBI and Financial Benchmark India Private Limited ("**FBIL**"), which are available on the website of FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ per USD)

	Period end(1)	**Average(2)**	**High(3)**	**Low(4)**
Fiscal*				
2022	75.81	74.51	76.92	72.48
2021	73.50	74.20	76.81	72.29
2020	75.39	70.88	76.15	68.37
Month ended*				
August 31, 2022	79.72	79.56	80.09	78.61
July 31, 2022	79.42	79.60	79.98	78.99
June 30, 2022	78.94	78.07	78.94	77.56
May 31, 2022	77.66	77.32	77.70	76.09
April 30, 2022	76.42	76.17	76.74	75.39
March 31, 2022	75.81	76.24	76.92	75.71

(Source: www.rbi.org.in and www.fbil.org.in)

(1) *The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods;*

(2) *Average of the official rate for each working day of the relevant period;*

(3) *Maximum of the official rate for each working day of the relevant period; and*

(4) *Minimum of the official rate for each working day of the relevant period.*

Notes:

* *If the RBI/ FBIL reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been disclosed. The RBI/ FBIL reference rates are rounded off to two decimal places.*

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013 the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the sections titled "Taxation", "Industry Overview", "Financial Information" and "Legal Proceedings" on pages 390, 283, 77 and 397, respectively, shall have the meaning given to such terms in such sections.

Bank Related Terms

Term	Description
"our Bank", "the Bank", "the Issuer"	Ujjivan Small Finance Bank Limited, a company incorporated under the Companies Act, 2013 and a small finance bank registered with the RBI, having its Registered Office and Corporate Office at Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095
"Articles" or "Articles of Association" or "AoA"	Articles of association of our Bank, as amended
Audit Committee	The audit committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, guidelines issued by the RBI from time to time, and as described in "*Board of Directors and Senior Management*" on page 350
Audited Financial Statements	Fiscal 2022 Audited Financial Statements, Fiscal 2021 Audited Financial Statements and Fiscal 2020 Audited Financial Statements
"Auditors" or "Statutory Auditors" or "Joint Statutory Auditors"	Mukund M Chitale & Co., Chartered Accountants and B K Ramadhyani & Co. LLP, Chartered Accountants, current joint statutory auditors of our Bank
"Board of Directors" or "Board" or "our Board"	The board of directors of our Bank or any duly constituted committee thereof
Business Transfer Agreement	The business transfer agreement dated January 12, 2017, together with the addendum dated February 9, 2017 and the agreement dated February 10, 2017, entered into between UFSL and our Bank for the transfer of the business undertaking of UFSL, comprising of its lending and financing business to our Bank
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Bank constituted in accordance with the applicable provisions of the Companies Act, 2013 and as described in "*Board of Directors and Senior Management*" on page 350
Directors	The directors on the Board of our Bank
Equity Shares	Equity shares of our Bank of face value of ₹10 each
Financial Information	Collectively, the Audited Financial Statements, Unaudited Condensed Interim Financial Statements and the Unaudited Interim Financial Results
Fiscal 2022 Audited Financial Statements	Audited financial statements for Fiscal 2022 of our Bank comprising the balance sheet as at March 31, 2022, the statement of profit and loss and the statement of cash flow for the year ended March 31, 2022 read along with the notes thereto, including a summary of significant accounting policies and other explanatory information prepared in accordance with Indian GAAP
Fiscal 2021 Audited Financial Statements	Audited financial statements for Fiscal 2021 of our Bank comprising the balance sheet as at March 31, 2021, the statement of profit and loss and the statement of cash flow for the year ended March 31, 2021 read along with the notes thereto, including a summary of significant accounting policies and other explanatory information prepared in accordance with Indian GAAP
Fiscal 2020 Audited Financial Statements	Audited financial statements for Fiscal 2020 of our Bank comprising the balance sheet as at March 31, 2020, the statement of profit and loss and the statement of cash flow for the year ended March 31, 2020 read along with the notes thereto, including a summary of significant accounting policies and other explanatory information prepared in accordance with Indian GAAP
Independent Director	Independent directors on the Board, as disclosed in "*Board of Directors and Senior Management*" on page 350
"Key Managerial Personnel" or "KMP"	Key managerial personnel of our Bank in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations as disclosed in "*Board of Directors and Senior Management*" on page 350
"Memorandum" or "Memorandum of Association" or "MoA"	Memorandum of association of our Bank, as amended
Merger and Placement Committee	Merger and Placement Committee of our Bank as disclosed in "*Board of Directors and Senior Management*" on page 350

Term	Description
Nomination and Remuneration Committee	Nomination and remuneration committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations and guidelines issued by the RBI from time to time and as described in "*Board of Directors and Senior Management*" on page 350
Preference Shares	11% perpetual, non-convertible, non-cumulative preference shares of our Bank of face value of ₹10 each
"Promoter" or "UFSL"	Our Promoter, namely, Ujjivan Financial Services Limited
Promoter Group	Entities constituting the promoter group of our Bank in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations
Proposed Scheme of Amalgamation	The proposed scheme of amalgamation proposed to be undertaken by our Promoter UFSL with our Bank and their respective shareholders, under the relevant provisions of the Companies Act, 2013, subject to the approval of the board of directors, the shareholders and the creditors of each of UFSL and our Bank, and receipt of the necessary statutory and regulatory and other consents and approvals (including from the RBI)
RBI Final Approval	RBI letter dated November 11, 2016 bearing no. DBR.NBD.(SFB-UFSL) No. 5443/16.13.216/2016-17, pursuant to which RBI granted license no. MUM:123 to UFSL for our Bank to carry on the SFB business in terms of Section 22 of the Banking Regulation Act
RBI In-Principle Approval	RBI letter dated October 7, 2015, pursuant to which our Promoter was granted an in-principle approval no. DBR.PSBD.NBC (SFB-UFSPL) No. 4922/16.13.216/2015-16, to establish an SFB under Section 22 of the Banking Regulation Act
"Registrar of Companies" or "RoC"	Registrar of Companies, Karnataka at Bangalore
Registered Office and Corporate Office	Registered and Corporate Office of our Bank located at Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095
Risk Management Committee	The risk management committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 350
Shareholders	Shareholders of our Bank
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Bank, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations and as described in "*Board of Directors and Senior Management*" on page 350
Unaudited Condensed Interim Financial Statements	Our unaudited condensed interim financial statements comprising of the unaudited condensed interim balance sheet as at June 30, 2022, the unaudited condensed interim statement of profit and loss and the unaudited condensed interim cash flow statement for the quarter ended June 30, 2022 including selected explanatory notes of our Bank prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25, (AS 25) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with Companies (Indian Accounting Standards) Rules, 2015, as amended, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by Reserve Bank of India from time to time and other recognized accounting principles generally accepted in India
Unaudited Interim Financial Results	Our unaudited interim financial results for the quarter ended June 30, 2022 and June 30, 2021 of our Bank prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25, (AS 25) "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by Reserve Bank of India from time to time and other recognized accounting principles generally accepted in India
USFB ESOP Plan 2019	Ujjivan Small Finance Bank - Employee Stock Option Plan 2019
"we" or "us" or "our"	Unless the context otherwise indicates or implies, refers to our Bank

Issue Related Terms

Term	Description
"Allocated" or "Allocation"	Allocation of Equity Shares, in consultation with the Book Running Lead Managers, following the determination of the Issue Price to Eligible QIBs on the basis of Application Forms submitted by them, in compliance with Chapter VI of the SEBI ICDR Regulations
"Allotment" or "Allotted"	Allotment and issue of Equity Shares pursuant to the Issue
Allottees	Eligible QIBs to whom Equity Shares of our Bank are issued pursuant to the Issue
Application Form	Form (including any revisions thereof) which was submitted by the Eligible QIBs for registering a Bid in the Issue
Application Amount	With respect to a Bidder shall mean the aggregate amount paid by such Bidder at the time of submitting a Bid in the Issue, including any revisions thereof

Term	Description
Bid(s)	Indication of an Eligible QIB's interest including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bidder(s)	An Eligible QIB, who has made a Bid pursuant to the terms of this Placement Document and the Application Form
"Book Running Lead Managers" or "BRLMs"	IIFL Securities Limited and DAM Capital Advisors Limited
"CAN" or "Confirmation of Allocation Note"	Note, advice or intimation confirming the Allocation of Equity Shares to Successful Bidders confirming Allocation of Equity Shares to such Successful Bidders after determination of the Issue Price
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e., on or about September 15, 2022
Designated Date	The date on which the Equity Shares issued pursuant to the Issue, are listed on the Stock Exchanges pursuant to receipt of the final listing and trading approvals for the Equity Shares from the Stock Exchanges or the date on which Form PAS-3 is filed by our Bank with the RoC, whichever is later
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that are eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations. However, FVCIs are not permitted to participate in the Issue. In addition, QIBs, outside the United States in "offshore transactions" in reliance on Regulation S under the U.S. Securities Act.
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheque or overdraft facilities, opened with the Escrow Bank, subject to the terms of the Escrow Agreement
Escrow Bank	HDFC Bank Limited
Escrow Agreement	Agreement dated September 12, 2022, entered into by and amongst our Bank, the Escrow Bank and the Book Running Lead Managers for collection of the Application Amount and remitting refunds, if any, of the amounts collected, to the Bidders
Floor Price	Floor price of ₹21.93, for each Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Bank has offered a discount of 4.24% amounting to ₹0.93 on the Floor Price in accordance with the approval of the shareholders accorded on March 26, 2022, through postal ballot, the results of which were declared on March 26, 2022 and in terms of Regulation 176(1) of the SEBI ICDR Regulations
Issue	Offer and issuance of the Equity Shares to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder
Issue Closing Date	September 15, 2022
Issue Opening Date	September 12, 2022
Issue Period	Period between the Issue Opening Date and the Issue Closing Date, inclusive of both days during which Eligible QIBs can submit their Bids along with the Application Amount
Issue Price	A price per Equity Share of ₹21
Issue Size	The issue of 22,61,90,476 Equity Shares aggregating to approximately ₹475.00 crore
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Placement Agreement	Placement agreement dated September 12, 2022 entered into by and among our Bank and the Book Running Lead Managers
Placement Document	This Placement document dated September 15, 2022 to be issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Preliminary Placement Document	The preliminary placement document along with the Application Form, dated September 12, 2022 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules made thereunder
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all or part of the Application Amount submitted by such Bidder pursuant to the Issue
Refund Intimation	The intimation from the Bank to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts
Relevant Date	September 12, 2022, which is the date of the meeting in which the Merger and Placement Committee decided to open the Issue
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount and who have been Allocated Equity Shares in the Issue
Stock Exchanges	BSE and NSE

Term	Description
"QIB" or "Qualified Institutional Buyer"	Qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with the applicable rules of the PAS Rules
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorised or obligated by law to remain closed in Mumbai, India

Business and Industry Related Terms

Term	Description
ANBC	Adjusted Net Bank Credit
ALM	Asset Liability Management
ACR	Automated Cash Recycler
Asset Centres	The asset financing branches of UFSL that were acquired pursuant to the Business Transfer Agreement and where banking operations are yet to commence
ATM	Automated Teller Machine
Banking Outlet	As defined under RBI's Statement on Developmental and Regulatory Policies released on April 6, 2017, a banking outlet is a fixed point service delivery unit, manned by either bank's staff or its business correspondent where services of acceptance of deposits, encashment of cheques/ cash withdrawal or lending of money are provided for a minimum of four hours per day for at least five days a week
Banking Regulation Act	Banking Regulation Act, 1949
CAR	Capital Adequacy Ratio
CASA	Current Account Savings Account
CLSS	Credit Linked Subsidy Scheme
Cost of Funds	Cost of funds is interest expense divided by average interest-bearing liabilities calculated on the basis of month end balances
CRR	Cash Reserve Ratio
CRWA	Capital Risk Weighted Assets
Gross Advances (including securitization / IBPC / direct assignment)	Total loan book outstanding of our Bank including portfolio under securitization / IBPC / direct assignment and provision on NPAs
Gross NPA	Gross non-performing asset divided by Gross Advance
HFCs	Housing Finance Companies
IBPC	Inter-Bank Participation Certificate
IMPS	Immediate Payment Service
IT	Information Technology
LAP	Loan Against Property
Loan Yield	Loan yield is interest income divided by average of gross interest-earning advances
MCLR	Marginal Cost of Funds based Lending Rate
MFIN	Microfinance Institutions Network
MSE	Micro and Small Enterprises
MSME	Micro, Small and Medium Enterprises
NABARD	National Bank for Agriculture and Rural Development
NBFC	Non-Banking Financial Company
NBFC – MFI	Non-Banking Financial Company – Microfinance Institutions
Net Advances	Gross Advances (including securitization / IBPC) less securitization, IBPC and provision on NPAs
Net Interest Income	Net interest income is difference of total interest earned and total interest expended
Net Interest Margin	Net interest margin is the difference of interest earned and interest expended divided by the average interest-earning assets calculated on the basis of quarterly average
Net NPA	Net non-performing asset divided by Gross Advance
NPA	Non-Performing Assets
PFRDA	Pension Fund Regulatory and Development Authority
PCR	Provision Cover Ratio
POS	Point of Sale
PSL	Priority Sector Lending
PSLC	Priority Sector Lending Certificate
QR Code	Quick response code
RCSA	Risk and Control Self-Assessment
Return on Assets	Return on assets is the ratio of the net profit after tax to the average assets
Return on Equity	Return on equity is the ratio of the net profit after tax to the average net worth (capital plus reserves excluding revaluation reserves)
SFB Licensing Guidelines	Guidelines for Licensing of Small Finance Banks in the Private Sector issued by the RBI on November 27, 2014 read with the Clarifications to Queries on Guidelines for Licensing of Small Finance Banks and Payment Banks in the Private Sector dated January 01, 2015, issued by the RBI, and such other applicable rules, guidelines, instructions and regulations governing SFBs in India
SFB Operating Guidelines	Operating Guidelines for Small Finance Bank dated October 6, 2016 issued by the RBI

Term	Description
SHG	Self-Help Group
SIDBI	Small Industries Development Bank of India
SLR	Statutory Liquidity Ratio
Spread	Spread is the difference between Loan Yield and Cost of Funds
Unbanked Rural Centre (URC)	As defined under RBI's Statement on Developmental and Regulatory Policies released on April 6, 2017, an 'Unbanked Rural Centre' is a rural (Tier 5 and Tier 6) centre that does not have a CBS-enabled 'Banking Outlet' of a scheduled commercial bank, a small finance bank, a payment bank or a regional rural bank nor a branch of local area bank or licensed co-operative bank for carrying out customer based banking transactions
Yield	Yield is interest income divided by average interest-earning assets

Conventional and General Terms/ Abbreviations

Term	Description
"INR" or "Rupees" or "₹" or "Indian Rupees" or "Rs."	Indian Rupees
AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
Australian Corporations Act	The Australian Corporations Act 2001
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
CFO	Chief financial officer
CIN	Corporate identity number
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956, as amended and the rules made thereunder
Companies Act, 2013	The Companies Act, 2013, as amended and the rules made thereunder
Criminal Procedure Code	Code of Criminal Procedure, 1973
CSR	Corporate social responsibility
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended
Depository Participant	A depository participant as defined under the Depositories Act
EBITDA	Earnings before interest, tax, depreciation and amortisation
EGM	Extraordinary general meeting
EPS	Earnings per share
FBIL	Financial Benchmarks India Private Limited
FDI	Foreign direct investment
FDI Policy	Consolidated FDI policy issued by the Department for Promotion of Industry and Internal Trade Ministry of Commerce and Industry, Government of India, with effect from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999, as amended and the regulations issued thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended
"Financial Year" or "Fiscal Year(s)" or "Fiscal"	Period of 12 months ended March 31 of that particular year, unless otherwise stated
Form PAS-4	Form PAS-4 as prescribed under the PAS Rules
FIR	First information report
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FVCI	Foreign venture capital investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 and registered with SEBI thereunder
GDP	Gross domestic product
GoI or Government or Central Government	Government of India, unless otherwise specified
GST	Goods and services tax
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IPC	Indian Penal Code, 1860
Ind AS	Indian accounting standards as notified by the MCA vide Companies (Indian Accounting Standards) Rule 2015, as amended
Indian GAAP/ IGAAP	Generally Accepted Accounting Principles in India, being the provisions of Section 29 of the Banking Regulation Act 1949, accounting principles generally accepted in India including the accounting standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank and circulars, guidelines and directions issued by Reserve Bank of India from time to time
Income Tax Act	The Income Tax Act, 1961, as amended
MCA	The Ministry of Corporate Affairs, Government of India
MD & CEO	Managing director and chief executive officer
NRI	Non-resident Indian

Term	Description
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
PAN	Permanent account number
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PAT	Profit After Tax
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
SCR (SECC) Regulations	The Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018
SCRA	The Securities Contracts (Regulation) Act, 1956, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended
SEC	United States Securities and Exchange Commission
SFA	The Securities and Futures Act Chapter 289 of Singapore
SFB	Small Finance Bank within the meaning of the SFB Licensing Guidelines
SI-NBFC	Systemically important non-banking financial companies
SLP	Special leave petition
Stock Exchanges	BSE and NSE
STT	Securities transaction tax
U.K.	United Kingdom
UOI	Union of India
"U.S.$" or "U.S. dollar" or "USD"	United States Dollar, the legal currency of the United States of America
"USA" or "U.S." or "United States"	The United States of America
U.S. Securities Act	The United States Securities Act of 1933, as amended
VCF	Venture capital fund

SUMMARY OF BUSINESS

Overview

We are a mass market focused SFB in India, catering to unserved and underserved segments and committed to building financial inclusion in the country. Our Promoter, UFSL commenced operations as an NBFC in 2005 with the mission to provide a full range of financial services to the 'economically active poor' who were not adequately served by financial institutions. UFSL's erstwhile business was primarily based on the joint liability group-lending model for providing collateral-free, small ticket-size loans to economically active poor women and also provide affordable housing loans. UFSL also offered individual loans to micro and small enterprises ("**MSEs**") and adopted an integrated approach to lending, which combined a customer touchpoint similar to microfinance, with the technology infrastructure and related back-end support functions similar to that of a retail bank. On October 7, 2015, UFSL received RBI In-Principle Approval to establish an SFB, following which it incorporated Ujjivan Small Finance Bank Limited as a wholly-owned subsidiary. UFSL subsequent to obtaining RBI Final Approval on November 11, 2016 to establish and carry on business as an SFB in India, transferred its business undertaking comprising of its lending and financing business to our Bank, which commenced its operations from February 1, 2017. We were included in the second schedule to the Reserve Bank of India Act, 1934 as a scheduled bank on July 3, 2017. It is proposed to amalgamate UFSL into our Bank and accordingly our Board and the board of UFSL pursuant to their meetings dated October 30, 2021 approved a scheme of amalgamation under Section 230-232 of the Companies Act, 2013 for the amalgamation of UFSL with our Bank. For details, see "*Organizational Structure – Proposed Scheme of Amalgamation*" on page 348. As of March 31, 2022, our Gross Advances (excluding securitization / IBPC / direct assignment) and deposits amounted to ₹ 17,487.65 crore and ₹ 18,292.22 crore, respectively and as of June 30, 2022, our Gross Advances (excluding securitization / IBPC / direct assignment) and deposits amounted to ₹ 17,614.77 crore and ₹ 18,448.85 crore.

As of June 30, 2022, our Bank had a diversified portfolio, geographical spread across 24 states and union territories, encompassing 248 districts in India. As of June 30, 2022, we served 65.96 lakh customers and operated from 575 Banking Outlets that included 144 Banking Outlets in Unbanked Rural Centres ("**URCs**") (of which 7 were business correspondent centres). As of June 30, 2022, we had a network of 492 ATMs (including 54 ACRs), two 24/7 phone banking units based in Bengaluru and Pune that service customers in nine languages in interactive voice response and five additional languages through human interactive, and a mobile banking application that is accessible in nine languages as well as internet banking facility for individual and corporate customers.

Our portfolio of products and services includes various asset and liability products and services. Our asset products comprise: (i) loans to our micro banking customers that include group loans and individual loans, (ii) agriculture and allied loans, (iii) MSE loans, (iv) affordable housing loans, (v) financial institutions loans, and (vi) vehicle loans. On the liability side, we offer savings accounts, current accounts and a variety of deposit accounts. In addition, we also provide non-credit offerings comprising ATM-cum-debit cards, Aadhaar enrolment services, distribute third party insurance products and point of sales ("**POS**") terminals. We have also tied-up with various fintech businesses to supplement our customer acquisition and business volumes.

Our operations have traditionally been and continue to remain focused on using technology and we have made significant investment in automation of our operations. Our focus is to use technology as an enabler for our customers that allows us to customize and deliver products and services to suit their needs. We offer our customers with various digital platforms including internet banking, mobile banking, SMS banking, bill payments, biometric ATMs and RuPay Platinum debit cards. We have a tablet-based loan origination system for both group and individual loans to bring down loan origination turn-around time for our customers. The credit processing for these loans is also digitised and an automated collection receipt system has been launched to enable seamless collection from customers. Our customers are also able to register savings bank accounts on UPI based mobile applications. We provide customers the ability to repay loans through our merchant tie-up payment points and in a cashless manner through digital wallets and payment gateways. We also have a robust back-end operating system supported by our core banking system, customer relationship management system and document management system.

We believe we are a customer centric organization. We allocate relationship officers for our customers and have a dedicated service quality department that addresses customer grievances and takes cognizance of their feedback. We have partnered with Parinaam Foundation, for the formulation and implementation of financial literacy programs such as Diksha+, and continue to support them in their initiatives, which aides in raising the level of financial awareness of our customers.

We have grown in a sustainable manner. Our Gross Advances (excluding securitization / IBPC / direct assignment) have grown from ₹ 15,139.97 crores as of March 31, 2021 to ₹ 17,487.65 crores as of March 31, 2022, ₹ 14,153.30 crores as of March 31, 2020 to ₹ 15,139.97 crores as of March 31, 2021 and were ₹ 17,614.77 crores as of June 30, 2022. Our total deposits have increased from ₹ 13,135.77 crores as of March 31, 2021 to ₹ 18,292.22 crores as of March 31, 2022, ₹10,780.48 crores as of March 31, 2020 to ₹ 13,135.77 crores as of March 31, 2021 and were ₹ 18,448.85 crores as of June 30, 2022. As of March 31, 2022 and June 30, 2022, our percentage of gross NPAs to gross advances was 7.34% and 6.51%, respectively our percentage of net NPAs to Net Advances was 0.61% and 0.11%, respectively. Our profit after tax for Fiscal 2020, 2021 and 2022 was ₹ 349.92 crores, ₹ 8.30 crores and ₹ (414.58) crores, respectively, while for the quarter ended June 30, 2022, our profit/(loss) after tax was ₹202.94 crores. Further, our long-term bank facilities have been rated CARE A+; Stable by CARE Rating Limited and our certificate of deposits have been rated CRISIL A1+ by CRISIL Limited.

We intend to develop and offer a comprehensive suite of asset and liability products and services that will help us attract new customers and deepen our relationship with our existing customer base. Our focus customers are primarily young middle-class customers across India. To achieve this, we intend to strategically invest to increase the use of technology in our operations. We intend to reduce our costs, increase operating efficiencies and move our customers from an assisted mode to a self-service mode of digital and phone banking. We will selectively operationalize additional Banking Outlets, expand our ATM and ACR network and engage more business correspondent agents to grow our customer base and increase our advances and deposits. Our focus will continue to remain on serving the unserved and underserved segments to build responsible banking behaviour by educating potential customers and increasing financial literacy.

Proposed Scheme of Amalgamation

Our Bank proposes to enter into a scheme of amalgamation for the amalgamation of UFSL (being the Promoter and holding company of our Bank) into our Bank along with their respective shareholders, employees, creditors and other stakeholders, in accordance with sections 230-232 of the Companies Act, 2013, the other applicable provisions of the Companies Act, 2013 and the SEBI Master Circular on Schemes of Arrangement dated December 22, 2020, pursuant to which UFSL will get amalgamated into and with the Bank and all of UFSL's assets, liabilities, contracts, employees, licenses, records, approvals etc. shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Bank, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of the scheme and shall be subject to receipt of the relevant regulatory and statutory approvals and in accordance with applicable law and the conditions prescribed by the SEBI and RBI. For details, see "*Organizational Structure – Proposed Scheme of Amalgamation*" on page 348.

Strengths

Deep understanding of mass market serving unserved and underserved segments

We are an SFB providing a variety of banking services in mass market customer segments with a focus on serving the financially unserved and underserved segments in India. A large section of the Indian population lacks access to formal banking services or is served by informal providers. Accordingly, financial inclusion has always been a key priority for the Indian government. The banking system and 'priority sector' lending have been the most explored channels to bring majority of the population under the ambit of formal credit institutions. Financial inclusion is a comprehensive exercise that constitutes several products and services, such as bank accounts, insurance facilities, payment and remittance mechanisms, financial counselling, and most crucially, affordable credit. The RBI granted 'small finance banks' licenses in 2015 with the objective of making banking services accessible and affordable to the unserved and underserved segments through saving instruments, and providing credit to small business units, small and marginal farmers, micro and small industries, and other unorganised sector.

Our SFB operations are focused on serving the financially unserved and underserved segments in India. As of June 30, 2022, we operated 575 Banking Outlets located in 248 districts classified by the RBI as under-banked districts as per the Census 2011. In addition, our focus on the financially unserved and underserved segments enables us to comply with RBI's requirements that: (i) small finance banks locate at least 25% of their banking outlets in URCs, and (ii) at least 75% of adjusted net bank credit ("**ANBC**") be made to "priority sectors", which includes micro loans and were able to comply with such guidelines within the first year of our operations. As of June 30, 2022, 25.04% of our Banking Outlets were located in URCs and our 'priority sector advances' net of PSLC and IBPC were 94.94% of ANBC.

We believe that the experience of our Promoter, UFSL, as an erstwhile microfinance institution, coupled with our ability to address mass market customer segments has allowed us to improve our banking business since commencement of operations. We continue to focus on lending to micro banking customers with deposits from our micro banking customers (including agri and rural banking) constituting 8.27% of our total deposits as of June 30, 2022. We are particularly focused on serving senior citizens and offer them higher interest rates on deposits, doorstep banking services, unlimited free ATM transactions and no minimum balance maintenance requirements in savings accounts. We also offer such customers with priority service and life event-based services at our Banking Outlets. We undertake constant research on various segments within the mass market to understand the financing requirements of potential customers and accordingly, are able to customize and develop products and services to address their needs. For instance, we have introduced a differentiated current account product for traders, collateral-free term loan and overdraft facility for MSEs, loans for agriculture and allied activities, corporate internet banking for non-individual customers with current accounts and fund transfers in an open loop system through UPI.

Customer centric organization with multiple delivery channels

We served 65.96 lakh customers as of June 30, 2022 and consider our customers to be the most significant stakeholder at the core of our operations. We believe that customers prefer one source for multiple financial products and services and that our spectrum of products and services and allocating each customer with a relationship officer helps in customer acquisition and retention. We launched "Sampoorna Family Banking" in April 2019 that extends full banking services including education loans, vehicle loans, deposits, funds transfer facilities and distribution of insurance to families of our existing micro banking customers. On the liability side, we offer a variety of demand deposits and other services so that our customers can realise their savings goals. We are authorized to run Aadhaar Enrolment Centres ("**AECs**") where customers and members of the general public can enroll for Aadhaar or get their Aadhaar data updated. To constantly assess our customers' requirements and feedback for the introduction of new products, we have a dedicated service quality department to focus on customer retention, customer protection and grievance redressal. Our service index score, measured on a scale of 100 has improved from 88 as of March 31, 2021 to 94 as of March 31, 2022 and was 92 as of June 30, 2022. We have partnered with Parinaam Foundation for formulation and implementation of financial literacy programs such as Diksha+. We continue to support the Parinaam Foundation with its initiatives that aid in raising the level of financial awareness of our customers and as of June 30, 2022, Parinaam Foundation had covered over one crore customers through various programmes.

In addition to our Banking Outlets, our delivery channels also include ATMs, ACRs, mobile and internet banking services. As of June 30, 2022, we had a network of 492 ATMs that accept RuPay, Visa and MasterCard. As of June 30, 2022, two of our 24/7 phone banking units based in Bengaluru and Pune service customers in 13 languages while our mobile banking application is accessible in nine languages. We offer 'missed call' and SMS banking services. In Fiscal 2022, we witnessed significant growth in our phone banking, 'missed call' and SMS banking volumes. Our dedicated and specifically trained employees at certain of our Banking Outlets, assist and educates customers on the use of various digital platforms and enable them to move from an assisted model to a self-service delivery model.

Our customer focused approach has been widely recognized in the industry and is evident from the awards received. We have been recognized as 'Small Finance Bank of the Year' by The Outlook in 2021 and 'India's Best Bank for Microfinance 2020' by AsiaMoney in 2020. We were also awarded the 'Best Security Practices in NBFCs and Small Financial Institutions' at the DSCI Excellence Awards 2021.

Pan-India presence

As of June 30, 2022, we had a geographical spread across 24 states and union territories, encompassing 248 districts in India.

Further, as of June 30, 2022, we operated from 575 Banking Outlets that included 144 Banking Outlets in URCs (of which seven were business correspondent centres). Our diversified operations also allow us to de-risk our business by mitigating political and state-specific risks. As of June 30, 2022, we operated 138, 172, 180 and 85 Banking Outlets (including in URCs) in the North, South, East and West regions, respectively. Our operations are well-diversified and during Fiscal 2022 and the quarter ended June 30, 2022, no single state constituted more than 16% of our overall loan portfolio. As a result of our geographic spread, we have been able to reduce our concentration risk and diversify our loan portfolio. As of June 30, 2022, the North, South, East and West regions contributed 24.03%, 32.18%, 25.99% and 17.80% of our Gross Advances (including securitization / IBPC / direct assignment), respectively. Metropolitan, urban, semi-urban and rural areas accounted for 32.55%, 34.44%, 26.35% and 6.65% of our Gross Advances (including securitization/ IBPC/ direct assignment), respectively, as of June 30, 2022 and 32.65%, 33.47%, 27.22% and 6.66% of our Gross Advances (including securitization / IBPC / direct assignment), respectively, as of June 30, 2021.

We believe the penetration of our distribution network has enabled us to develop the expertise to understand and differentiate customers on the basis of their specific requirements. Our established distribution network and relationships with our customers allows us to offer them with differentiated and customized products that include micro loans, agriculture and allied loans, MSE loans, financial institutions loans, housing finance and vehicle finance. We also distribute third party insurance products from various insurance companies to our customers. We believe that our diversified operations and understanding of customers' requirements have enabled us to establish a strong liability franchise.

Technology driven operating model with advanced digital platform

We leverage technology to serve our customers better, identify opportunities, deliver innovative products and services and advance on our goal of facilitating financial inclusion in India. We manage the entire life cycle of our customers' banking transactions, from onboarding to customer management, through our various technology platforms. Over the years, our use of technology has improved work place engagement and governance, increased the accessibility of our products to the customers and enabled us to rapidly scale up our operations in a secure and efficient manner. The number of banking transactions through our digital channels were 57.28% and 71.84% of our overall transactions in Fiscal 2021 and 2022, respectively and such transactions accounted for 76.33% of our overall transactions in the quarter ended June 30, 2022.

We aim to encourage and empower customers to conduct their banking operations through digital channels including through internet, phone and mobile banking. With our digital platform, we have enabled paperless and handheld device-based loan origination and cashless disbursements for our customers with remittances directly to their accounts. As of June 30, 2022, majority of our advances have originated through handheld devices. Processing of our loans is digitized and loans can be approved within minimal time post sourcing. Our use of handheld devices has reduced our turn-around time to service our customers. We have maintained a turn-around time of 3.00 days on group loans in Fiscal 2022. In Fiscal 2019, we enabled UPI on our digital platforms. Our customers are able to register savings bank accounts on mobile applications to perform financial and non-financial transactions. We also provide customers the ability to repay loans in a cashless manner and through digital wallets and payment gateways. Our mobile application, 'Ujjivan Mobile Banking', had a customer rating of 3.9 on the Google Play store as of September 9, 2022. The application has been downloaded by 0.10 crore users as on September 9, 2022. As on June 30, 2022, 0.08 crore customers have transacted digitally with our Bank using our internet banking, mobile banking and UPI facilities. Additionally, 17.55% of our micro-banking repayments in Fiscal 2022 have been sourced via digital channels and fintech partnerships.

We have an automated backend, supported by a robust core banking system, customer relationship management system, collection management system and document management system that has helped improve efficiency and minimize turn-around time. We continue to leverage technology for underwriting and creating credit models to ascertain credit behaviour of various customer segments to ensure diversification of our product portfolio. We create and manage our data security infrastructure in-house and have systems in place to prevent security breaches and cyber-attacks. We have also introduced a remote monitoring system to manage security at our Banking Outlets. We also undertake periodic audits of our systems through an external 'information security auditor'. Our Bank has received numerous awards in relation to our IT operations. These include Special Jury Recognition for 'Security Practices in Small Finance Bank' at the DSCI Excellence Awards, 2018, Recognition of the Outstanding Spirit of Innovation for our group loan origination system "Glow' by Banking Frontiers Finnoviti 2019 and the 'Best IT Risk Management and Cyber Security Initiatives' under the small finance bank category at Banking Technology Conference, Expo and Awards presented by the Indian Banks' Association. In 2021, we received 'Best Digital Financial Inclusion Initiatives (SFB category)' by Indian Banks' Association at the Banking Technology Awards 2021, and the runner up for 'Best Technology Bank of the Year.

Robust risk management framework

We have an established risk management framework to identify, measure, monitor and manage credit, market, liquidity, IT and operational risks. Our risk management framework is driven actively by our Board through its Risk Management Committee and at the management level by the Asset and Liability Committee ("**ALCO**"), Risk Management Committee ("**RMC**"), Credit Risk Management Committee ("**CRMC**"), Operational Risk Management Committee ("**ORMC**") and the Information Security and Business Continuity Management Committee, that comprise of, and are supported by members from our senior management team. The RMC is responsible for the review of prudential risks within the credit portfolio and the CRMC is responsible for overseeing implementation of credit risk management framework across our Bank.

We have implemented credit management models such as decentralized loan sanctioning and stringent credit history checks. We continually use technology and data analytics to manage credit risks. We have also implemented score cards in our retail portfolio to achieve objective based lending and risk-based pricing. Our credit risk monitoring policies seek to monitor and control performance of both our loan assets at account and portfolio levels, with account monitoring designed to identify early warning signals and facilitate corrective action for weak accounts. Portfolio monitoring is aimed at identifying credit stress in specific sectors and geographies. Our effective credit risk management is also reflected in our ability to monitor and accurately forecast credit cost in the book and take appropriate corrective measures.

While asset quality declined during the COVID-19 pandemic in March 2020, we have recorded significant improvement in our asset book and credit quality during the Fiscal 2022. This was on account of strong collection efforts and an effective risk management framework. We manage operational risks at a granular level, through an internal scoring mechanism at our Banking Outlets and established a 'Key Risk Indicator' framework for monitoring operational risks. In addition to Operational Risk KRIs, the Bank also monitors KRIs for liquidity risks, interest rate risks, and in ensuring a diversified funding mix to avoid instances of mismatches.

We have designed a framework for enterprise risk management which seeks to move away from a silo-based risk approach to a comprehensive and holistic approach. The framework is designed around risk adjusted return on capital-based decision making Our risk management framework provides insights on value accretion to the Bank's capital, given the inherent risks on a forward-looking basis. Other risk management measures adopted by our Bank include implementation of governance risk and compliance modules and RCSA techniques. Our internal audit department is responsible for monitoring and evaluating internal controls, and ensuring statutory and regulatory compliances at our Banking Outlets, regional offices as well as at the head office. Our risk management framework has been recognized and we have been awarded 'Best IT Risk Management and Cyber Security Initiatives' under the small bank category by the Indian Banks' Association at the Banking Technology Conference, Expo and Awards in 2021 and 2019. We have also received the Best IT Risk & Cyber Security Initiatives' by Indian Banks' Association at the Banking Technology Awards 2021.

Strong track record of financial performance

We have maintained strong growth credentials since our inception through high rates of customer retention, geographical expansion, operationalization of Banking Outlets, improved productivity, lower credit cost and growth in customer base. We believe that our operational efficiencies, low turn-around time and network of Banking Outlets have resulted in the rise in our profitability.

Our Gross Advances (including securitization/ IBPC/ direct assignment) have grown from ₹ 15,139.97 crores as of March 31, 2021 to ₹ 18,162.06 crores as of March 31, 2022 and from ₹ 14,153.30 crores as of March 31, 2020 to ₹ 15,139.97 crores as of March 31, 2021 and were ₹ 19,408.95 crores as of June 30, 2022. Of our Gross Advances (including securitization/ IBPC/ direct assignment), secured advances constituted 21.56% as of March 31, 2020 and increased to 26.89% as of March 31, 2021 and further increased to 29.6% as of March 31, 2022 and were 28.97% as of June 30, 2022. Our Net Interest Income in Fiscal 2020, 2021 and 2022 was ₹ 1,633.59 crores, ₹ 1,728.55 crores and ₹ 1,773.60 crores, respectively, and was ₹ 599.71 crores in the quarter ended June 30, 2022. Our Net Interest Margins in Fiscal 2020, 2021 and 2022 were 10.55%, 9.28% and 8.51%, respectively, and was 9.56% in the quarter ended June 30, 2022. Total deposits have increased from ₹ 13,135.77 crores as of

March 31, 2021 to ₹ 18,292.22 crores as of March 31, 2022, ₹10,780.48 crores as of March 31, 2020 to ₹ 13,135.77 crores as of March 31, 2021 and were ₹ 18,448.85 crores as of June 30, 2022. Of our total deposits, our share of retail deposits has increased from 47.52% as of March 31, 2021 to 54.24% as of March 31, 2022, and from 43.82% as of March 31, 2020 to 47.52% as of March 31, 2021, and were 58.33% as of June 30, 2022. Moreover, our CASA to total deposits ratio has improved from 20.55% as of March 31, 2021 to 27.30% as of March 31, 2022, and from 13.54% as of March 31, 2020 to 20.55% as of March 31, 2021, and was 27.94% as of June 30, 2022.

We have grown in a sustainable manner and accordingly have been able to maintain our asset quality. As of March 31, 2020, March, 31, 2021 and March 31, 2022, our percentage of gross NPAs to gross advances was 0.97%, 7.07% and 7.34%, respectively, and 6.51% as of June 30, 2022. Further, as of March 31, 2020, March, 31, 2021 and March 31, 2022 our percentage of net NPAs to Net Advances was 0.20%, 2.93% and 0.61%, respectively and 0.11% as of June 30, 2022. Our portfolio at risk was 1.95% as of March 31, 2020 and increased to 14.89% as of March 31, 2021, and was 9.60% and 7.92% as of March 31, 2022 and June 30, 2022, respectively. Our provision coverage ratio (including floating provisions) was 79.96%, 60.34% and 92.24% in Fiscal 2020, 2021 and 2022, respectively and 98.45% in the quarter ended June 30, 2022. Our profit/(loss) after tax for Fiscal 2020, 2021 and 2022 was ₹ 349.92 crores, ₹ 8.30 crores and ₹(414.58) crores, respectively and ₹ 202.94 crores in the quarter ended June 30, 2022. The loss in the nine months period ended December 31, 2021 and low profits in Fiscal 2021 is on account of higher credit cost owing to COVID-19 and partially on account of the additional floating provision of ₹ 250.00 crores created by the Bank to cushion the balance sheet from further disruptions in form of any subsequent COVID wave.

Professional management, experienced leadership with focus on employee welfare

We are professionally managed and our senior management team has a diversified track record in the financial services industry. Our Board consists of Directors with a diverse mix of experience in various sectors, in particular, the financial services industry and technology industry. Our Managing Director and Chief Executive Officer, Ittira Davis Poonollil, has previously worked with Citibank N.A. in India, Arab Bank Group in Middle East and the UK. Our focus on ensuring strong corporate governance is evident from our leadership transition process that has been a Board managed process for over a period of one year. We believe that the experience of our Independent Directors, who constitute a majority of our Board, ensures transparency and accountability in our operations while the heads of functional groups, such as finance, operations, credit, risk and human resources, enhance the quality of our management with their specific and extensive industry experience.

As a performance driven organization, we have undertaken a number of measures towards employee welfare, including introduction of specific programmes to address role specific regulatory requirements and build a culture of governance. SWAYAM, our learning application, was introduced in October 2018, which allowed our foray into technology-enabled, self-paced learning. Employees are educated on products, processes, compliance and basic banking knowledge with the help of SWAYAM across all regions.

Our employee base has grown from 17,841 employees as of March 31, 2020 to 16,571 employees as of March 31, 2021, to 16,895 employees as of March 31, 2022 and was 16,664 employees as of June 30, 2022. Our holistic approach towards employee welfare initiatives, in addition to our emphasis on professional development of employees has allowed us to be consistently certified by Great Place to Work Institute India for eleven consecutive years; we were ranked 11th among 'India's Best Companies to Work for 2021' awarded by the Great Places to Work Institute India in partnership with the Economic Times. In 2019, we received 'Best HR Practice in Finance Sector' at the Banking, Financial Services and Insurance Awards and were recognized as one among 'India's 75 Best Workplaces for Women' by Great Place to Work Institute India 2019.

Strategies

Diversify product offerings to enable multiple customer relationships

Our endeavour is to be a one-stop-shop for financial services, delivering quality products and solutions, along with a personalized customer experience to a diversified customer base. We intend to develop and offer a comprehensive suite of asset and liability products that will help us attract new customers and deepen our relationship with our existing customer base. We also intend to expand our range of third-party products and services in order to serve our customers better.

We conduct qualitative and quantitative research to understand the changing requirements and expectations of our customers which is key to our product and service development. We have identified the retail and MSE segments as key areas for increasing our credit portfolio. Currently, our group loan customers with positive repayment track record graduate to becoming individual loan customers. We would continue to capitalize on this trend by increasing the penetration of our individual loan products, and by innovating and designing need-specific products and services. Currently, our micro banking customer base largely comprises women. We offer MSE loans, vehicle finance and micro-loans against property to family members of our customers. We have developed need-based products for small and marginal farmers and intend to develop more products to finance agriculture and allied activities.

We offer a range of loan and overdraft facilities to the customers in the MSE segment, catering to requirement of informal micro business to formal audited balance sheet based funding, and intend to introduce bill discounting and non-fund based credit facilities. We introduced supply chain finance in the form of overdraft limits in partnership with various fintech partners as an additional product offering. In order to help our customers to meet their housing needs, we have an affordable housing finance program with products ranging from small ticket size home improvement loan to larger loans for purchase of ready housing units. We intend to collaborate with State Housing Boards for properties built by them for providing housing loans to the beneficiaries of such housing projects, as well as online aggregators to reach out to a larger potential customer base. With the introduction of Credit Linked Subsidiary Scheme under the Pradhan Mantri Awas Yojana, we are presented with significant opportunities to offer our existing and prospective customers with affordable housing finance products. We intend to grow our MSE and affordable housing portfolios which will also increase the proportion of secured to unsecured products, thereby further enhancing the quality of our credit portfolio. We intend to increase the ticket size of the products, while relying on our established credit assessment procedures and risk management framework to ensure a high quality and balanced portfolio.

In the vehicle finance segment, we have entered into memoranda of understanding with a two-wheeler manufacturer and certain original equipment manufacturers to provide customers with financing facilities for electric vehicles. We intend to expand our offerings to finance the purchase of two-wheelers, three-wheelers, small commercial vehicles and used cars. We also lend to financial institutions such as other NBFC that are engaged in the business of financing micro loans, MSE loans and affordable housing loans and more. In addition to the various loan products and the deposit products that we offer, we intend to expand our range of third party products and services such as life insurance, general insurance, cash management, POS terminals, debit cards and fee collection solutions for educational institutions. By expanding our range of products and services and by using multiple delivery channels, we endeavour to meet the financial needs of our customers and will be able to develop a stronger relationship with them.

Continue to focus on technology and data analytics to grow operations

The optimum use of advanced, cost-effective technology has significantly driven our operations, and going forward, we intend to strategically invest our resources for further integration of technology into our operations. By furthering our digital and technology platform, our endeavour is to empower the customers to access various products and services on their own, reduce our operating costs and increase efficiencies. To achieve this, we have put in place technology at the front-end, such as our mobile banking application, internet banking, missed call services, SMS banking, ATMs and ACRs which allow the customers to access the banking services round the clock from the convenience of their homes and neighbourhoods. We are in the process of introducing a voice, video and vernacular (“**VVV**”) mobile application for our micro banking customers and introduced the ‘ARIA’ (Advanced Responsive & Interactive Assistant) chatbot on our website. We have also introduced video KYC for our customers, video personal discussions to underwrite individual loans, e-sign for repeat loans etc. We have also introduced artificial intelligence powered chat bots for customer queries, service requests and transactions, built API stack for partners to scale up UPI payments, distribute UPI QR to small merchants etc. Further, we have empowered our relationship officers with multi-functional handheld devices and various software solutions such as customer relationship management, loan origination systems and collection management systems to deliver products and services to our customers at their doorsteps. At the back-end, we have put in place an array of solutions such as loan management system, core banking solution, customer relationship management solutions, credit decision rule engine and enterprise risk management solution to provide timely delivery of products and services to the customers as well as create a secure banking environment. We are gradually automating the operational processes by adopting robotic processes in order to become faster and efficient. We are currently exploring the use of robotic process automation technology for reconciliation of ATMs and UPI transactions. We have also tied up with different fintech partners for sourcing assets products and continue to explore more such partnerships.

We intend to work further on developing various digital platforms in order to establish ourselves as a modern technology enabled bank. In order to enhance adoption of digital channels among the underserved segment, we have undertaken measures to improve our mobile application by activating voice-enabled and gesture enabled interfaces in regional languages. Our focus will be on the use of data analytics to do customer segmentation and understand their evolving requirements leading to new product development, faster and better credit decisions and pro-active risk management. We believe that greater adoption of our digital service delivery mechanisms will enable us to be more efficient, customer friendly and over time perform more reliable data analytics, resulting in target customer profiling, customized and tailor-made products to suit the diverse requirements of our customers and improved customer satisfaction. Going forward, we intend to continue exploring more tie-ups with fintech companies for programmes focused at specific customer segments. We intend to move from person-to-person services to providing technology assisted services using handheld devices and phone banking services to entirely self-service model through the use internet and mobile banking. We intend to facilitate this with establishment of digital and neo banking services, where full range of financial services are available. Our Board currently comprises of Independent Directors with diversified experience which we believe is critical to achieving our mission of creating a technology focused mass market bank.

Strengthen liability franchise and focus on increasing our retail base

Currently we have a strong customer base and as of June 30, 2022, we served 65.96 lakh customers. We intend to strengthen our liability franchise with a focus on growing our retail deposit base to provide us with a stable, low-cost source of funding. We believe that with simple, flexible products, which are accessible through assisted and self-serviced channels, we can position ourselves as a reliable alternative to informal players. As of June 30, 2022, our deposit base of ₹ 18,448.85 crores comprised 90.47% of our overall funding profile. Our retail deposits formed 43.82% of our total deposits as of March 31, 2020 and have grown to 54.24% of our total deposits as of March 31, 2022, and were 58.33% as of June 30, 2022. As a result, our Cost of Funds has been 8.20%, 7.25% and 6.26% in Fiscal 2020, 2021 and 2022, respectively, and was 6.08% in the quarter ended June 30, 2022. We intend to further expand our retail deposit base through measured expansion of our Banking Outlets and offer digital savings and deposit products through internet and mobile banking to acquire new customers and also providing our existing customers with a convenient banking experience to meet the needs of their particular demographics. This shift will enable us to access diversified, short term, low cost funds. Since becoming a scheduled commercial bank in July 2017, we also have focused on increasing our institutional deposit base.

We have identified the key retail and institutional customer segments and put together a range of saving accounts, current accounts, recurring and fixed deposits along with services such as bill pay, UPI based money transfer, e-NACH, cash management and POS terminals. We offer a variety of debit and ATM cards to our customers and also make banking services available through our mobile banking application and internet banking platform.

We propose to meet a majority of our funding requirements through CASA deposits and recurring and fixed deposits by building a sticky deposit base and attracting new customers whose primary avenues of savings and capital building currently include the unorganized sector and other high risk savings schemes. In addition to rural and semi-urban Banking Outlets that we intend to open to enhance our asset base, and in order to fund those assets, we seek to selectively open Banking Outlets specifically focused on generating deposits in urban areas where there is a potentially large deposit base. We believe that our existing Banking Outlets, as they become more mature, will continue to be a source of additional new deposits and hence strengthen our funding base. In addition to expanding our Banking Outlet network, we also intend to develop products and services designed for our rural and urban mass retail customers, specifically digital savings products for younger customers who have entered or are entering into banking channels, as well as by continuing to actively promote our accounts and deposits. We will focus on mass acquisition of deposit customers through programs such as corporate salary accounts in order to grow our customer base. We believe that initiatives such as the 'Sampoorna Family Banking' facility will ensure that we are able to target a larger base of potential customers and deepen our relationship with our existing micro banking customers. We intend to launch additional products and services designed for non-resident Indians and introduce foreign currency remittances, in order to increase our business with the Indian diaspora.

Expand our distribution network to increase customer penetration

We intend to expand our Banking Outlets and infrastructure by focusing on rural and semi-urban areas. We believe these areas represent a significant opportunity for our continued growth as we expand banking services to those areas which have traditionally been underserved. We intend to operationalize additional Banking Outlets, expand our ATM network and business correspondent agent network to grow our advances and deposits. We also intend to deploy ACRs for the convenience of our customers. While we will selectively open additional Banking Outlets, we also intend to strengthen our alternate delivery channels and increase their adoption by encouraging customers to move from less cash to a cashless environment.

As part of our efforts to enhance our non-branch delivery channels to encourage cashless transactions, we intend to improve our existing internet banking system and mobile banking platform, including UPI integration. We have tied-up with fintech partners and payment banks to provide additional touch-points for our customers. We provide instant fund transfer facilities through IMPS, utility bill payment and quick response or QR code-based transactions and have installed POS machines for our current account customers. We intend to appoint and empower business correspondents to provide entire gamut of services and products to the unserved and underserved segments. Our focus will be to target new-to-bank customers through our digital acquisition channels such as mobile banking platforms and offer them digital banking products. We also intend to explore strategic partnerships with fintech companies to increase customer acquisition, lower processing and on-boarding costs, reduce turnaround time and improve overall customer experience. Our plan is to use the right combination of physical and digital channels and partnerships to expand our reach and deliver value to our customers.

Focus on developing responsible banking behavior for unserved and underserved segments

We believe that basic education on financial products and services can help individuals and MSEs access the right financial solutions and develop better financial behaviour. Our focus will continue to remain on serving the unserved and underserved segments to build responsible banking behavior by educating potential customers and increasing financial literacy.

We believe that the experience of our Promoter, UFSL, in the microfinance industry provides us with a deep understanding of the needs and behaviour of mass market customers. It has helped us understand the complexities of lending to the financially unserved and underserved segments in India. We intend to continue to train and educate our customers to ensure avoidance of over-indebtedness and multiple borrowing, and the benefits of putting their savings in a bank apart from the use of insurance products for risk mitigation. Our focus will be to continue to remain transparent, responsibly price our loan offerings, effectively redress grievances of our customers and disclose all product related information in vernacular languages. We intend to continue to partner with Parinaam Foundation to offer financial literacy programmes to enhance financial literacy. A majority of our customers still use cash for their transactions and the adoption of digital banking and payment gateways is minimal. We intend to take a number of initiatives to promote the use of bank accounts, UPI and digital payment gateways among such customers. We believe that these initiatives will help us to reduce our cost of operation and increase the usage of our products and services by our existing customers as well as help us acquire more customers.

Diversify our revenue streams

An important strategic focus for us is to diversify our fee and non-fund based revenues. We intend to leverage on our Banking Outlet network, digital channels and our increasingly diversified product and service portfolio to develop our fee and commission-based business. For MSE customers, we aim to market fee and non-fund based products such as letters of credit, bank guarantees and third-party insurance products. We also offer POS terminals to MSE customers in partnership with third party providers. We currently provide life insurance, general insurance and health insurance through third party tie-ups. We intend to tie-up with mutual funds houses to offer mutual funds to our customers. Further, we plan to tie-up with fintech companies to offer dematerialized trading as well. We also propose to expand our foreign exchange services in the future. We also propose to focus on bancassurance, GoI business, fee and processing charges from loan and advances credit and debit card business. We intend to pursue strategic relationships with corporate entities and the GoI and state governments to provide our products to their employees and customers. We intend to grow our income from fee-based services by introducing new products and services and by cross-selling our offerings to our existing customers. The inherent nature of our assets business gives us an opportunity to build priority sector advances in surplus of the targets mandated by the RBI. We believe sale of priority sector lending certificates will continue to be an important source of fee income for us.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections titled "*Risk Factors*", "*Use of Proceeds*", "*Placement*", "*Issue Procedure*" and "*Description of the Equity Shares*" on pages 39, 71, 376, 365 and 388, respectively.

Issuer	Ujjivan Small Finance Bank Limited
Face Value	₹ 10 per Equity Share
Issue Price	₹21 per Equity Share (including a premium of ₹11 per Equity Share)
Floor Price	₹21.93 per Equity Share, calculated in accordance with Regulation 176 under Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. However, our Bank has offered a discount of 4.24% amounting to ₹ 0.93 on the Floor Price in accordance with the approval of the shareholders of our Bank dated March 26, 2022 accorded through postal ballot, the results of which were declared on March 26, 2022 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Size	Issue of 22,61,90,476 Equity Shares, aggregating to approximately ₹475.00 crore, at a premium of ₹11 each. A minimum of 10% of the Issue Size of at least 2,26,19,048 Equity Shares, was made available for Allocation to Mutual Funds only and the balance 20,35,71,428 Equity Shares was made available for Allocation to all QIBs, including Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof would have been Allotted to other QIBs.
Date of Board resolution	February 5, 2022
Date of shareholders' resolution	March 26, 2022 through a postal ballot, the results of which were declared on March 26, 2022
Eligible Investors	QIBs as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179 of the SEBI ICDR Regulations, to whom the Preliminary Placement Document and this Placement Document and the Application Form is circulated and who are eligible to Bid and participate in the Issue. FVCIs are not permitted to participate in the Issue. The list of QIBs to whom the Preliminary Placement Document and this Placement Document and Application Form was delivered has been determined by our Bank in consultation with the Book Running Lead Managers at its discretion. For further details, see "*Issue Procedure – Qualified Institutional Buyers*" on page 365.
Dividend	See "*Description of the Equity Shares*" and "*Dividends*" on pages 388 and 76, respectively.
Indian taxation	See "*Taxation*" on page 390.
Equity Shares issued and outstanding immediately prior to the Issue	1,72,83,14,205 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	1,95,45,04,681 Equity Shares
Issue Procedure	The Issue was made only to Eligible QIBs in reliance on Section 42 of the Companies Act, 2013, read with rules made thereunder and Chapter VI of the SEBI ICDR Regulations. For further details, see "*Issue Procedure*" beginning on page 365.
Listing and trading	Our Bank has obtained in-principle approvals dated September 12, 2022 in terms of Regulation 28(1)(a) of the SEBI Listing Regulations from the Stock Exchanges, for listing of the Equity Shares to be issued pursuant to the Issue. Our Bank will make applications to each of the Stock Exchanges after Allotment to obtain final listing and trading approval for the Equity Shares after the Allotment and after the credit of the Equity Shares to the beneficiary account of the Depository Participant, respectively. The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges.
Lock-in	Not applicable. For details, see "*Placement – Lock-in*" on page 376

<table>
<tr><td>Transferability restrictions</td><td colspan="2">The Equity Shares to be issued pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the Stock Exchanges. For details in relation to other transfer restrictions, please see “Transfer Restrictions” on page 383.</td></tr>
<tr><td>Use of proceeds</td><td colspan="2">The gross proceeds from the Issue will aggregate approximately to ₹475.00 crore. The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, will be approximately ₹464.82 crore.

See “Use of Proceeds” on page 71 for additional information regarding the use of net proceeds from the Issue.</td></tr>
<tr><td>Risk factors</td><td colspan="2">See “Risk Factors” on page 39 for a discussion of risks you should consider before investing in the Equity Shares.</td></tr>
<tr><td>Closing Date</td><td colspan="2">The Allotment of the Equity Shares pursuant to the Issue is expected to be made on or about September 15, 2022.</td></tr>
<tr><td>Ranking</td><td colspan="2">The Equity Shares to be issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank pari passu with the existing Equity Shares of our Bank, including in respect of voting rights and dividends.

The holders of Equity Shares (as on the record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Bank after the Closing Date, in compliance with the Companies Act, 2013, the SEBI Listing Regulations and other applicable laws and regulations. Equity shareholders may attend and vote in shareholders’ meetings in accordance with the provisions of the Companies Act, 2013.

For further details, see “Dividends” and “Description of the Equity Shares” on pages 76 and 388, respectively.</td></tr>
<tr><td rowspan="3">Security codes for the Equity Shares</td><td>ISIN</td><td>INE551W01018</td></tr>
<tr><td>BSE Code
BSE Symbol</td><td>542904
UJJIVANSFB</td></tr>
<tr><td>NSE Symbol</td><td>UJJIVANSFB</td></tr>
</table>

SELECTED FINANCIAL INFORMATION

The following tables set out selected financial information derived from our Audited Financial Statements and Unaudited Condensed Interim Financial Statements, prepared in accordance with the applicable accounting standards, Companies Act, 2013 and the requirements of SEBI Listing Regulations, as applicable, and presented in "Financial Information" on page 77. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information", on pages 253 and 77, respectively, for further details.

SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in crore)

Particulars	Quarter ended June 30, 2022	As at March 31,		
		2022	2021	2020
CAPITAL AND LIABILITIES				
Capital	1,928.31	1,928.31	1,928.31	1,928.22
Employees Stock Options and Purchase Outstanding	43.63	42.19	43.72	21.42
Reserves and Surplus	1,035.06	832.12	1,246.71	1,238.08
Deposits	18,448.85	18,292.21	13,135.77	10,780.48
Borrowings	1,943.22	1,763.56	3,247.32	3,953.27
Other Liabilities and Provisions	836.06	746.05	778.62	489.76
TOTAL	**24,235.16**	**23,604.44**	**20,380.45**	**18,411.24**
ASSETS				
Cash and Balances with Reserve Bank of India	912.52	1,682.24	1,711.53	1,224.87
Balances with Banks and Money At Call and Short Notice	1,018.80	485.85	865.97	118.42
Investments	4,838.03	4,152.93	2,516.45	2,396.14
Advances	16,485.87	16,303.17	14,493.95	14,043.64
Fixed Assets	260.21	249.39	280.73	300.48
Other Assets	719.70	730.86	511.82	327.68
TOTAL	**24,235.16**	**23,604.44**	**20,380.45**	**18,411.24**
Contingent Liabilities	118.88	137.23	40.56	20.73

SUMMARY STATEMENT OF PROFIT AND LOSS

(₹ in crore)

Particulars	Quarter ended June 30, 2022	Quarter ended June 30, 2021	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
INCOME					
Interest earned	905.37	641.66	2,812.79	2,806.07	2,703.60
Other income	95.05	74.63	313.27	302.31	322.21
TOTAL	**1,000.42**	**716.29**	**3,126.06**	**3,108.38**	**3,025.81**
EXPENDITURE					
Interest expended	305.66	257.25	1,039.20	1,077.51	1,070.01
Operating expenses	423.69	296.48	1,496.38	1,230.08	1,318.58
Provisions and contingencies	68.13	396.02	1,005.07	792.49	287.31
TOTAL	**749.49**	**949.77**	**3,540.65**	**3,100.08**	**2,675.90**
PROFIT					
Net Profit for the period / year	202.94	(233.48)	(414.58)	8.30	349.92
Profit brought forward	(72.35)	343.62	343.62	362.01	118.36
TOTAL	**130.58**	**110.14**	**(70.96)**	**370.31**	**468.28**
APPROPRIATIONS					
Transfer to					
(a) Statutory reserves	50.73	-	-	2.07	87.48
(b) Special reserve account	-	-	-	-	-
(c) Interim Preference Dividend Paid (includes tax on dividends)	-	-	-	-	13.26
(d) Investment Fluctuation Reserve	-	-	-	5.28	5.53
(e) Capital Reserve	-	-	1.38	19.33	-
(f) Balance carried over to Balance Sheet	79.85	110.14	(72.35)	343.63	362.01
TOTAL	**130.58**	**110.14**	**(70.96)**	**370.31**	**468.28**
Earnings per Equity Share (Face value of ₹10 per share)					
Basic (₹)	1.17	(1.35)	(2.40)	0.05	2.19
Diluted (₹)	1.17	(1.35)	(2.40)	0.05	2.18

SUMMARY STATEMENT OF CASH FLOWS

(in ₹ crore, unless otherwise specified)

Particulars	Quarter ended June 30, 2022	Quarter ended June 30, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash Flow from Operating Activities					
Net Profit/ (Loss) before taxation	270.67	(312.29)	(550.36)	10.20	466.24
Adjustments for:					
Depreciation on fixed assets	21.24	19.76	80.44	76.80	72.63
Depreciation on investments	0.18	0.61	0.34	-	-
Amortization of premium on Held to Maturity securities	6.53	4.85	21.80	13.01	4.55
Provision for standard assets	(24.14)	64.36	(162.59)	188.22	66.41
Provision for Non performing assets	24.37	409.85	1,280.43	610.74	104.51
Profit/Loss on sale of fixed assets (including write off)	0.04	1.17	2.00	0.77	0.19
Interest earned on fixed deposits	(0.17)	7.44	(24.19)	8.30	0.95
Profit/Loss on sale of Held to Maturity securities	-	11.62	(3.69)	50.92	1.40
ESOP Expenses (including ESPS expense)	1.44	1.87	(1.53)	22.30	29.39
Operating Profit before Working Capital changes	300.16	209.24	**642.65**	**981.26**	**746.36**
Adjustments for:					
(Increase)/Decrease in investments in other than Held to Maturity securities	(419.47)	(119.47)	(209.50)	462.27	(207.87)
(Increase)/Decrease in advances	(207.07)	823.27	(3,089.65)	(1,061.05)	(3,595.70)
Increase/(Decrease) in deposits	156.64	537.10	5156.45	2,355.28	3,401.04
(Increase)/Decrease in other assets	(25.34)	(4.09)	(61.82)	27.28	(36.90)
Increase/(Decrease) in other liabilities and provisions	114.15	(79.38)	130.02	100.63	46.29
Cash generated from operations	(80.93)	1,366.67	2,568.16	2,865.68	353.22
Direct taxes paid	(31.23)	(19.34)	(21.45)	(209.00)	(111.50)
Net cash (used in) / generated from operating activities (A)	**(112.16)**	**1,347.33**	**2,546.70**	**2,656.68**	**241.72**
Cash Flow from Investing Activities					
Purchase of fixed assets	(32.23)	(11.68)	(51.48)	(58.14)	(89.53)
Proceeds from sale of fixed assets	0.13	-	0.38	0.32	0.59
(Increase)/Decrease in bank balances not considered as cash and cash equivalents	(7.10)	(7.44)	655.56	(652.12)	-
Investment in Held to Maturity securities	(272.33)	(450.24)	(1,445.43)	(646.51)	(667.60)
Net cash (used in) / generated from Investing Activities (B)	**(311.53)**	**(469.36)**	**(840.97)**	**(1,356.45)**	**(756.54)**
Cash Flow from Financing Activities					
Increase/(decrease) in borrowings (net)	179.65	(1,106.63)	(1,483.76)	(705.95)	(212.82)
Proceeds from issue of share capital	-	-	-	0.43	1,002.05
Share issue Expenses	-	-	-	-	-
Interest paid on borrowings	-	-	-	-	-
Preference dividend paid during the year	-	-	-	-	(11.00)
Dividend distribution tax paid during the year	-	-	-	-	(2.26)
Net cash generated from / (used in) Financing Activities (C)	**179.65**	**(1,106.63)**	**(1,483.76)**	**(705.52)**	**775.96**
Net (decrease) / increase in cash and cash equivalents (A)+(B)+(C)	(244.04)	(228.66)	221.97	594.71	261.14
Cash and Cash equivalents at beginning of the period / year	**2,155.47**	**1,933.49**	**1,933.50**	**1,338.79**	**1,077.65**
Add: Pursuant to scheme of amalgamation	-	-	-	-	-
Cash and Cash equivalents at end of the period / year	**1,911.43**	**1,704.83**	**2,155.47**	**1933.50**	**1,338.79**

For details of reservations, qualifications, matters of emphasis or adverse remarks in the last five Fiscals immediately preceding the year of issue of the Preliminary Placement Document and this Placement Document and their impact on the financial statements and financial position of our Bank and the corrective steps taken and proposed to be taken by our Bank for each of the said reservations or qualifications, matters of emphasis or adverse remarks, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Auditor Observations*" on page 279.

Also see, "*Risk Factors - Our statutory auditors have included certain emphasis of matters in relation to our Bank in our Fiscal 2020 Audited Financial Statements, Fiscal 2021 Audited Financial Statements, the Unaudited Condensed Interim Financial Statements and Unaudited Interim Financial Results.*" on page 44.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the Financial Years ended March 31, 2022, March 31, 2021 and March 31, 2020, as per the requirements under Related Party Disclosures (Accounting Standard - 18), see "*Financial Information - Fiscal 2022 Audited Financial Statements - Schedule 18 – Note 23", "Financial Information - Fiscal 2021 Audited Financial Statements - Schedule 18 – Note 23" and "Financial Information - Fiscal 2020 Audited Financial Statements - Schedule 18 – Note 23"* beginning on pages 136, 189, and 242, respectively.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information disclosed in this Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, results of operations and financial condition. In order to obtain a complete understanding about us, prospective investors should read this section in conjunction with the sections "Our Business", "Selected Statistical Information", and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 295, 322 and 253, respectively, as well as the other financial and statistical information included in this Placement Document. Prospective investors should carefully consider the following risk factors as well as other information included in this Placement Document prior to making any investment decision. In making an investment decision, prospective investors must rely on their own examination of our Bank and the terms of the Issue, including the merits and risks involved. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.

You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Placement Document. Please see "Forward-Looking Statements" on page 13.

Our Bank's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Financial Statements included in this Placement Document. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements and the Unaudited Condensed Interim Financial Statements included in this Placement Document. The financial information for the quarters ended June 30, 2022 and June 30, 2021 are not comparable with our results for the full fiscal years. Unless otherwise indicated any reference to our Bank's Ind AS financial statements is a reference to our Bank's Ind AS financial statements prepared solely for the purpose of consolidation of the financial statements of UFSL. For further information, see "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 77 and 253, respectively.

Unless the context otherwise requires, in this section, references to "we", "us", "our", "the Bank" or "our Bank" refers to Ujjivan Small Finance Bank Limited.

RISKS RELATING TO OUR BUSINESS

1. ***The continuing impacts of COVID-19 are highly unpredictable and could be significant, and may have an adverse effect on our business, operations and our future financial performance.***

In late 2019, the outbreak of COVID-19 spread globally and on March 11, 2020 it was declared as a global pandemic by The World Health Organization. Governments and municipalities around the world instituted measures in an effort to control the spread of COVID-19, including quarantines, shelter-in-place orders, school closings, travel restrictions, and closure of non-essential businesses. By the end of March 2020, the macroeconomic impacts became significant, exhibited by, among other things, a rise in unemployment and market volatility.

The GoI initiated a nation-wide lockdown initially from March 25, 2020 for three weeks which was subsequently extended to May 31, 2020. Although the national lockdown was lifted on June 1, 2020, restrictions on non-essential activities and travel were imposed until August 31, 2020 in multiple states across specific districts that were witnessing increase in COVID-19 cases. In compliance with the lockdown orders announced by the GoI, as applicable to banks that were declared essential services, we initiated remote working for some of our employees. Although we have maintained most of our branches in operation during the COVID-19 pandemic, including during certain lockdown periods, the services we offered to our customers at our branches were limited to essential services such as settlements, cash withdrawals, deposits and remittances only and we implemented safety measures and protocols intended to promote the health and well-being of our employees and customers. We also established a quick response team to implement government guidelines and policies through advisories with an aim to help our employees, their family members and customers during the COVID-19 pandemic. India also experienced a severe second wave of COVID-19 between March 2021 and June 2021 which saw new peaks in daily cases, daily deaths, active cases and positivity rates.

The restrictions and measures imposed by the GoI in an effort to contain the spread of COVID-19 outbreak resulted in a period of business disruption as well as restrictions on business activity and movement of people and a decrease in the economic activity in India. Our results of operations for the Fiscal 2022 and the quarter ended June 30, 2022 were impacted due to the COVID-19 pandemic and the resultant impact on account of the lockdowns announced by the Government. As many of our customers, primarily in the micro banking segment, turned conservative and skipped their EMI payments to keep cash with them, significant portion of our non-delinquent portfolio as of March 2021 started to slip and unlike in the first wave, there was no regulatory package issued by the RBI. As a result, our Bank offered the restructuring of loans as a tool to the customers to tide over the crisis. Gross advances restructured due to COVID-19 1.0 and 2.0 was ₹844.78 crores and ₹657.24 crores as of March 31, 2022 and June 30, 2022, respectively. Further, since the onset of COVID-19, few of our employees tested positive for the virus resulting in temporary closure of certain Banking Outlets to carry out sanitation and fumigation works. As a result, we experienced a decline in collections, reduced disbursements and deposit mobilization, and increased provisioning due to the impact of COVID-19. If significant portions of the Bank's workforce, including key personnel, are unable to work effectively because of illness, government actions, or other restrictions in connection with the pandemic, the impact of the pandemic on the Bank's businesses could be exacerbated.

The impact of the pandemic on our business, operations and future financial performance have included and may include the following:

- We experienced a decline in collection efficiencies during the period from April 2021 to July 2021. Our collection efficiencies are back to pre-COVID-19 levels for the disbursement that was made in Fiscal 2022, and our collection efficiency for the month of March 31, 2022 for disbursement stands at 99.87% and the quarter ended June 30, 2022 stands at 98.99%. We continue to experience improved collections from the impaired portfolio. However, our collection efficiencies may be affected again should there be another wave of the pandemic since a significant portion of our collections are cash-based and involve physical presence of our employees and collection agents, which may be impaired should nation-wide lockdowns or travel restrictions be imposed. Such decline in collections could persist through and beyond a recessionary period.

- We have experienced a reversal in the Gross NPA numbers from the peak of the first two quarters of the Fiscal 2021. Gross NPA has fallen from 11.80% as of September 30, 2021 to 6.51% as of June 30, 2022. We may experience a significant increase in our gross NPA levels due to possible deterioration in the credit quality of our customers in the event of a new pandemic or a new wave of the existing pandemic, as our target borrower segment primarily comprises unserved and underserved customers, who are most impacted due to the economic downturn caused by COVID-19 related measures such as closure of non-essential services. In the event our borrowers' enterprises have been unable to withstand the economic pressures caused by the COVID-19 pandemic, we may experience higher NPAs than anticipated driven by deterioration in asset quality due to our borrower's reduced ability to make timely repayments.

  As a result, we may be required to recognise higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, which may adversely impact our asset quality and profitability in future periods.

- There was a sharp decline in our disbursements due to reduced economic activity post the onset of the COVID-19 pandemic, followed by a sharp revival in the third quarter of the current financial year as economic activity revived. However, there is no certainty that disbursements may not decline again if there is a resurgence of the pandemic or the onset of a new pandemic. As a result, related revenue generation from processing fees and documentation charges, may decline.

- We may witness adverse impacts to our interest income, EPS and growth rates, particularly if operating expenses do not decrease at the same pace as revenue declines. Many of our expenses are less variable in nature and may not correlate to changes in revenues, such as depreciation, employee benefit expenses and other costs associated with operating and maintaining our Banking Outlets.

- The possible shift to a remote working environment in the event of a new pandemic or new wave of the existing pandemic could create inherent productivity, connectivity, and oversight challenges. For example, governmental lockdowns, restrictions or new regulations could significantly impact the ability of our employees and service providers to work productively. The restrictions placed by the Government have been changing based on the dynamic situation or what restrictions will be in place in those environments. The extent and/ or duration of ongoing workforce restrictions and limitations could impact our ability to successfully introduce and grow our new products and services, comply with various reporting requirements to the regulators in a timely manner, among others. In addition, the changed environment under which we are operating could have an impact on our internal controls over financial reporting as well as our ability to meet a number of our compliance requirements in a timely or quality manner.

Reduction in policy rates may be passed on to customers, however, there may not be a corresponding reduction in borrowing costs in-line with the reduction in policy rates. In addition, the RBI issued guidelines on March 27, 2020, April 17, 2020 and May 23, 2020 in an effort to contain the impact of the COVID-19 pandemic on the financial services sector. Under these guidelines, all term loans were eligible for availing a moratorium on instalments falling due during a period of three months, i.e. from March 1, 2020 to May 31, 2020. This was subsequently extended by another period of three months, i.e. until August 31, 2020 by the RBI, contingent on lending institutions believing that the same is necessitated on account of the economic fallout from COVID-19. Accordingly, banks and other financial institutions were permitted to provide a moratorium between the above period for term loan instalments which are due for payment by borrowers who have availed such moratorium. In line with these guidelines, we provided a moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to most of our eligible borrowers, resulting in a decline in our collections during such period. The moratorium for the period from June 1, 2020 to August 31, 2020 was extended to a significant proportion of our eligible borrowers on a much more selective basis.

The RBI guidelines also required us to make general provisions in respect of accounts in default but standard, of not less than 10% of the total outstanding of such accounts as of March 1, 2020, where the moratorium has been granted. This provisioning was to be phased over two quarters, with not less than 5% in each of the quarters ended March 31, 2020 and June 30, 2020. We created floating charge provisions amounting to ₹250 crores in Fiscal 2022 to be utilised during future financial periods (in extraordinary circumstances, subject to prior RBI approval) of which ₹30 crores of floating provision has been included as a part of Tier II capital in the quarter ended June 30, 2022.

Further, pursuant to the RBI notification titled *'Resolution Framework for COVID-19-related Stress*' dated August 6, 2020, we may extend viable resolution framework to our borrowers which were bearing stress on account of the COVID-19. Further, in terms the RBI circular titled '*Micro, Small and Medium Enterprises sector – Restructuring of Advances*', dated August 6, 2020, our MSE loans may be restructured without a downgrade in the asset classification. Pursuant to the RBI notification titled 'Resolution Framework for COVID-19-related Stress' dated August 6, 2020 ("**Resolution Framework 1**"), we have extended viable resolution framework to our borrowers which were bearing stress on account of the COVID-19. In addition, in terms the RBI circular titled 'Micro, Small and Medium Enterprises sector – Restructuring of Advances', dated August 6, 2020, some of our MSE loans were restructured without a downgrade in the asset classification. We had restructured ₹877.29 crores of advances under the Resolution Framework 1. The RBI further announced the Resolution of COVID-19 related to individual and small business ("**Resolution Framework 2**") on May 5, 2021. RBI has also extended the restructuring of advance to MSME borrowers under Resolution Framework 2 for MSMEs. As per these guidelines, the request for restructuring of the borrowers account were accepted till September 30, 2021. Such restructuring of advances is to be implemented within 90 days from the date of invocation. Our Bank has implemented the restructuring of advances in line with these guidelines and restructured ₹1,028.46 crores till March 31, 2022. The outstanding balance as of March 31, 2022 and the quarter ended June 30, 2022 for these accounts stands at ₹844.78 crores and ₹657.24 crores respectively. Resolution Framework 2 also permitted further restructuring of advances implemented under Resolution Framework 1 for individual and small business loans, subject to certain conditions. Our Bank has restructured ₹117.62 crores of advances which were already restructured under Resolution Framework

In the event such measures are extended, or RBI issues further concessions to borrowers, it may adversely impact our business and operations and financial performance. Any unexpected or onerous requirements or regulations resulting from the pandemic or any changes in laws, or the promulgation of new laws, rules and regulations relating to our operations as a response to the pandemic may have a material adverse effect on our business, financial condition and results of operations.

Any resulting long-term financial impact cannot be reasonably estimated at this time. The extent to which the COVID-19 pandemic and the related global economic crisis impacts our business, results of operations and financial condition, as well as the Bank's regulatory capital and liquidity ratios, will depend on future developments, which are highly uncertain and cannot be predicted, such as new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us may not have the anticipated effect or may fail to achieve its intended purpose altogether. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. Additionally, if any of our employees are identified as a possible source of spreading COVID-19, or any other similar epidemic, we may be required to quarantine employees that are suspected of being infected, as well as others that have come into contact with those employees which could have an adverse effect on our business operations. Further, if the overall quality of the Bank's loan portfolio deteriorates, the Bank's provisioning costs could increase, its net interest income and net interest margin could be negatively impacted due to non-accrual of income on non-performing loans, its credit ratings and liquidity may be adversely impacted, and its reputation, business and future financial performance could be adversely impacted.

As of the date of this Placement Document, there is significant uncertainty relating to the severity of long-term adverse impact of the COVID-19 pandemic on the global economy, global financial markets and the Indian economy, and we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this section.

2. ***We are subject to stringent regulatory requirements and prudential norms and our inability to comply with such laws, regulations and norms may have an adverse effect on our business, results of operations, financial condition and cash flows.***

The RBI Final Approval, SFB Licensing Guidelines and SFB Operating Guidelines require us to comply with certain conditions in order to operate our business, including, among others:

- we are required to be controlled by residents in accordance with FEMA at all times from the date of commencement of our operations;
- we are required to maintain a minimum paid-up voting Equity Share capital and a minimum net worth of ₹ 100 crore;
- any change of our shareholding by way of fresh issue or transfer of shares to the extent of 5% or more of our equity share capital requires prior RBI approval;
- at least 25% of our total Banking Outlets have to be located in unbanked rural centres;
- the maximum loan size and investment limit exposure to a single and group obligor is to be restricted to 10% and 15% of our capital funds, respectively;
- at least 50% of our loan portfolio is required to constitute loans and advances of up to ₹ 0.25 crores;
- we are required to extend 75% of our ANBC to sectors eligible for PSL;
- a strategic non-promoter investor should not hold more than 20% or more of the share capital of our Promoter at any time from the date of commencement of our business operations;
- we are prohibited from exposure in terms of loans and advances to our Directors, companies in which our directors are interested, our Promoter, major shareholders (holding 10% or more of our paid-up Equity Share capital), and entities in which our Promoter, major shareholders have significant influence or control (as defined under applicable accounting standards); and
- we are required to maintain a minimum capital adequacy ratio ("**CAR**") of 15% of the credit risk weighted assets ("**CRWAs**") on a continuous basis subject to any higher percentage as may be prescribed by the RBI from time to time, with Tier I capital maintained at least 7.5% of the CRWAs and Tier II capital maintained at not more than 100% of the Tier I capital.

Pursuant to the SFB Licensing Guidelines, our Promoter is required to reduce its shareholding in our Bank to 40% of our paid-up Equity Share capital within a period of five years from the date of commencement of our business operations and thereafter required to reduce its shareholding in our Bank to 30% and 26% of our paid-up Equity Share capital within a period of 10 years and 12 years, respectively, from the date of commencement of our business operations. The internal working group of the RBI, pursuant to the Recommendations of the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks dated October 20, 2020 and November 20, 2020, had recommended that no intermediate sub-targets between five to 15 years may be required and that promoters may submit a dilution schedule which may be examined and approved by the RBI. The progress in achieving the agreed milestones must be periodically reported by the banks and shall monitored by the RBI. ("**Dilution Requirement**")

Pursuant to the circular issued by the RBI dated November 26, 2021 ("**November 26 Circular**"), the RBI had stated that out of the 33 recommendations issued by the IWG, 21 of the recommendations of the IWG were accepted (some with certain modifications). The remaining nine recommendations are under consideration by the RBI. The RBI accepted the recommendation on the Dilution Requirement without any modification and clarified that the submission of a dilution schedule shall be mandatory. The proposed recommendations have not been notified as yet by the RBI by way of a separate notification. We cannot assure you that the changes proposed by the Internal Working Group of the RBI will not impact our holding structure of business operations in the future.

Further, currently the RBI does not require SFBs to provide any capital charge for operational risk or market risk weighted assets, however, there can be no assurance that RBI will not require SFBs, including us, to provide capital charge for such risk in the future. We are also regulated under the Banking Regulation Act and have to comply with circulars and directives issued by the RBI that apply to scheduled commercial banks. We are required to comply with prudential norms specified in respect of market discipline, classification, valuation and operation of our investment portfolio, income recognition, asset classification and provisioning pertaining to advances (including restructuring of credit facilities), RBI directives on permissible loans and advances, maintenance of regulatory ratios (such as CRR and SLR), authorization of Banking Outlets, permissible exposures, requisite disclosures in financial statements, fraud classification and reporting, and periodic disclosure requirements (including in presentation of financial information and financial statements). All scheduled commercial banks (other than regional rural banks) are required to comply with the statutory reserve requirements prescribed by the RBI. Currently, scheduled commercial banks are required to maintain a CRR of 4% of their net demand and time liabilities ("**NDTL**") with the RBI, on which no interest is paid. Further, scheduled commercial banks are also required to maintain, under the current requirements, a SLR equivalent to 18.00% of their NDTL, to be invested in state or central government or other RBI-approved securities. Further, the Banking Regulation Act limits the flexibility of shareholders and management of an SFB in many ways, including by way of specifying certain matters for which a banking company would require RBI approval. The RBI may also impose additional conditions on us, and may terminate our banking license, if we are unable to comply with applicable requirements.

Certain requirements that are applicable to SFBs in terms of the SFB Operating Guidelines and other banking laws and regulations are significantly more stringent in comparison to scheduled commercial banks and non-banking financial companies, and have and will continue to limit our revenue to ensure compliance. For instance, the PSL requirements applicable to SFBs are significantly higher than the PSL limits applicable to scheduled commercial banks, and any shortfall in meeting the PSL targets would statutorily require us to place the shortfall amount in Rural Infrastructure Development Fund which would earn us a lower rate of interest compared to PSL advances. In case of any failure to comply with the applicable directives and reporting requirements or meet the prescribed prudential norms, the RBI may charge penalties, restrict our banking activities or otherwise enforce increased scrutiny and control over our banking operations, including by way of withholding approvals, or issuing conditional approvals, in respect of any proposed actions for which we may seek RBI approval in the future, or even cancel our banking license in view of any major and/or sustained non-compliance.

Uncertainty in the applicability, interpretation or implementation of the governing law, specifically due to the absence of administrative or judicial precedent may be time consuming as well as costly for us to resolve. To ensure compliance with the regulatory framework applicable to SFBs, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. Our inability to comply with laws and regulations applicable to an SFB may have an adverse effect on our business, results of operations, financial condition and cash flows. In case of any failure to comply with the applicable directives and reporting requirements or to meet the prescribed prudential norms, the RBI may charge penalties, penalize our management, restrict our banking activities or otherwise enforce increased scrutiny and control over our banking operations, including by way of withholding approvals, or issuing conditional approvals in respect of any proposed actions for which we may seek approval in the future.

In the past, our Bank has been penalised by the RBI for a shortfall in its subsidiary general ledger ("**SGL**") account, pursuant to the RBI notification dated July 14, 2010 on 'Imposition of penalty for bouncing of SGL forms' and penalties of ₹ 50,000 and ₹ 0.01 crore were imposed on our Bank. Any such non-compliance or our inability to comply with such laws, regulations and norms may have an adverse effect on our business, results of operations, financial condition and cash flows.

3. ***We significantly depend on our micro banking business, particularly group loans, and any adverse developments in this segment could adversely affect our business, results of operations, financial condition and cash flows.***

Our loan portfolio contains significant advances towards our micro banking segment, particularly through group loans. As of March 31, 2020, 2021 and March 31, 2022 and the quarter ended June 30, 2022, advances in our micro banking business accounted for 77.26%, 71.78%, 67.97% and 68.85%, respectively, of our total Gross Advances (including securitization / IBPC / direct assignment). As of March 31, 2020, 2021 and 2022, and the quarter ended June 30, 2022 the percentage of our micro banking gross NPAs to total micro banking advances was 0.88%, 7.8%, 7.61%, and 5.97%, respectively, (including securitization / IBPC / direct assignment). Consequently, our financial performance significantly depends on our micro banking business, which in turn depends on various factors, including the ability of our borrowers to repay their loan, the results of operations of such borrowers and their business, changes in regulations and policies, natural disasters, calamities, political and social risks, including any adverse publicity or litigation relating to the microfinance sector (such as a public interest litigation filed against all microfinance institutions in Maharashtra, protests by micro finance institutions in Assam), public criticism of the microfinance sector and religious beliefs relating to loans and interest payments. Microfinance loan customers are also susceptible to event-based risks, such as, COVID-19, demonetization and natural calamities like floods and cyclone, which hampers microfinance borrowers' repayment ability. In addition, micro-loan customers are also exposed to regulatory change based risks, such as demonetization and implementation of GST. These and other factors could lead to an increase in impairment losses and adversely affect our business and results of operations.

Further, the RBI recently issued directions for microfinance loans pursuant to the Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022 which is aimed to regulate the microfinance loan framework in India. We have not fully determined the impact of the said directions issued by RBI on our business.

Further, in our microfinance business, we rely primarily on non-traditional guarantee mechanisms rather than any tangible assets such as collateral, such as the joint liability group model. There can however be no assurance that such joint liability arrangements will ensure repayment by the other members of a joint liability group in the event of default by any one of them. These arrangements are likely to fail if there is no meaningful personal relationship among members of such group, if inadequate risk management procedures have been employed to verify the group members and their ability to repay such loans, or as a result of adverse external factors such as natural calamities or forced migration. Any decline in sales of, or in demand for our micro banking products could adversely affect our business, results of operations, financial condition and cash flows.

4. ***Banking companies in India, including us, may be required to report financial statements as per Ind AS in the future. However, our Promoter, UFSL, currently reports its financial statements under Ind AS and as a result, we are required to prepare select Ind AS financial information for the limited purposes of consolidation by UFSL. Differences exist between Ind AS and Indian GAAP, which may be material to investors' assessment of our financial condition.***

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS for scheduled commercial banks, insurance companies and NBFCs, which are also applicable to our Bank. Such roadmap provided that these institutions were required to prepare Ind AS financial statements for accounting periods commencing April 1, 2018 (including comparative financial statements for the corresponding periods in the previous year). The RBI, by its circular dated February 11, 2016, required all scheduled commercial banks (except regional rural banks) to comply with Ind AS for financial statements commencing April 1, 2018 and also required such entities to prepare and submit proforma Ind AS financial statements to the RBI since the six months ended September 30, 2016. In compliance of such regulatory requirements, we have submitted proforma Ind AS financial statements for the quarter ended June 30, 2017 and subsequently, since June 2018 we have continued to submit such proforma Ind AS financial statements every quarter to the RBI. On April 5, 2018, however, the RBI through its press release deferred the implementation of Ind AS for scheduled commercial banks (except regional rural banks) for a period of one year; subsequently, the RBI through its notification dated March 22, 2019, further deferred the implementation of Ind AS until further notice for all scheduled commercial banks (except regional rural banks). Under applicable regulations, scheduled commercial banks, including our Bank, are not permitted to early adopt Ind AS financial statements. Accordingly, we continue to prepare and present our financial statements only under Indian GAAP.

However, as a subsidiary of UFSL, our Promoter, which was required to prepare its financial statements in accordance with Ind AS with effect from April 1, 2018, we were also required to prepare financial statements in accordance with Ind AS for the limited purpose of inclusion in UFSL's consolidated financial statements. Our Ind AS financial statements have not been made been publicly available, as these were only prepared for the limited purpose of inclusion in UFSL's consolidated financial statements. However, as a publicly listed entity, every fiscal quarter UFSL is required to prepare and publicly report its Ind AS consolidated financial information in accordance with applicable laws, regulations and stock exchange requirements. While there is not a significant difference in our Bank's business operations and that of UFSL, there may be certain significant differences in terms of certain financial figures on account of the COVID-19 pandemic. For example, provisions charge under Ind AS created on account of COVID-19 resulted in significant differential in the profits of UFSL and the Bank. Consequently, our Bank's Ind AS financial information is to an extent indirectly publicly available, as may be derived from or reflected in the publicly available consolidated Ind AS financial information of UFSL.

Ind AS differs in many respects from Indian GAAP, and our financial statements prepared under Ind AS (for the limited purpose of inclusion in UFSL's consolidated financial statements) are therefore not comparable to our financial statements prepared under Indian GAAP for such respective periods. The key areas of difference between Indian GAAP and Ind AS as it applies to our Bank include accounting of financial instruments, consolidation accounting, accounting of fee income, fair value of ESOP calculation, leasing and calculation of credit cost. In addition, given the relatively recent introduction of Ind AS in India, and in particular since under applicable regulations Ind AS is still not applicable to scheduled commercial banks, there is limited established practice available for drawing informed judgments regarding the implementation and application of Ind AS to the financial statements of scheduled commercial banks, and consequently our Bank.

The Ind AS financial statements prepared historically by our Bank (for purposes of inclusion of such financial information in the consolidated Ind AS financial statements of UFSL) includes certain reconciliation information between the audited financial statements of the Bank under Indian GAAP with such Ind AS financial statements.

Since Ind AS differs in many respects from Indian GAAP, our Ind AS financial statements prepared for the limited purpose of inclusion in UFSL's consolidated financial statements are therefore also not comparable to our Financial Statements included herein. In addition, our Ind AS financial statements prepared for the limited purpose of inclusion in UFSL's consolidated financial statements may also not be comparable to our future Ind AS financial statements when Ind AS is made applicable to scheduled commercial banks and the RBI has issued relevant interpretative guidance with respect thereto.

To the extent that the Ind AS financial information relating to our Bank can be indirectly derived from the consolidated Ind AS financial statements of UFSL as well as related investor presentations and investor interaction information made available publicly in the ordinary course by UFSL as a publicly listed entity, investors are cautioned against placing reliance on such Ind AS financial information relating to our Bank. Investors should rely solely on our Financial Statements included in this Placement Document for an assessment of our financial position and any investment decision.

5. ***Our statutory auditors have included certain emphasis of matters in relation to our Bank in our Fiscal 2020 Audited Financial Statements, Fiscal 2021 Audited Financial Statements, the Unaudited Condensed Interim Financial Statements and Unaudited Interim Financial Results.***

Our statutory auditors have included certain emphasis of matters in relation to our Bank in our Fiscal 2020 Audited Financial Statements, Fiscal 2021 Audited Financial Statements, the Unaudited Condensed Interim Financial Statements and Unaudited Interim Financial Results emphasis of matters, as described in "*Financial Statements*" on page 77 and "*Summary of Financial Information*" on page 33.

The opinion of our statutory auditors has not been modified in respect of these matters.

6. ***We have a continuous requirement of funds and our inability to access sources of funds in an acceptable and timely manner or any disruption in the access to funds would adversely impact our results of operations and financial condition.***

Prior to operating as an SFB, we met our funding requirements through a combination of term loans from banks and financial institutions and issuance of non-convertible debentures. However, post transitioning into an SFB, our primary source of funding has been deposits (institutional and retail) and refinance. As of March 31, 2022, and the quarter ended June 30, 2022 majority of our funding consists of retail deposits accounting for 54.24% and 58.33%, respectively, of our total deposits, with a CASA ratio of 27.29% and 27.94%, respectively. Considering the growth of our business, we will have a continuous requirement of funds, which may be over and above the among realised through collection, for expanding our outreach and enhancing our loan portfolio. Our ability to continue to meet customer demand for new loans will depend primarily on our ability to raise funds through deposits and refinance from NABARD, NHB and SIDBI on suitable interest rates and terms, and in a timely manner. Our ability to raise such funds on competitive terms in the future will depend on various factors including our credit ratings, macroeconomic factors, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of SFBs, and our current and future results of operations and financial condition. While we have been granted strong credit ratings from various agencies in the past, there can be no assurance that we will continue to be granted such credit ratings and any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

The SFB Operating Guidelines provide that the restrictions on loans and advances applicable to scheduled commercial banks will be applicable to SFBs as well. In addition, while banks in India are precluded from creating floating charges on its assets, any existing floating charge created on our assets pursuant to the Business Transfer Agreement have to be grandfathered till their maturity, in accordance with guidelines issued by the RBI. As on quarter ended June 30, 2022, an outstanding amount of ₹ 4.92 crores was pursuant to borrowing facilities availed, on which our Bank has created a floating charge on its assets, have to be grandfathered till maturity. We may also be unable to attract sufficient deposits from customers, due to various factors beyond our control, such as the market acceptance of the '*Ujjivan*' brand and its associated reputation. We also have to compete with other banks by offering attractive interest rates, and may be unable to raise sufficient funds, including funds through deposits at existing or higher interest cost. We also face certain restrictions on our ability to incur debt from international markets, which may further constrain our ability to raise funds at attractive rates. Consequently, our inability to raise sufficient funds in a timely manner, or at all, may have an adverse effect on our business, results of operations, financial condition and cash flows.

7. ***The Indian banking industry is very competitive and our growth strategy depends on our ability to compete effectively.***

We were incorporated on July 4, 2016 and began operations on February 1, 2017 when UFSL, our Promoter, transferred its business to us pursuant to the Business Transfer Agreement and we simultaneously commenced general banking activities. As a result of our limited operating history as an SFB, there is limited historical financial and operational information available to help prospective investors to evaluate our past performance as a commercial banking entity and our Financial Statements may not be reflective of our future financial condition and results of operations. As a result of our limited operating history, the success of our banking operations depends on a number of factors, including the demand for our services and our ability to compete with other banks and financial institutions effectively. The banking and financing sector in India is highly competitive and we face competition in all our principal areas of business. We face our most significant organized competition from other small finance banks, NBFCs, microfinance institutions, cooperative banks which have significant presence in rural areas, public sector banks, private sector banks, housing finance companies and other financial services companies in India. In addition, many of our potential customers in economically weaker segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially moneylenders, landlords, local shopkeepers and traders, at much higher rates. In the organized sector, our competitors may have a better brand recognition, greater business experience, more diversified operations, greater customer and depositor base, larger Banking Outlets network and better access to, and lower costs of funding than we do.

Further, consolidation in the industry driven by the merger of other banks is likely to further increase competition by creating larger, more homogeneous and potentially stronger competitors in the market. Increase in operations of existing competitors or entry of additional banks offering similar or a wider range of products and services could also increase competition. Further, with the advent of technology based initiatives and alternative modes of banking, we may face increased competition in this sector, which may in turn impact our revenues and profitability. We also face competition from specialized fintech companies who could disrupt our origination, sales and distribution process. Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services at reasonable returns and this may adversely impact our business, future financial performance and the trading price of the Equity Shares. See "*Our Business – Competition*" on page 319.

8. ***If we are not able to control the level of non-performing assets in our portfolio or any increase in RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations.***

As of March 31, 2022 and the quarter ended June 30, 2022, our gross NPAs were ₹ 1,284.08 crores and ₹ 1,146.71 crores, respectively, representing 7.34% and 6.51%, respectively, of our gross advances, while our NPAs (net of provisions) were ₹ 99.60 crores and ₹ 17.82 crores representing 0.61% and 0.11% of our Net Advances as of such periods. Our NPAs may increase in the future, due to several factors, including increased competition, adverse effect on the business and results of operations of our borrowers, a rise in unemployment, a sharp and sustained rise in interest rate, slow industrial and business growth, changes in customer behaviour and demographic patterns, central and state government decisions (including agricultural loan waivers that may affect our agricultural portfolio in the short term) and changes in regulations. Further, our credit monitoring and risk management policies and procedures may not be accurate, properly designed, or appropriately implemented or complied with by our customers, and we could suffer material credit losses. In addition, even if our policies and procedures are accurate and appropriate, we may not be able to anticipate future economic or financial developments or downturns, which could lead to an increase in our NPAs. Further, the expansion of our business may cause our NPAs to increase and the overall quality of our loan portfolio to deteriorate. Any significant increase in NPAs may have a material adverse effect on our financial condition and results of operations.

Provisions for NPAs are created by a charge to our profit and loss account and are currently subject to minimum provisioning requirements, linked to ageing of NPAs. In addition to the relevant regulatory minimum provisioning, we also consider our internal estimate for loan losses and risks inherent in the credit portfolio when deciding on the appropriate level of provisions. The determination of a suitable level of loan losses and provisions involves a degree of subjectivity and requires that we make estimates of current credit risks and future trends, all of which may be subject to material changes. Any incorrect estimation of risk may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio. Our provision cover ratio (including technical write-offs) was 92.24% and 98.45%, respectively, as on March 31, 2022 and as on June 30, 2022, and there can be no assurance that our provision coverage ratio will continue to increase or that it may not decline in the future. We may need to make further provisions if there is dilution/ deterioration in the quality of our security or down-grading of the account or recoveries with respect to such NPAs do not materialize in time or at all. Further, we employ and monitor third party collection agencies and non-performance by them may lead to further delinquencies and increase NPAs. This increase in provisions may adversely impact our financial performance. While we have already made provisions for NPAs, there can be no assurance that the transition to Ind AS, which would result in computing provisions on the basis of the expected credit loss method as against the current method for incurred credit loss, will not further increase our provisioning requirements in the future. Accordingly, any significant increase in our NPAs may have a material adverse effect on our financial condition and results of operations and as a result, our return ratios may not be consistent with our previous performance. The COVID-19 pandemic including the restrictions and measures imposed by the GoI in an effort to contain the spread of COVID-19 outbreak had an adverse impact on the Bank's asset quality which disrupted the income generating capacity of our customer base activity. We may experience higher NPAs than anticipated driven by deterioration in asset quality due to our borrower's reduced ability to make timely repayments.

9. ***Our micro banking loan portfolio, certain categories of our MSE loans and products offered through our fintech partnerships are not supported by any collateral that could help ensure repayment of the loan, and in the event of non-payment by a borrower of one of these loans, we may be unable to collect the unpaid balance.***

Our micro banking loans are offered through our micro banking business, for example, to individuals and families to assist in starting home-based businesses and to invest in income-generating activities. Certain categories of MSE loans offered by us are at higher credit risk than secured loan portfolios because they may not be supported by realisable collateral that could help ensure an adequate source of repayment for the loan. Further, we are also entering into multiple fintech partnerships for sourcing assets and liability products and have introduced supply chain finance in the form of overdraft limits in partnership with various fintech partners. As of March 31, 2022, micro banking loans, and unsecured MSE loans contributed 67.97%,and 1.19%, respectively, of our total advances, while as of June 30, 2022, micro banking loans, and unsecured MSE loans contributed 68.85%, and 1.14%, respectively, of our total advances. Further, the products offered through our fintech partnerships accounted for 1.17% and 1.12%, respectively, of our total advances, as of March 31, 2022 and the quarter ended June 30, 2022. We may be unable to collect in part or at all in the event of non-payment by a borrower. Further, any increase in delinquency in our micro banking loan portfolio, or MSE loan portfolio could require us to increase our provision for credit losses, which would decrease our earnings.

10. ***We and our Promoter are involved in certain legal proceedings, any adverse developments related to which could materially and adversely affect our business, reputation and cash flows***

There are outstanding legal proceedings involving our Bank and our Promoter, in relation to the business and operations of each entity. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We cannot assure you that these proceedings will be decided in our favour.

The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. Any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition.

There is one material civil litigation involving our Promoter. There is one statutory action initiated by the EPFO against our Bank under Section 7A of the EPF Act for inadequate provident fund contribution for our employees, which is presently outstanding. Our Bank does not consider the amount involved in respect of material outstanding litigations (as disclosed in this Placement Document) involving the Promoter to be a present or a potential liability and hence provision for the same has not been provided for in the books of our Bank. Additionally, our Bank is involved in 303 matters in relation to recovery of amounts under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("**SARFAESI Act**") and Recovery of Debts and Bankruptcy Act, 1993 ("**RDB Act**") on the date of this Placement Document. Such aforementioned matters primarily consist of actions initiated by our Bank under section 14 of SARFAESI Act and also include 47 outstanding matters in appeal, before the Debt Recovery Tribunal of various jurisdictions, which are filed by the borrowers under section 17 of the SARFAESI Act, contesting, *inter alia*, the action of our Bank in claiming rights over the mortgaged property, seeking temporary and permanent injunction towards any coercive action by our Bank against the borrowers. In the ordinary course of business, we have also initiated proceedings under the Negotiable Instruments Act, 1881 against defaulting customers. We have certain FIRs and police complaints that have been instituted against our Bank employees and officials which typically involve instances of attempts to defraud our customers, physical assault, threats, etc. by such employees (as disclosed in this Placement Document). We have one material fraud involving a sum above ₹1 crore during the last three years.

Pursuant to the Business Transfer Agreement, our Promoter, UFSL is responsible for all claims by employees until the completion date under the agreement, i.e., February 1, 2017, including any payment of costs, expenses, damages and liabilities in this regard. However, our Bank is required to be liable for any payments which may become due on account of all other claims, proceedings, suits etc., in relation to our Promoter which were pending as on the completion date (i.e., February 1, 2017) under the Business Transfer Agreement.

For further information, see "*Legal Proceedings*" on page 397.

11. ***We have recently introduced several new products and services and we cannot assure you that such products and services will be profitable in the future. Further, we may not be able to successfully diversify our product portfolio or enter into new lines of business, which may materially and adversely affect our business prospects and impact our future financial performance.***

We have introduced several new products and services, such as vehicle, agriculture loans and certain products of MSE loans and affordable housing loans. For further information, see "*Our Business – Description of our Business – Our Product Portfolio"* on page 305. We have incurred substantial costs to expand our range of products and services and we cannot assure you that such products and services will be successful, whether due to factors within or outside of our control, such as general economic conditions, a failure to understand customer demand and market requirements or management focus on these new products. Further, these operations may be accompanied by operating and marketing challenges that may be different from those we currently encounter. In addition, if we fail to successfully offer our new products and services in an increasingly competitive market, we may not be able to capture the growth opportunities associated with them or recover the development and marketing costs, and our future results of operations and growth strategies could be adversely affected. Further, we require approval from regulatory authorities before we commence offering certain services. If we fail to obtain such approvals, or to develop and launch such products and services successfully, we may lose a part or all of the costs incurred in the development of such offerings, or discontinue these offerings, which could in turn adversely affect our business and results of operations.

We will have limited experience in the new lines of business and asset segments that are targeted at a different customer segment, and may encounter additional risks by entering into such new lines of business including management and market-related risks. We cannot assure that such diversification or expansion of operations will in future yield and/ or continue to yield favourable or expected results, as our overall profitability and success will be subject to various factors, including, among others, our ability to effectively recruit, retain and motivate appropriate and experienced managerial talent, and ability to compete with entities that are already well established in this market segment. Further, new businesses will require significant capital investment and commitment of time from our senior management. There also can be no assurance that our management will be able to develop the skills necessary to successfully manage these new business areas. Our inability to effectively manage any of these issues could materially and adversely affect our business and impact our future financial performance and/ or cash flows.

12. ***We rely extensively on and continuously upgrade our information technology systems and any disruptions in such systems, or breach of data, could adversely affect our operations and reputation. Further, our success depends on our ability to respond to new technological advances.***

Our information technology systems are a critical part of our business that help us manage, among other things, our risk management, financial controls, transaction processing, deposit servicing and loan origination functions, as well as our increasing portfolio of products and services. See "*Our Business – Information Technology"* on page 318. Our business is also dependent on us constantly introducing new and upgrading our existing information technology systems. Our front end, data processing, and back-end operations are automated. As a result, any disruption, breach or failure in our technology infrastructure may have significant consequences on our business operations, including:

- disabling or malfunctioning of financial, accounting or data processing systems;
- inability to service our customers on a timely basis or at all;
- non-availability of regional or zonal information to our management in order to enable them to plan for or respond to contingencies and changes in market conditions in a timely manner or at all; and
- loss of confidential or material data in relation to our financial products.

Our hardware and software systems are subject to both potential internal and external disruptions such as damage or incapacitation by human error, natural disasters, power loss, nation/region-wide interruptions in the infrastructure, sabotage, computer viruses and similar events or the loss of support services from third-parties such as internet backbone providers. Our systems are also potentially vulnerable to data security breaches, whether by employees, who may have a lack of experience with our newer information technology systems, or others, that may expose sensitive data to unauthorized persons. We undertake a high volume of transactions, including through internet and mobile banking and although we have taken adequate measures to safeguard against system-related and other failures, we cannot assure you that we will be able to prevent such failures. Data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information (including sensitive financial and personal information) of our customers and employees. Although we intend to continue to implement security technology and establish operational procedures to prevent break-ins, damage and failures, there can be no assurance that instances of IT infringements and security breaches will not take place in the future or that our security measures will be adequate or successful. For instance, a breach in a third-party software system used to store data for certain microfinance customers and the resultant crash in October 2018 led to data loss, and was subsequently reported to the RBI. Failed security measures could have a material adverse effect on our business, our future financial performance and the trading price of the Equity Shares. Any such security breaches or compromises of technology systems could result in institution of legal proceedings against us and potential imposition of penalties, which may have an adverse effect on our business and reputation.

Further, we have also entered into agreements with several IT companies to set up IT infrastructure and have established new technology enabled centralized processing units. If our IT vendors are unable to fulfil their contractual obligations or we encounter any failure in the timely implementation, performance or integration of such systems, we may experience interruptions in our operations, loss of customers, damaged reputation and weakening of our competitive position. In addition, our success will depend, in part, on our ability to respond to new technological advances and emerging banking and other financial services industry standards and practices in a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies or adapt our transaction processing systems to customer requirements or improving market standards. In addition, the Supreme Court held that private entities will be barred from using Aadhaar numbers for e-KYC authentication purposes. Pursuant to a recent amendment to the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, which was effected after the Supreme Court judgment, entities will be able to carry out e-KYC subject to meeting certain specific conditions, including compliance with such standards of privacy and security as may be prescribed. Further, entities are allowed to carry out e-KYC only if they are permitted to offer authentication services under any other law, or if such authentication is for certain specified purposes, as the central government may prescribe. These developments are expected to severely impact banking and fintech companies, requiring them to rely on alternate means for authentication which may not be as streamlined or cost efficient.

13. ***Our business is dependent on our operations in certain regions of India, and any adverse changes in the conditions affecting these markets can adversely impact our business, financial condition and results of operations.***

While our operations are spread out in all four zones of the country, a large number of our Banking Outlets are located in the southern and eastern states of India, particularly, Tamil Nadu, Karnataka and West Bengal. Consequently, a majority of our advances are from customers in these states. As of March 31, 2022 and the quarter ended June 30, 2022, 42.39% and 41.90%, respectively, of our Gross Advances (including securitization / IBPC / direct assignment) were contributed by these states. For further information in relation to our geographical outreach, see "*Our Business – Our Operations – Regional Concentration*" on page 337.

In the event of a regional slowdown in the economic activity in Tamil Nadu, Karnataka or West Bengal, or any other developments including political unrest, disruption or sustained economic downturn in these regions that make our products in these states less beneficial, we may experience an adverse impact on our financial condition and results of operations, which are largely dependent on the performance, geo-political and other prevailing conditions affecting the economies of these states. The market for our products in these states may perform differently from, and be subject to, market and regulatory developments that are different from the requirements in other states of India. There can be no assurance that the demand for our products will grow, or will not decrease, in the future, in these regions.

14. ***We depend on our brand recognition, and failure to maintain and enhance awareness of our brand would adversely affect our ability to retain and expand our base of customers.***

We believe that any damage to the brand "*Ujjivan*" or to our reputation could substantially impair our ability to maintain or grow our business, or have a material adverse effect on our overall business, financial condition, results of operations and cash flows. We are currently using the word mark, '*Ujjivan*', pursuant to a license agreement dated August 22, 2017 entered between our Promoter, UFSL, the original adopter and owner of the trademark, and us. Further, the license agreement permitted us to create derivatives of the licensed trademarks. In addition, pursuant to another trademark licensing agreement, our Promoter, UFSL, is permitted to use certain licensed trademarks owned and developed by us only for purposes specifically permitted by us. Further, UFSL is also permitted to develop variations/ derivations of these licensed trademarks under our supervision and any use of such variations/ derivations shall be subject to our prior written approval. Accordingly, any negative publicity on UFSL could therefore, adversely affect our brand as well. If we fail to maintain this brand recognition with our existing and target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, or if any premium in value attributed to our business or to the brands under which our services are provided declines, market perception and customer acceptance of our brands may also decline. We also distribute third-party products via collaborationswith external organizations whom we have limited or no control over. Any negative publicity/ press affecting such external organizations might also affect our reputation and brand value. In such an event, we may not be able to compete for customers effectively, and our business, financial condition and growth prospects may be materially and adversely affected.

In addition, any unauthorized or inappropriate use of our brand, trademarks and other related intellectual property rights by others in their corporate names or product brands or otherwise could harm our brand image, competitive advantages and business, and dilute or harm our reputation and brand recognition. We have also obtained trademark registrations for some of the terms coined by us, like *"Ujjivan - DigiBuddy*" (under classes 16, 35 and 36) and *"Ujjivan MicroBanking"* (under classes

16, 35, 36 and 41). Our corporate logo, , has also been registered with the trademark registry under classes 16, 35, 36 and 41. Our domain name "*ujjivansfb.in*" has been registered with the trademark registry as a word mark in classes 16, 35, 36 and 41. We have also received trademark registration for "*Ujjivan Sampoorna Family Banking*" (word and logo), *Ujjivan Bank Raftaar Loan* (logo) and *UJJIVAN BANK raFTaar Loan* (logo). For further information, see "*Our Business – Intellectual Property*" on page 319. Moreover, we might also be harmed by the actions of or negative press relating to entities which have similar names. Further, if a dispute arises with respect to any of our intellectual property rights or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management. We cannot assure you that any infringement claims that are material will not arise in the future or that we will be successful in defending any such claims when they arise. Our efforts to protect our intellectual property or proprietary information and the measures we take to identify potential infringement of our intellectual property may not be adequate to detect or prevent infringement, misappropriation or unauthorized use. Further, the application of laws governing intellectual property rights in India is continuously evolving and there may be instances of infringement or passing-off of our brand in Indian markets. Our failure to adequately protect our brand, trademarks and other related intellectual property rights may adversely affect our business, financial condition, results of operations and cash flows. We may also be subject to claims by third parties, both inside and outside India, if we breach their intellectual property rights by using taglines, names, designs, software or other such subjects, which are of a similar nature to the intellectual property these third parties may have registered. Any legal proceedings that result in a finding that we have breached third party intellectual property rights, or any settlements concerning such claims, may require us to provide financial compensation to such third parties or make changes to our marketing strategies or to the brand names of our products, which may have a materially adverse effect on our brand, business, prospects, financial condition and results of operations.

15. ***Our operations involve handling significant amounts of cash, making us susceptible to operational risks, including fraud, petty theft and embezzlement, which could harm our results of operations and financial position.***

Our employees at our Banking Outlets are responsible for the collection and deposit of cash, thereby exposing us to the risks of loss, fraud, misappropriation, theft, assault and unauthorized transactions by our employees. While we strive to monitor, detect and prevent fraud or misappropriation by our employees, through various internal control measures (through an in-house vigilance and internal audit department) and insurance coverage including group health insurance policy, group personal accident insurance policy, group life insurance policy, workmen's compensation policy, burglary policy, standard fire and perils policy, directors' and officers' liability policy and special perils policy, we may be unable to adequately prevent or deter such activities in all cases. In the past, we have experienced acts of fraud (as defined under the applicable RBI guidelines), theft, assault and misappropriation committed by or involving our customers/ employees. Such acts could also bind us to transactions that exceed authorised limits or present unacceptable risks or hiding unauthorized or unlawful activities from us. In particular, in the past, we have faced several instances of employee negligence, manipulation, misrepresentation, corruption and fraud, such as forging of signatures, asking for bribe and negligence in relation to verifying original KYC documents, collectively conspiring to defraud customers. In the past, there has been an instance of misappropriation of funds aggregating to ₹1.12 crore by a corporate business correspondent of a third party entity involved with our Bank. We have taken severe actions against our employees in regards to such instances, including, termination, suspension, show cause notice, counselling and initiation of legal proceedings before relevant authorities. For further information, see "*Legal Proceedings*" and "*Financial Statements*" on pages 397 and 77, respectively.

While we have been able to identify fraud relating to misappropriation of funds in the past, there could be instances of fraud and misconduct by our employees which may go unnoticed for certain periods of time before corrective action is taken. In addition, we may be subject to regulatory or other proceedings in connection with any such unauthorized transaction, fraud or misappropriation by our agents or employees, which could adversely affect our goodwill, business prospects and future financial performance. Even when we identify instances of fraud and other misconduct and pursue legal recourse or file claims with our insurance carriers, we cannot assure you that we will recover any amounts lost through such fraud or other misconduct. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

16. ***Non-compliance with RBI inspection/ observations may have a material adverse effect on our business, financial condition or results of operation. Any adverse observations from such regulators could have a material adverse effect on our business, financial condition or results of operation.***

We are subject to periodic inspections by the RBI under the Banking Regulation Act and the RBI Act, pursuant to which, the RBI advises on issues related to various risk and regulatory non-compliances. During the recent inspection conducted between February and March 2020 for Fiscals 2018 to 2020, pursuant to Section 35 of the Banking Regulation Act, RBI has made certain observations regarding our business and operations in relation to, amongst others (i) non-preparedness of strategy for dilution of promoter shareholding to 40% within a period of five years from the date of commencement of business of the Bank; (ii) non-automation of NPA provisioning and monitoring of cash margin; (iii) non-compliance to cyber security and information technology examination advisory and cyber security gaps; (iv) misclassification of PSL; (v) breach of SLR and CRR limits during Fiscal 2021; (vi) deficiencies in functioning of the board; (vii) non-review of risked based internal audit approach to ensure compliance with RBI guidelines; (viii) unplanned downtime of internet banking and CBS system and lack of capacity planning on configuration; (ix) weak MIS with data integrity and confidentiality issues; and (x) deficiencies in adherence to

KYC/AML norms. While we have responded to such observations, addressed them, complied with some of them, and moreover for certain observations even provided a timeline by which they would be resolved, we cannot assure you that the RBI will not make similar or other observations including divergences in the future and in the event we are unable to resolve such deficiencies and other matters to the RBI's satisfaction, or are otherwise in non-compliance with the RBI's directions, the RBI may initiate adverse observations/ remarks against us. Imposition of any penalty or adverse findings by the RBI during ongoing or any future inspections may have an adverse effect on our business, results of operations, financial condition and reputation.

17. ***Our deposits depend on a limited number of customers and a loss of such customers could materially and adversely affect our deposit portfolio, funding sources, financial condition and results of operations.***

We are dependent on a limited customers for a substantial portion of our deposits. The following table sets forth certain information in relation to the percentage share of our total deposits by our top five, 10 and 20 depositors as on the respective dates indicated below:

Particulars	**As of March 31,**			**As of June 30, 2022**
	2020	2021	2022	
	Percentage of Total Deposits (%)			
Top 5 depositors	12.38%	12.60%	8.34%	8.02%
Top 10 depositors	19.20%	19.13%	13.60%	13.29%
Top 20 depositors	28.58%	28.48%	22.10%	21.71%

Reduction or loss of such deposit accounts expose us to an increasing funding risk, which could in turn adversely affect our financial performance and results of operations. A reduction in the services we perform for such customers or the loss of such major customers could result in a significant reduction of our deposits portfolio. Factors that may result in a loss of a customer include our service performance, reduction in budgets due to macroeconomic factors or otherwise and shift in policies and political or economic factors. There is significant competition for the services we provide, and we are typically not an exclusive service provider to our large customers. These factors may not be predictable or under our control. Significant pricing or margin pressure exerted by our customers could also adversely affect our business, financial condition and results of operations. Our clients may reduce or remove their deposits from our Bank, with or without cause or notice, at any time. If any of our customers reduce or remove their deposit accounts from our Bank, our deposits portfolio, funding sources, financial condition and results of operations could be materially and adversely affected.

18. ***All our Banking Outlets along with our Registered Office and Corporate Office are on leased premises and we are also in the process of entering into new lease arrangements for our proposed Banking Outlets. Any inability on our part to identify suitable premises or enter into or renew lease agreements on terms acceptable to us, may have an adverse effect on our operations.***

As of June 30, 2022, our operations were spread across 24 states and union territories through 575 Banking Outlets including 144 Banking Outlets in URCs, all located on leased premises. Further, our Registered Office and Corporate Office are also located on leased premises.

Further, in case of non-renewal of our leases or if such agreements are renewed on unfavorable terms and conditions, we may be forced to procure alternative space for our existing Banking Outlets, Registered Office and Corporate Office and incur additional costs in such relocation. In addition, certain of our Banking Outlets are located on premises that have been mortgaged by landlords to secure credit facilities obtained from lenders. If the lenders enforce the mortgage on account of any default by the landlords and subsequently, cancel our leasehold arrangements, or refuse to renew them on terms that are commercially acceptable to us, we may be compelled to relocate from such premises. This may cause a disruption in our operations or result in increased costs, or both, which may materially and adversely affect our business, financial condition and results of operations in respect of such defaulting premises. Further, some of our lease agreements may not be adequately stamped or registered with the registering authority of the appropriate jurisdiction. An instrument not duly stamped, or insufficiently stamped, shall not be admitted as evidence in any Indian court or may attract a penalty as prescribed under applicable law for admission, which could adversely affect the continuance of our operations and business. Although we procure space that satisfies the safety, operational and financial criteria for our Banking Outlets, we cannot assure you that we will be able to identify such space at commercially reasonable terms or at all.

19. ***Our inability to expand our Banking Outlets network, ATMs or manage our infrastructure or if we are unable to attract new customers may adversely affect our business, results of operations, financial condition and cash flows.***

We have a large and diverse Banking Outlet network across India. As of June 30, 2022, we operated in 575 Banking Outlets that included 144 in URCs of which seven were business correspondents across 24 states and union territories in India. We intend to grow our network of Banking Outlets in our existing markets and new markets in India and attract new customers. We have also increased our number of ATMs from 385 as of March 31, 2019 to 492 ATMs (including 54 ACRs) as of June 30, 2022. We are constantly enhancing and improving our financial, accounting, information technology, administrative and operational infrastructure and internal capabilities in order to manage the future growth of our business. However, we cannot assure you that we will succeed in implementing such strategies, as their successful implementation is subject to many factors beyond our control. Factors such as competition and customer requirements, in these new markets may differ from those in our existing markets. In addition, we are likely to compete with other banks and financial institutions, and local unorganized or semi-organized private financiers, who are more familiar with local business practices and customs, and have stronger relationships with the target customers.

As we plan to expand our geographic footprint in India, our business may be exposed to additional challenges, including obtaining additional governmental or regulatory approvals, identifying and collaborating with local business partners with whom we may have no existing relationship, successfully marketing our products in markets in which we have no familiarity, attracting customers in a market in which we do not have significant experience or visibility, maintaining standardized systems and procedures, adapting our marketing strategy and operations to new markets in India in which different languages are spoken, higher technology costs, upgrading, expanding and securing our technology platform in such Banking Outlets, operational risks including integration of internal controls and procedures, compliance with KYC, AML and other regulatory norms, ensuring customer satisfaction, recruiting, training and retaining skilled personnel, failure to manage third-party service providers in relation to any outsourced services and difficulties in the integration of new Banking Outlets with our existing Banking Outlets and ATM network. For example, the RBI has, pursuant to notifications dated April 12, 2018 read with notification July 12, 2021, advised banks to implement the use of lockable cassettes in their ATMS which shall be swapped at the time of cash replenishment in a phased manner covering at least one third ATMs operated by the banks every year by March 31, 2022. To address these challenges, we may have to make significant investments that may not yield desired results or incur costs that we may not be able to recover. If we are unable to implement such growth strategies, our business, results of operations, financial condition and cash flows will be adversely affected.

20. ***We have in this Placement Document included certain non-GAAP financial measures and certain other selected statistical information related to our operations and financial performance. These non-GAAP measures and statistical information may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or statistical information of similar nomenclature computed and presented by other financial services companies.***

Certain non-GAAP financial measures and certain other statistical information, such as Yield, Spread and Net Interest Margin, relating to our operations and financial performance have been included in this section and elsewhere in this Placement Document. For further information, see "*Selected Statistical Information*" on page 322. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

21. ***Our Bank proposes to enter into the Proposed Scheme of Amalgamation in order to achieve the shareholding requirement of the Promoter in terms of the RBI guidelines. As of the date of this Placement Document, except for the Issue and intimating the Stock Exchange of the intention to enter into the Proposed Scheme of Amalgamation, our Promoter has not approved any specific method to achieve such compliance. However, if and when any method is proposed to be undertaken, we cannot assure you that any required consent, approval, waiver or clarification will be received in a timely manner, or at all, to enable our Promoter to reduce its shareholding as required.***

Our Promoter will hold 73.68% of the Equity Share capital of our Bank upon the completion of the Issue. In order to comply with the RBI Final Approval and the SFB Licensing Guidelines ("**Licensing Conditions**"), our Promoter was required to reduce its shareholding in our Bank to 40% on or prior to January 31, 2022 ("**RBI Dilution Requirement**"). As of the date of this Placement Document, our Promoter is not in compliance with the RBI Dilution Requirement.

Pursuant to the SFB Licensing Guidelines, our Promoter is required to reduce its shareholding in our Bank to 40% of our paid-up Equity Share capital within a period of five years from the date of commencement of our business operations and thereafter required to reduce its shareholding in our Bank to 30% and 26% of our paid-up Equity Share capital within a period of 10 years and 12 years, respectively, from the date of commencement of our business operations. The internal working group of the RBI, pursuant to the Recommendations of the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks dated October 20, 2020 and November 20, 2020, as amended, had recommended that no intermediate sub-targets between five to 15 years may be required and that promoters may submit a dilution schedule which may be examined and approved by the RBI. The progress in achieving the agreed milestones must be periodically reported by the banks and shall monitored by the RBI. ("**Dilution Requirement**")

Pursuant to the circular issued by the RBI dated November 26, 2021 ("**November 26 Circular**"), the RBI had stated that out of the 33 recommendations issued by the IWG, 21 of the recommendations of the IWG were accepted (some with certain modifications). The remaining nine recommendations are under consideration by the RBI. The RBI accepted the recommendation on the Dilution Requirement without any modification and clarified that the submission of a dilution schedule shall be mandatory. Except for this Issue and as described below, as of the date of this Placement Document, our Promoter has not approved any specific method to achieve such compliance.

Our Bank proposes to enter into the Proposed Scheme of Amalgamation for the amalgamation of UFSL (being holding company of our Bank) into our Bank along with their respective shareholders, employees, creditors and other stakeholders, in accordance with sections 230-232 of the Companies Act, 2013, the other applicable provisions of the Companies Act, 2013 and SEBI Master Circular on Schemes of Arrangement dated December 22, 2020, pursuant to which the undertaking of UFSL is proposed to be amalgamated into and with our Bank and all its assets, liabilities, contracts, employees, licenses, records and approvals shall stand transferred to and shall be deemed to have been transferred to and vested in our Bank, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of the scheme and receipt of the relevant regulatory and statutory approvals and in accordance with applicable law and the conditions prescribed by the SEBI and RBI.

The objective of the Proposed Scheme of Amalgamation is primarily to meet the requirement laid down in the RBI final approval dated November 11, 2016 issued to our Bank and the SFB Licensing Guidelines which requires our Promoter to reduce its shareholding in our Bank to at least 40% within a period of five years from the date commencement of business of our Bank (which period expired on January 31, 2022).

Our Board and the board of directors of UFSL, at their respective meetings dated October 30, 2021, had accorded their approval for a scheme of amalgamation of UFSL with our Bank.

In this regard, our Bank and UFSL pursuant to the letter dated November 1, 2021 sought *inter alia* the following exemptions from SEBI for the purposes of implementation of the scheme of amalgamation:

a) Our Bank and UFSL sought an exemption under Regulation 300 of the SEBI ICDR Regulations to relax the three-year minimum promoter lock-in requirements under Regulation 16(1)(a) of the SEBI ICDR Regulations, to the extent required to implement the Scheme of Amalgamation.
b) Our Bank and UFSL sought prior permission of SEBI pursuant to its circular dated February 12, 2018 to allow the Bank to meet minimum public shareholding requirements through the Scheme of Amalgamation.

SEBI pursuant to its letter dated December 2, 2021 to our Bank acceded to relax the three-year minimum promoter lock-in requirements under Regulation 16(1)(a) of the SEBI ICDR Regulations ("**Exemption**"), to facilitate the scheme of amalgamation. The Exemption is subject to the no-objections certificates to be obtained from the Stock Exchanges to the Scheme of Amalgamation and the period of exemption is from the approval of the Proposed Scheme of Amalgamation by the NCLT till the expiry of the lock-in period, and compliance with applicable law, including compliance with the minimum public shareholding requirements.

Accordingly, our Bank is undertaking the Issue with an objective to achieve minimum public shareholding requirement by reducing the shareholding of UFSL in our Bank from 83.32% of the total paid-up equity share capital as on the date of this Placement Document to 75% of the total post-issue equity share capital or below.

There can be no assurance that our Promoter or our Bank will be able to obtain, in a timely manner or at all, consents, approvals, waivers or clarifications, if required, from regulatory authorities, tribunals, shareholders, lenders or third parties and achieve compliance with the Licensing Conditions. Our Bank and our Promoter may be subject to penalties for non-compliance which may have a material adverse effect on our business and operations and the trading price of our Equity Shares.

To achieve compliance with the RBI Dilution Requirement, if our Promoter is required to sell its Equity Shares or our Bank has to further issue fresh Equity Shares, or our Promoter and our Bank consider other options, such actions, or the perception that such actions may occur, may materially and adversely affect our business and operations and the trading price of our Equity Shares.

22. ***The value of our collateral may decrease or we may experience delays in enforcing collateral when borrowers default on their obligations, which may result in failure to recover the expected value of collateral security exposing us to potential loss.***

We disburse certain loans that are secured by assets and follow certain procedures to evaluate the credit profiles of our customers. However, the value of the collateral obtained by us may fluctuate or decline due to factors beyond our control, including deterioration in regional economic conditions or of asset values or as a result of adverse changes in the credit quality of our borrowers and counterparties or delays in foreclosure proceedings or defects or deficiencies in the perfection of collateral. Certain proceedings under Section 17 of the SARFAESI Act instituted by our customers are pending against our Bank wherein the seizure of such collateralized property by our Bank upon default of loans by our customers have been challenged. In the event of a decline in any of these, some of our loans may exceed the value of their underlying collateral. Changes in asset prices may cause the value of our collateral to decline. Further, as part of our strategy, we intend to increase the proportion of secured to unsecured products in our MSE segments, thereby further exposing us to the risk involving value and enforcement of collaterals. Our secured advances have grown from ₹ 3,051.44 crore as of March 31, 2020 (which constituted 21.56% of our Gross Advances (including securitization / IBPC / direct assignment)) to ₹ 5,375.64 crore as of March 31, 2022 (which constituted 29.60% of our Gross Advances (including securitization / IBPC / direct assignment)) and were ₹5,623.03 crore as of June 30, 2022 (which constituted 28.97% of our Gross Advances (including securitization / IBPC / direct assignment)).

While we factor in any reduction in value to an extent, it may not be sufficient if the value of the collateral reduces substantially. This is particularly applicable in situation where the advances are secured by highly depreciating fixed assets such as, amongst others, vehicles. As a result, if our customers default, we may receive less money from liquidating the collateral than is owed under the relevant financing facility, and incur losses, even in cases where we are able to successfully seize and liquidate the collateral. Our group loan products are built on the peer-guarantee loan model, wherein borrowers form a joint liability group and provide guarantees for loans obtained by each member of such group without such members having to provide collateral or security on an individual basis. Though members of a joint liability group are inter-dependent, there can be no assurance that such joint liability arrangements will ensure full or partial repayment by the other members of the joint liability group in the event of default by any one of them. Further, individual loans, which are not based on the joint liability group model, impose a higher risk on us in terms of our ability to recover the loan amount. In addition, the collateral for our secured MSE loans and affordable housing loans primarily includes mortgage over our customers' residential or commercial property and we are therefore exposed to adverse movements in the price of such immoveable property and the real estate market in general. We are also exposed to the risk arising out of forged title deeds and property documents given as collateral for our secured loans as well as the fact that there is no centralized land title registry in India. We cannot assure you that we will be able to successfully seize the collateral in the event of customer default and may face delays and incur legal and administrative costs in the repossession and sale of the collateral. Legal proceedings for such purposes in India are often time consuming and if we are unable to seize and recover the full value of collateral in a timely manner, or at all, our business, results of operations, financial condition and cash flows may be adversely affected. In the event our borrowers default on the repayment of loans, we may not be able to realize the full value of the collateral due to various reasons, including a possible decline in the realizable value of the collateral, defective title or pledge of damaged items as security, prolonged legal proceedings and fraudulent actions by borrowers, or we may not be able to foreclose on collateral at all. Further, we may be required to increase our provision for loan losses in case of any decline in the value of the security, which could impair our ability to realize the secured assets upon any foreclosure.

23. ***Our business is particularly vulnerable to interest rate risk, and any volatility in interest rates or inability to manage interest rate risk could adversely affect our Net Interest Margins, income from treasury operations, business, financial condition, results of operations and cash flows.***

Our results of operations depend substantially on our Net Interest Income, which is the difference between our interest earned and interest expended. Interest rate risk depends upon the nature of gaps in rate sensitive assets and rate sensitive liabilities. Any change in interest rates or their volatility would affect our interest expense on our interest-bearing liabilities as well as our Net Interest Income and Net Interest Margins. Any increase in our cost of funds may lead to a reduction in our Net Interest Margins, or require us to increase interest rates on loans disbursed to customers in the future to maintain our Net Interest Margins. In Fiscal 2020, 2021 and Fiscal 2022, and the quarter ended June 30, 2022, interest expended represented 44.80%, 46.69%, 40.98% and 41.91% respectively, of our total expenses. In Fiscal 2020, 2021 and 2022, and the quarter ended June 30, 2022, our Net Interest Margins were 10.55%, 9.28%, 8.51% and 9.56%, respectively. For further information, see "*Selected Statistical Information*" on page 322.

Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically generated a relatively high degree of volatility in interest rates in India. In the event of an increase in the interest rates that we are required to pay on our borrowings, we cannot assure you that we will be able to pass such increased costs to our customers. Further, to the extent our borrowings are linked to market interest rates which increase, or to the extent we are unable to supplement our sources of liquidity with deposits from our customers, we may have to pay interest on our borrowings at a higher rate. Our inability to effectively manage interest rate risk may cause our Net Interest Income and Net Interest Margins to decline, which may adversely affect our business, result of operations, financial condition and cash flows.

The requirement that we maintain a portion of our assets in fixed income government securities could also have a negative impact on our Net Interest Income and Net Interest Margins since we typically earn interest on this portion of our assets at rates that are generally less favorable than those typically received on our other interest-earning assets. We are also exposed to interest rate risk through our treasury operations when we commence trading in securities. Any rise in interest rates or any greater interest rate volatility could adversely affect our income from treasury operations. In addition, any change in the volume of business in our treasury operations and profitability, could have an adverse impact on the overall profitability of the Bank.

24. ***Our risk management measures may not be fully effective in mitigating our risks in all market environments or against all types of risks, which may adversely affect our business and financial performance.***

Our risk management functions are divided on the basis of principal risks defined under applicable Basel II guidelines, i.e., credit risk, market risk, operational risk, information technology risk and liquidity risk. While we believe we have a well-defined risk management governance framework that comprises of a risk management committee of our Board and management sub committees for management of credit, market, liquidity, information technology and operational risk, to the extent any of the instruments and strategies we use to hedge or otherwise manage our exposure to market or credit risk are not effective, we may not be able to mitigate effectively our risk exposures, in particular to market environments or against particular types of risk. We have devoted significant resources to develop our risk management policies and procedures and aim to continue to devote such resources in the future. See "*Our Business - Risk Management*" on page 316. Despite this, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our methods of managing risks are based upon the use of observed historical market behavior. As a result, these methods may not accurately predict future risk exposures which could be significantly greater than those indicated by the historical measures. Management of operations, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, and these policies and procedures may not be fully effective. As we seek to expand the scope of our operations, we also face the risk that we may not be able to develop risk management policies and procedures that are properly designed for new business areas or to manage the risks associated with the growth of our existing businesses effectively. Implementation and monitoring may prove particularly challenging with respect to businesses that we plan on developing. An inability to develop and implement effective risk management policies may materially and adversely affect our business, financial condition and results of operations.

We intend to continue to periodically test and update our risk management functions. However, we are exposed to operational risks arising from inadequacy or failure of internal processes or systems, and our actions may not be sufficient to result in an effective internal control environment. Given our high volume of transactions and changing technology and payments landscape, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weaknesses. In addition, certain processes are carried out manually, which may increase the risk that human error, tampering, frauds or manipulation will result in losses that may be difficult to detect. As a result, we may suffer monetary losses, which may not be covered by our insurance policies. Any failure or material weakness in our risk management architecture could adversely affect our business, results of operations, financial condition and cash flows.

25. ***We may not be able to detect money-laundering and other illegal or improper activities in a comprehensive manner or on a timely basis, which could expose us to additional liability and harm our business or reputation.***

We are required to comply with applicable anti-money laundering and anti-terrorism laws and other regulations in India. These laws and regulations require us to adopt certain measures, including, to adopt and enforce "know-your-customer/ anti-money laundering/ combating financing of terrorism" (**"KYC/AML/CFT"**) policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities. Remittances are increasingly required to be covered under our scrutiny and monitoring. We are also required to undertake constant review and assessment of existing control processes and programs to meet the increased regulatory expectation. We face significant challenges with system upgradation to meet the requirements of such regulatory developments. While we regularly adopt policies and procedures aimed at detecting and preventing the use of our banking networks for money-laundering activities and by terrorists and terrorist-related organizations and individuals generally, such policies and procedures may not completely eliminate instances where we may be used by other parties to engage in money-laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. In addition, there may be significant inconsistencies in the manner in which specific operational and KYC/AML/CFT policies are actually interpreted and implemented at an operational level in each of the Banking Outlet and other customer interface levels. Our business and reputation could suffer if any such parties use our banking channels for money-laundering or illegal or improper purposes.
While we continue to strengthen our AML and KYC procedures, to the extent we fail to fully comply with applicable laws and regulations, the relevant governmental and regulatory agencies may impose fines and other penalties. In addition, any adverse action taken by such agencies could adversely affect our reputation, thereby affecting our business and future financial performance.

26. ***We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, accelerated repayment schedule and suspension of further drawdowns, which may adversely affect our business, results of operations and financial conditions.***

Some of the financing arrangements entered into by us include conditions that require our Bank to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business and operations. These covenants vary depending on the requirements of the financial institution extending such loan and the conditions negotiated under each financing agreement. Some of the corporate actions that require prior consents from certain lenders include, amongst others, change in capital structure, undertaking any merger, de-merger, consolidation, reorganization, dissolution or reconstitution scheme of arrangement, compromise, reconstruction, amending or modifying constitutional documents and payment of dividend in case of default. Further, under certain financing agreements, we are required to maintain specific credit ratings and if we fail to do so, it will result in an event of default. We are also required to maintain certain financial ratios and ensure compliance with regulatory requirements such as maintenance of capital adequacy ratios, non-performing asset ratio and ensure compliance with prudential norms. Failure to comply with such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time. Some of our lenders are also entitled to appoint directors on the Board of our Bank.

In addition, some of our lenders may recall all or part of such unsecured amounts borrowed by us. Such recalls on borrowed amounts may be contingent upon happening of an event beyond our control and there can be no assurance that we will be able to persuade our lenders to give us extensions or to refrain from exercising such recalls which may adversely affect our operations and cash flows.

A failure to observe the covenants under our financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities and suspension of further access/ withdrawals, either in whole or in part, for the use of the facility. Pursuant to clauses in certain financing agreements, any defaults under such facilities may also trigger cross default or cross acceleration provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated, we may have to dedicate a portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. In addition, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing.

27. Our inability to sustain our CASA ratio may result in higher cost of deposits and impact our financial condition.

Our CASA deposits have increased to 29.97% as on June 30, 2022 from 27.29% as of March 31, 2022 demonstrating increase in retail deposits amid the increased competition from other banks and lending institutions. While we had attracted retail customers and increased our CASA deposits through focused deposit building activities, introduction of new products and offering attractive interest rates. we believe there will be marginal downside in further growing our CASA base on account of unforeseen events such as COVID-19, demonetization and natural calamities like floods and cyclone. Further, we offer interest rates in line with the other small finance banks and in case we relatively lower our interest rates from our competitors there could be a marginal downside. Our inability to sustain our CASA ratio may result in higher cost of deposits and impact our financial condition.

28. An investor will not, without prior RBI approval, be able to acquire Equity Shares if such acquisition would result in an individual or group holding 5% or more of our share capital or voting rights; you may not be able to exercise voting rights in excess of 26% of the total voting rights of our Bank.

The Banking Regulation Act, read with the SFB Licensing Guidelines, requires any person to seek prior approval of the RBI, to acquire or agree to acquire shares or voting rights of a bank, either directly or indirectly, beneficial or otherwise, by himself or acting in concert with other persons, wherein such acquisition (taken together with shares or voting rights held by him or his relative or associate enterprise or persons acting in concert with him) results in the aggregate shareholding of such persons to be 5% or more of the paid-up share capital of a bank or entitles him to exercise 5% or more of the voting rights in a bank. Further, as per the Banking Regulations Act read with gazette notification dated DBR.PSBD.No.1084/16.13.100/2016-17 dated July 21, 2016, no shareholder in a bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the bank.

Further, any acquisition of shareholding/voting rights of 5% or more of the paid-up capital of the bank or total voting rights of the bank shall be subject to obtaining prior approval from the RBI. Such approval may be granted by the RBI if it is satisfied that the applicant meets certain fitness and propriety tests. The RBI may require the proposed acquirer to seek further RBI approval for subsequent acquisitions. Further, the RBI may, by passing an order, restrict any person holding more than 5% of our total voting rights from exercising voting rights in excess of 5%, if such person is deemed to be not fit and proper by the RBI.

29. An inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business may adversely impact our business, financial condition and results of operation.

We are required to obtain various statutory and regulatory permits and approvals to operate our business which requires us to comply with certain terms and conditions to continue our banking operations. These include approvals from the RBI for various aspects of our banking operations (including for services such as SGL, NEFT, RTGS and foreign exchange dealing), approvals for providing internet and phone banking services and licenses from other regulatory authorities, such as the IRDAI and PFRDA, for distribution of insurance or pension products, respectively and the UIDAI in respect of the Aadhaar services provided by the Bank as an Authentication Requesting Agency. Our RBI In-Principle Approval and RBI Final Approval also require us to comply with certain terms and conditions. In the event that we are unable to comply with any or all of these terms and conditions, or seek waivers or extensions of time for complying with these terms and conditions, it is possible that the RBI may revoke this license or may place stringent restrictions on our operations. This may result in the interruption of all or some of our operations and may have a material adverse effect on our business, financial condition, results and cash flow. Further, we may need to apply for new licenses and approvals and renew our existing ones, which expire from time to time. In the event that we are unable to renew or maintain other statutory permits and approvals or comply with regulatory requirements, it may result in the interruption of all or some of our operations, imposition of penalties and could materially and adversely affect our business, financial performance and reputation. Further, some of our approvals are non-exclusive and revocable in nature.

In addition, we are required to obtain certain approvals, including shops and establishment licenses, trade licenses, contract labour registration, employee provident fund and tax registrations. Further, our approvals and licenses are subject to numerous conditions, some of which are onerous and may require us to incur substantial expenditure in order to comply with such conditions. We cannot assure you that the approvals, licenses, registrations or permits issued to us will not be suspended or revoked, or that applicable penalties will not be imposed on us in the event of non-compliance with any terms and conditions.

We may also incur substantial costs related to litigation if we are subject to significant regulatory action, which may adversely affect our business, future financial performance and results of operations.

30. ***Our operations depend on the accuracy and completeness of information about customers and counterparties which if inaccurate or materially misleading could adversely affect our business and results of operations. Further, high levels of customer defaults could adversely affect our business, results of operations and financial condition.***

Our business involves lending money to smaller, relatively low income entrepreneurs and individuals who may not have any credit history and as a result we are more vulnerable to customer default risks including default or delay in repayment of principal or interest on our loans. Some lines of business, such as vehicle loans, principally focuses on first time users who have limited access to capital through formal banking channels and housing finance focuses on relatively small ticket loans and the affordable housing segment. A significant majority of our customers belong to the low income group and may not have any credit history supported by tax returns, credit card statements, statements of previous loan exposures or other related documents. They may also have limited formal education, and generally are able to furnish very limited information for us to be able to assess their creditworthiness accurately. In addition, we may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information. It is therefore difficult to carry out a formal credit risk analyses on our customers based on financial information. Although, we believe that our risk management controls are stringently applied, there can be no assurance that they will be sufficient or that additional risk management strategies for our customers will not be required. Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, could adversely affect our credit portfolio, which could have a material and adverse effect on our results of operations, financial condition and cash flows. Further, our customers may default on their obligations as a result of various factors including bankruptcy, lack of liquidity and/ or failure of the business or commercial venture in relation to which such borrowings were sanctioned. Although our micro banking business operates through a system of joint liability, and certain of our MSE finance business involve collaterals, we may still be exposed to defaults in payment, which we may not be able to recover in full. If our borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

31. ***We undertake certain fee and commission-based activities and our financial performance may be adversely affected by an inability to generate income from such activities.***

We have expanded our operations from undertaking banking activities to providing certain fee and commission-based services. Revenue from fee and commission based services was ₹212.71 crore, ₹156.25 crore, ₹245.16 crore and ₹ 75.53 crore in Fiscal 2020, 2021, Fiscal 2022 in the three months ended June 30, 2022, respectively and contributed 7.03%, 5.03%, 7.84%and 7.55%, respectively, of our total income, in the same periods. Our fee and commission based activities include distribution of third party insurance and bancassurance. Further, as part of our growth strategy, we intend to focus on increasing our non-interest income by focusing on bancassurance, fee and processing charges from loan and advances and charges from banking transactions & debit cards and income from treasury operations. New initiatives, products and services entail a number of risks and challenges, including risks relating to execution, the failure to identify new segments, the inability to attract customers and the inability to make competitive offerings. If we are unable to successfully diversify our products and services while managing the related risks and challenges, returns on such products and services may be less than anticipated, which may materially and adversely affect our business, financial condition and results of operations.

32. ***Our insurance coverage may be inadequate to cover claims. If we incur substantial uninsured loss or loss that exceeds our insurance coverage, it could have a material adverse effect on our business, cash flows, results of operations and financial condition.***

While we are covered by a range of insurance that we believe is consistent with industry practice in India and in accordance with the guidelines provided by RBI to cover risks associated with our business, we cannot assure you that the existing coverage will insure our Bank completely against all risks and losses that may arise in the future. For instance, we maintain a group health insurance policy, group personal accident insurance policy, group life insurance policy, workmen's compensation policy, burglary policy, standard fire and perils policy, directors' and officers' liability policy and special perils policy. The total net fixed assets of the Bank amounted to ₹ 260.21 crore as of June 30, 2022 out of which ₹173.83 crore worth of fixed assets were covered by the Bank's insurance cover. Consequently, the Bank's insurance cover for fixed assets as a percentage of total fixed assets of the Bank as of June 30, 2022 was 66.80%. We may not have insurance to cover all of the risks associated with our business, as insurance coverage is either unavailable for certain risks or is prohibitively expensive. In addition, even if such losses are insured, we may be compelled to contribute a substantial deductible on any claim for recovery of such a loss, or the amount of the loss may exceed our coverage for the loss. In addition, our insurance policies are generally subject to annual renewal, and our ability to renew these policies on similar or otherwise acceptable terms, cannot be assured. If we incur a serious uninsured loss or a loss that significantly exceeds the limits of our insurance policies, it could have a material adverse effect on our business, cash flows, results of operations and financial condition.

33. ***The success of our business operations is dependent on our senior management team and key management personnel as well as our ability to attract, train and retain such employees.***

The continued success of our business operations is attributable to our senior management team and key managerial personnel. We believe that the inputs and experience of our senior management, in particular, and other key personnel are valuable for the development of our business and operations and the strategic directions taken by our Bank. For details in relation to the experience of our key managerial personnel, see "*Board of Directors and Senior Management*" on page 350. Our ability to sustain our growth depends upon our ability to attract and retain key personnel, developing managerial experience to address emerging business and operating challenges and ensuring a high standard of customer service. We cannot assure you that these individuals or any other member of our senior management team will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. For instance, certain key management positions were vacant for considerable amount of time post the recent exit of few key employees. Further, we may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Bank. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations, financial condition and cash flows. Additionally, the RBI reserves the right under the Banking Regulation Act to remove managerial persons from office and/ or supersede the Board in order to protect interests of depositors of our Bank.

Hiring and retaining personnel qualified and experienced in credit-appraisal and asset valuation, is difficult. We may also face attrition of our existing workforce as a result of increased competition or other factors relating to our businesses. In Fiscal 2020, 2021 and 2022 and in the three months ended June 30, 2022, our attrition rate was 20.84%, 17.98%, 26.40% and 32.65%, respectively. If we cannot hire additional qualified personnel or retain them, our ability to expand our business will be impaired and our revenue could decline. We will need to recruit new employees, who will have to be trained and integrated into our operations. We will also have to train existing employees to adhere properly to internal controls and risk management procedures. Failure to train and motivate our employees properly may result in an increase in employee attrition rates, require additional hiring, erode the quality of customer service, divert management resources, increase our exposure to high-risk credit and impose significant costs on us.

34. ***We may face cyber threats attempting to exploit our network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to our reputation and adversely affect our business and financial performance.***

We offer online banking services to our customers. Our online banking channel includes multiple services such as electronic funds transfer, bill payment services, requesting account statements, and requesting check books. Therefore, by providing such services, we are exposed to various cyber threats including (i) phishing and trojans targeting our customers, wherein fraudsters send unsolicited mails to our customers seeking account sensitive information or to infect customer machines to search and attempt exfiltration of account sensitive information; and (ii) hacking, wherein attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting services; and (iii) data theft, wherein cyber criminals may attempt to enter our network with the intention of stealing our data or information. In addition, we also face the risk of our customers incorrectly blaming us and closing their accounts with us for any cyber security breaches that may have occurred on their own system or with that of an unrelated third party. In the past, we have faced a breach in a third-party software system used for our loan origination, which resulted in a crash in October 2018 and led to data loss and was also subsequently reported to the RBI. Any cyber security breach could also subject us to additional regulatory scrutiny and expose us to civil litigation and related financial liability. While we believe we have implemented several checks and measures to prevent such threats such as, amongst others, customer sensitization, there can be no assurance that cyber threats will not take place in the future.

35. ***Weakness or failures of our internal control system may cause significant operational errors, which may in turn materially and adversely affect our business.***

Banks and financial institutions are generally exposed to many types of operational risks, including the risk of fraud or other misconduct by employees or outsiders, unauthorized transactions by employees and third parties (including violation of regulations for prevention of corrupt practices, and other regulations governing our business activities), or operational errors, including clerical or record keeping errors or errors resulting from faulty computer or telecommunications systems. Given the high volume of transactions that we handle on a day to day basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. In addition, our dependence upon automated systems to record and process transactions may further increase the risk that technical system flaws or employee tampering or manipulation of those systems will result in losses that are difficult to detect.

We also outsource certain functions/ activities to other agencies. We are also, as a result exposed to the risk that such external agencies may be unable to fulfil their contractual obligations to us (or will be subject to the same risk of fraud or operational errors by their respective employees as we are), and to the risk that our (or such agencies) business continuity and data security systems prove not to be sufficiently adequate. We also face the risk that the design of our controls and procedures may prove inadequate, or are circumvented, thereby causing delays in detection or errors in information. While we periodically test and update, as necessary, our internal control systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems, and our actions may not be sufficient to guarantee effective internal controls in all circumstances.

Our management information systems and internal control procedures that are designed to monitor our operations and overall compliance may not identify every instance of non-compliance or every suspicious transaction. If internal control weaknesses are identified, our actions may not be sufficient to fully correct such internal control weakness. In Fiscal 2022, the number of frauds detected were 383, having an aggregate pecuniary implication of ₹5.41 crore, while in the quarter ended June 30, 2022, the number of frauds detected were 94 having an aggregate pecuniary implication of ₹ 0.44 crore.

36. ***RBI may remove any employee, managerial person or may supersede our Board of Directors in certain circumstances.***

The Banking Regulation Act confers powers on the RBI to remove from office any director, chairman, chief executive officer or other officers or employees of a bank in certain circumstances. RBI also has the powers to supersede the board of directors of a bank and appoint an administrator to manage the bank for a period of up to 12 months in certain circumstances. The RBI may exercise powers of supersession where it is satisfied, in consultation with the central government that it is in the public interest to do so, to prevent the affairs of any bank from being conducted in a manner that is detrimental to the interest of the depositors, or for securing the proper management of any bank. Should any of the steps as explained herein be taken by RBI, our reputation, business, results of operations and financial conditions would be materially and adversely affected.

37. ***A portion of our interest income is derived from loans that have a tenure of six to 36 months. Any significant reduction in such short-term loans may result in a corresponding decrease in our interest income and adversely affect our operations and profitability.***

Our micro banking portfolio comprises of loans that have a tenure of six to 36 months. For further information, see "*Selected Statistical Information*" on page 322. Our customers may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. Our Bank may face positive or negative asset liability mismatches which are highlighted at monthly intervals on maturity and cumulative basis. Asset liability mismatches create liquidity surplus or liquidity crunch situations and depending upon the interest rate movement, such situations may adversely affect our Net Interest Income.The potential instability of our interest income could materially and adversely affect our results of operations, financial position and cash flows. In addition, there can be no assurance that we will be able to maintain a positive ALM, required LCR ratio, SLS ratio etc. Any mismatch in our ALM, may lead to a liquidity risk and have an adverse effect on our operations and profitability.

38. ***Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

As of June 30, 2022, we had 16,664 employees. Although we have not experienced any material labour unrest as on the date of this Placement Document, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force in the future. Any labour unrest directed against us could prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition. While we believe that we have a strong working relationship with our employees, there can be no assurance that we will continue to have such a relationship in the future, and that there will not be significant strikes or disputes with employees that could affect our operations in future.

39. ***We have not paid dividend in the past on our Equity Shares. Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements, capital expenditures and lender consents and there can be no assurance that we will be able to pay dividends in the future.***

We have not declared dividends on our Equity Shares since our incorporation. The amount of our future dividend payments, if any, will be at the discretion of the Board, guidelines as may be prescribed by the RBI from time to time and will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements. There can be no assurance that we will be able to pay dividends in the future. Further, the Preference Shareholders are entitled to priority in respect of any dividend payment vis-à-vis Equity Shareholders.

40. ***Any downgrade of our debt ratings could adversely affect our business.***

Our debt is rated by various agencies, including by CRISIL Limited and CARE Ratings Limited. Our long term bank facilities have been rated CARE A+; Stable by CARE Ratings Limited, our certificate of deposits have been rated CRISIL A1+ by CRISIL Limited. Any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis, which may adversely affect our profitability and future growth. There can be no assurance that these ratings will not be further revised or changed by the above rating agencies which may materially and adversely affect our business, financial condition and results of operations.

41. ***The rise of digital platforms and payment solutions may adversely impact our fees, and there may be disintermediation in the loan market by fintech companies.***

Through our electronically linked Banking Outlets network and centralized processing, we effectively provide a nationwide collection, disbursement and payment systems for our customers. Disruption from digital platforms could have an adverse effect on the fees that we have traditionally received on such services. We also face threat to our loan market from newer business models, including partnering with fintech companies, that leverage technology to bring together savers and borrowers. This may, accordingly, have an adverse impact on our business and growth strategy.

42. ***Any future hedging strategies may not be successful in preventing all risk of losses.***

In the future, should the guidelines for small finance banks be modified, we may utilize a variety of financial instruments, such as interest rate futures for proprietary hedging and derivatives for proprietary hedging. Hedging transactions may limit the opportunity for gain if the value of the hedged positions should increase, it may not be possible for us to hedge against a change or event at a price sufficient to fully protect our assets from the decline in value of the positions anticipated as a result of such change. In addition, it may not be possible to hedge against certain changes or events at all. While we may enter into such transactions to seek to reduce interest rate risks, or the risks posed by the occurrence of certain other events, unanticipated changes in interest rates or the non-occurrence of other events being hedged may result in our poorer overall performance than if we had not engaged in any such hedging transaction.

43. ***Our Promoter, certain of our Directors and Key Managerial Personnel have interests in us other than reimbursement of expenses incurred and normal remuneration or benefits.***

Our Promoter, certain of our Directors and Key Managerial Personnel may be regarded as having an interest in our Bank other than reimbursement of expenses incurred and normal remuneration or benefits. Our Promoter, certain Directors and Key Managerial Personnel may be deemed to be interested to the extent of Equity Shares held by them as well as to the extent of any dividends, employee stock options, bonuses, rights pursuant to the USFB ESOP 2019. For further information, see "*Capital Structure*" and "*Board of Directors and Senior Management*" 73 and 350, respectively.

44. ***We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest.***

We have entered into various transactions with related parties, including for payment of salaries and wages of key managerial persons.

Further, the percentage of the aggregate value of such related party transactions (income and expenses) to our total income in Fiscal 2020, 2021 and 2022 and in the quarter ended June 30, 2022 was 1.04%, 0.45%, 0.42% and 0.34%, respectively.

While we believe that all such transactions have otherwise been conducted on an arm's length basis, are in compliance with the Companies Act, 2013 and the SEBI Listing Regulations, and contain commercially reasonable terms and we have responded to the RBI confirming the same, we cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations or that we could not have achieved more favorable terms if such transactions had not been entered into with related parties. Such related party transactions may potentially involve conflicts of interest. For further information, see "*Financial Statements"* on page 77. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows. .

45. ***Any non-compliance with law or unsatisfactory service by the third-party service providers engaged by us for certain services could have an adverse impact on our business and results of operations.***

We enter into outsourcing arrangements with third party vendors and independent contractors, in compliance with the RBI guidelines on outsourcing. These vendors and contractors provide services that include, among others, ATM/ card related services, business correspondents, facility management services related to information technology, software services and call centre services. We are also dependent on various vendors for certain elements of our operations including implementing IT infrastructure and hardware, media marketing, Banking Outlets roll-outs, networking, managing our data centre, and back-up support for disaster recovery. As a result of outsourcing such services, we are exposed to various risks including strategic, compliance, operational, fraud, theft, embezzlement, legal and contractual risks. Any failure by a service provider to provide a specified service or a breach in security/ confidentiality including under arrangements with third party service providers such as our media marketing and branding or non-compliance with legal and regulatory requirements, may result in financial loss or loss of reputation. We cannot assure that there will be no disruptions in the provision of such services or that these third parties will adhere to their contractual obligation. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreement with us, our business, financial condition and results of operations may be adversely affected. We cannot assure you that the terms of such agreements will not be breached, and in case of any dispute, it may result in litigation costs. Such additional cost, in addition to the cost of entering into agreements with third parties in the same industry, may materially and adversely affect our business, financial condition and results of operations. The "Guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services by Bank" issued by the RBI places obligations on banks, its directors and senior management for ultimate responsibility for the outsourced activity. Banks are required to ensure outsourced service providers obtain prior approval for the use of subcontractors. The RBI has also directed banks to review the subcontracting arrangements and ensure that such arrangements are compliant with aforementioned RBI guidelines. Legal risks, including actions being undertaken by the RBI, if our third-party service providers act unethically or unlawfully, could materially and adversely affect our business, financial condition and results of operations.

46. We will continue to be controlled by our Promoter after the completion of the Issue.

As of the date of this Placement Document, our Promoter along with its nominees holds 83.32% of the issued, subscribed and paid-up Equity Share capital of our Bank. Upon completion of the Issue, our Promoter will hold 73.68% of our Equity Share capital, and public shareholders will hold 26.32% of our Equity Share capital. As per applicable law, our Promoter's voting rights in the Bank will be capped to 26% of the total voting rights of the Bank (i.e., the maximum voting rights permitted to be exercised by any shareholder in a banking company) and the public shareholders will in the aggregate be entitled to exercise 26.32% of the voting rights in Bank. Our Promoter will therefore, be able to control the outcome of matters submitted to our Board or Shareholders for approval. After the Issue, our Promoter will continue to exercise significant control or influence over our business and major policy decisions. Accordingly, the interests of our Promoter in capacity of Shareholders of our Bank may conflict with your interests and the interest of other shareholders of our Bank. Further, some of our Key Managerial Personnel and employees hold vested and unvested employee stock options issued by UFSL and our Bank. In addition, our Promoter holds 100% of the perpetual non-cumulative Preference Shares issued by the Bank which ranks superior to the claims of Equity Shareholders and *inter-alia* entitles them to priority with respect to payment of dividend vis-à-vis Equity Shares, participation in the surplus assets and profits, on winding up, and dividend at the rate of 11% per annum or at such rate as may be specified under applicable law.

Further, our Bank proposes to enter into the Proposed Scheme of Amalgamation for the amalgamation of UFSL (being holding company of our Bank) into our Bank along with their respective shareholders, employees, creditors and other stakeholders, in accordance with sections 230-232 of the Companies Act, 2013, the other applicable provisions of the Companies Act, 2013 and SEBI Master Circular on Schemes of Arrangement dated December 22, 2020, pursuant to which the undertaking of UFSL is proposed to be transferred to and vested in our Bank, as a going concern subject to receipt of the relevant regulatory and statutory approvals and in accordance with applicable law and the conditions prescribed by the SEBI and RBI. For details, see *"- Our Promoter was required to reduce its shareholding in our Bank to 40% of our paid-up Equity Share capital on or prior to January 31, 2022. As of the date of this Placement Document, except for the Issue and intimating the Stock Exchange of the intention to enter into the Proposed Scheme of Amalgamation, our Promoter has not approved any specific method to achieve such compliance. However, if and when any method is proposed to be undertaken, we cannot assure you that any required consent, approval, waiver or clarification will be received in a timely manner, or at all, to enable our Promoter to reduce its shareholding as required.*"

47. We and our customers may engage in certain transactions in or with countries or persons that are subject to international economic sanctions.

Various international jurisdictions, including the United States and the United Kingdom, restrict investments or otherwise doing business in or with certain countries or territories and with certain persons or businesses that have been specially designated by such government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

Through our Banking Outlets we may provide various services to customers doing business with countries to which certain economic sanctions apply. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, and we have not been notified that any penalties or other measures will be imposed on us, there can be no assurance that will be able to fully monitor all of our transactions for any potential violation.

There can be no assurance that our future business will be free of risk under sanctions implemented by these jurisdictions or that we will be able to conform our business operations to the expectations and requirements of such international regulatory agencies that do not have jurisdiction over our business but nevertheless assert the right to impose sanctions on an extraterritorial basis. Further, investors in the Equity Shares could incur reputational or other risks as a result of our or our customers' dealings in or with sanctioned countries or with persons that are the subject of such sanctions.

External Risk Factors

48. Any deterioration in the general economic conditions in India and globally could adversely affect our business and results of operations.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown in the Indian economy or future volatility in global markets could increase our borrowing costs, result in a freeze in lending generally, thereby adversely affecting our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could also adversely affect our business, results of operations, financial condition and the trading price of the Equity Shares.

India's economy could be adversely affected by a general rise in interest rates, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our banking and finance industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy.

The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business and results of operations and the market price of the Equity Shares.

49. A significant change in the Government of India's economic liberalization and deregulation policies could adversely affect our business and the price of our Equity Shares.

A large part of our business and customers are located in India or are related to and influenced by the Indian economy. The Government of India has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Unfavourable government policies including those relating to the internet and e-commerce, consumer protection and data-privacy, could adversely affect business and economic conditions in India, and could also affect our ability to implement our strategy and our future financial performance. Since 1991, successive governments, including coalition governments, have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. However, the members of the Government of India and the composition of the coalition in power are subject to change. As a result, it is difficult to predict the economic policies that will be pursued by the Government of India. For example, there may be an increasing number of laws and regulations pertaining to the internet and e-commerce, which may relate to liability for information retrieved from or transmitted over the internet or mobile networks, user privacy, content restrictions and the quality of services and products sold or provided through the internet. Furthermore, the growth and development of e-commerce may also result in more stringent consumer protection laws that may impose additional burdens on online businesses generally. The rate of economic liberalization could change and specific laws and policies affecting the financial services industry, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

50. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, across the multiple jurisdictions we operate in, may materially adversely affect our business and financial performance.

Our business and financial performance could be materially adversely affected by changes in the laws, rules, regulations or directions applicable to us and our general and microfinance businesses, or the interpretations of such existing laws, rules and regulations, or the promulgation of new laws, rules and regulations.

The governmental and regulatory bodies may notify new regulations and/ or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently, or change the manner in which we conduct KYC or authenticate our customers. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, financial condition and results of operations.

51. If there is any change in tax laws or regulations, or their interpretation, such changes may significantly affect our financial statements for the current and future years.

The regulatory and policy environment in which we operate is evolving and is subject to change. The Government may implement new laws or other regulations and policies that could affect the banking sector, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. In addition, changes in accounting standards applicable to us may adversely impact our profitability or balance sheet. Any changes to such laws or accounting standards may adversely affect our business, financial condition, results of operations, cash flows and prospects.

For instance, the Taxation Laws (Amendment) Act, 2019, a tax legislation issued by India's Ministry of Finance effective as of September 20, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this legislation, companies can henceforth voluntarily opt in favour of a concessional tax regime (subject to no other special benefits/exemptions being claimed), which reduces the rate of income tax payable to 22% subject to compliance with conditions prescribed, from the erstwhile 25% or 30% depending upon the total turnover or gross receipt in the relevant period. Any such future amendments may affect our other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future, and the same may no longer be available to us. Any adverse order passed by the appellate authorities/ tribunals/ courts would have an effect on our profitability. Moreover, while we are and will continue to adhere to the GST rules and regulations, there can be no assurance that our relevant counterparties will do so.

Further, the Government of India has announced the union budget for the Fiscal 2022, pursuant to which the Finance Bill, 2021 ("**Finance Bill**") has introduced various amendments. The Finance Bill has received assent from the President of India on

March 28, 2021, and has been enacted as the Finance Act, 2021 ("**Finance Act**"). We have not fully determined the impact of these recent and proposed laws and regulations on our business. We cannot predict whether any amendments made pursuant to the Finance Act would have an adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer of consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

The Government has recently introduced (a) the Code on Wages, 2019 ("**Wages Code**"); (b) the Code on Social Security, 2020 ("**Social Security Code**"); (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020, which consolidate, subsume and replace numerous existing central labour legislations. While the rules for implementation under these codes have not been notified, we are yet to determine the impact of all or some such laws on our business and operations which may restrict our ability to grow our business in the future. For example, the Social Security Code aims to provide uniformity in providing social security benefits to employees which were previously segregated under different acts and had different applicability and coverage. The Social Security Code has introduced the concept of workers outside traditional employer-employee work-arrangements (including online and digital platforms), such as 'gig workers' and 'platform workers' and provides for the mandatory registration of such workers in order to enable these workers to avail benefits of, among others, life and disability cover, health and maternity benefits and old age protection, under schemes framed under the Social Security Code from time to time. The Social Security Code also provides that such schemes may, inter alia, be partly funded by contributions from online platforms. Further, the Wages Code limits the amounts that may be excluded from being accounted toward employment benefits (such as gratuity and maternity benefits) to a maximum of 50% of the wages payable to employees. The implementation of such laws have the ability to increase our employee and labour costs, thereby adversely impacting our results of operations, cash flows, business and financial performance.

We have not fully determined the impact of these recent and proposed laws and regulations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Any increase in the compliance requirements as result of a change in law, regulation or policy, may require us to divert additional resources, including management time and costs towards such increased compliance requirements. Additionally, our management may be required to divert substantial time and effort towards meeting such enhanced compliance requirements and may be unable to devote adequate time and efforts towards our business, which may have an adverse effect on our future business, prospects, financial condition and results of operations. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

There can be no guarantee that we will be able to comply with any increased or more stringent regulatory requirements, in part or at all. Failure to comply with such further regulatory requirements could lead to regulatory actions, including penalties, which may have an adverse effect on our future business, prospects, financial condition, cash flows and results of operations.

52. ***Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.***

Our financial statements are prepared and presented in conformity with Indian GAAP. No attempt has been made to reconcile any of the information given in this document to any other principles or to base it on any other standards. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

53. ***Banking is a heavily regulated industry and material changes in the regulations which govern our Bank, may adversely affect our business.***

Banks in India are subject to detailed supervision and regulation by the RBI. In addition, the financial condition and results of operations of banks are susceptible to material change pursuant to changes in law, as well as to changes in regulations, government policies and accounting principles. Any such changes may adversely affect our Bank's business, future financial performance and the price of the Equity Shares.

54. ***India's existing credit information infrastructure may cause increased risks of loan defaults.***

All of our business is located in India. India's existing credit information infrastructure may pose problems and difficulties in running a robust credit check on our borrowers. We may also face difficulties in the due diligence process relating to our clients or to any security or collateral we take in relation to our loans. We may not be able to run comprehensive searches relating to the security and there are no assurances that any searches we undertake will be accurate or reliable. Hence, our overall credit analysis could be less robust as compared to similar transactions in more developed economies. Any inability to undertake a comprehensive due diligence or credit check might result in an increase in our NPAs and we may have to increase our provisions correspondingly. Any of the foregoing may have a material adverse effect on our business, financial condition and results of operations.

55. Industry information included in this Placement Document has been derived from numerous sources. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.

The statistical information, industry and market data, information regarding our position in the market, growth rates and other industry data pertaining to our business included in this Placement Document relating to the industry in which we operate has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, the Reserve Bank of India, the National Payments Corporation of India and the Indian Banks' Association. While we believe that the information contained has been obtained from sources that are reliable, the accuracy and completeness of this information is not guaranteed and its reliability cannot be assured. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon.

The market and industry data used from these sources may have been reclassified by us for purposes of presentation. In addition, market and industry data relating to India, its economy or its industries may be produced on different bases from those used in other countries. As a result, data from other market sources may not be comparable. The extent to which the market and industry data presented in this Placement Document is meaningful will depend upon the reader's familiarity with and understanding of the methodologies used in compiling such data. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Placement Document. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. Accordingly, investment decisions should not be based on such information.

56. If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers and our profits might decline.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase the amount of commission to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

57. Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging Asian market countries. Financial turmoil in Europe and elsewhere in the world in recent years has affected the Indian economy. In recent times, the Indian financial markets had been negatively affected by the volatility in global financial market, including on account of certain European nations' debt troubles and move to break away by the United Kingdom from the European Union. Although, economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Currencies of a few Asian countries have in the past suffered depreciation against the U.S. Dollar owing to, amongst other, the announcements by the U.S. government that it may consider reducing its quantitative easing measures. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur and could harm our business, future financial performance and the prices of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Liquidity and credit concerns and volatility in the global credit and financial markets have increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major U.S. and European financial institutions. These and other related events, such as the European sovereign debt crisis, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets.

However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

58. The ability of small finance banks to raise borrowings in foreign currencies may be constrained by Indian law.

As a small finance bank, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required approvals for borrowing in foreign currency will be granted to us without onerous conditions, or at all. Such, and other, limitations on raising foreign capital may adversely affect our business growth, results of operations, and financial condition.

59. Any adverse change in India's credit rating by an international rating agency could materially adversely affect our business and profitability.

India’s sovereign rating is Baa2 with a “negative” outlook (Moody’s), BBB-with a “stable” outlook (S&P) and BBB-with a “stable” outlook (Fitch). Any adverse change in India’s credit ratings by international rating agencies may adversely impact the Indian economy and consequently our business.

60. A third party could be prevented from acquiring control over us because of the anti-takeover provisions under Indian law and the provisions of the Banking Regulation Act.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Bank. These provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of us. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Bank. Further, given that our Bank is governed by the RBI, any significant change in shareholding would require the prior approval of the RBI. Consequently, even if a potential takeover of our Bank would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of the regulatory framework applicable to us.

61. Financial difficulty and other problems in certain financial institutions in India could materially adversely affect our business and the price of our Equity Shares.

We are exposed to the risks of the Indian financial system. The financial difficulties faced by certain Indian financial institutions could materially adversely affect our business because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. Such “systemic risk”, may materially adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with which we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and materially adversely affect our business. Our transactions with these financial institutions expose us to various risks in the event of default by a counterparty, which can be exacerbated during periods of market illiquidity.

62. It may not be possible for investors to enforce any judgment obtained outside India against us, our Directors, the Book Running Lead Managers or any of their directors and executive officers in India respectively, except by way of a law suit in India.

We are a small finance bank incorporated under the laws of India. Our Bank’s assets are located in India and all of our Bank’s Directors and Key Managerial Personnel are residents of India. The enforcement of civil liabilities by overseas investors in the Equity Shares, including the ability to effect service of process and to enforce judgments obtained in courts outside of India may be adversely affected by the fact that the Bank is incorporated under the laws of the Republic of India and all of its executive officers and directors reside in India. As a result, it may be difficult to enforce the service of process upon the Bank and any of these persons outside of India or to enforce outside of India, judgments obtained against the Bank and these persons in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under Section 13, 14 and Section 44A of the Code of Civil Procedure, 1908 (“**Civil Code**”) on a statutory basis. Section 44A of the Civil Code provides that where a certified copy of a decree of any superior court, within the meaning of that Section, obtained in any country or territory outside India which the government has by notification declared to be in a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a district court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees and does not apply to decrees for amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards (even if such awards are enforceable as a decree or judgment).

The United Kingdom, Singapore and Hong Kong have been declared by the government to be reciprocating territories for the purposes of Section 44A of the Civil Code. The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; and/ or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. The suit must be brought in India within three years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India.

Further, there are considerable delays in the disposal of suits by Indian courts. It may be unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it may be unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy in India. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under FEMA to repatriate any amount recovered pursuant to execution and any such amount may be subject to income tax in accordance with applicable laws. Any judgment or award in a foreign currency would be converted into Indian Rupees on the date of the judgment or award and not on the date of the payment.

63. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could also adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war in India or globally may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

64. Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.

Indian legal principles related to corporate procedures, directors’ fiduciary duties and liabilities, and shareholders’ rights may differ from those that would apply to a bank in another jurisdiction. Shareholders’ rights including in relation to class actions, under Indian law may not be as extensive as shareholders’ rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian bank than as shareholder of a corporation in another jurisdiction.

Risks Relating to the Equity Shares

65. After this Issue, the price of the Equity Shares may be volatile

The Issue Price, which may include a discount of not more than 5% of the Floor Price in accordance with the SEBI ICDR Regulations, will be determined by our Bank in consultation with the Book Running Lead Managers, based on the Bids received in compliance with Chapter VI of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. The price of the Equity Shares on NSE and BSE may fluctuate after this Issue as a result of several factors, including:

- volatility in the Indian and the global securities market or prospects for our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us;
- volatility in the Rupee’s value relative to the U.S. dollar, the Euro and other foreign currencies;
- our Bank's profitability and performance;
- perceptions about our Bank's future performance or the performance of Indian banks in general;

- the performance of our Bank's competitors and the perception in the market about investments in the banking sector;
- adverse media reports about our Bank or the Indian banking sector;
- a comparatively less active or illiquid market for the Equity Shares;
- changes in the estimates of our Bank's performance or recommendations by financial analysts;
- significant developments in India's economic liberalization and deregulation policies;
- regulatory changes in the Indian banking sector;
- inclusion or exclusion of our Bank in indices;
- significant developments in India's fiscal regulations;
- any other political or economic factors;
- COVID–19 related measures undertaken by the GoI (for further information on the impact of COVID-19 on our Bank, please refer to *"Risk Factor – The continuing impacts of COVID-19 are highly unpredictable and could be significant, and may have an adverse effect on our business, operations and our future financial performance."* on page 39).

We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

66. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution. However, if the laws of the jurisdiction in which the investors are located in do not permit the investors to exercise their pre-emptive rights, without our filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value the custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in us would be reduced.

67. An investor's ability to acquire and sell Equity Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Placement Document.

No actions have been taken to permit a public offering of the Equity Shares offered in the Issue in any jurisdiction. As such, an investor's ability to acquire Equity Shares offered in the Issue is restricted by the distribution and solicitation restrictions set forth in this Placement Document. For further information, see *"Selling Restrictions"* on page 377. Furthermore, the Equity Shares offered in the Issue are subject to restrictions on transferability and resale. For further information, see *"Transfer Restrictions"* on page 383. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares offered in the Issue made other than in compliance with applicable law.

68. Any future issuance of Equity Shares may dilute your shareholding and sales of the Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth, whether organic or inorganic, through future equity offerings. Any future equity issuances by us, including a primary offering, may lead to the dilution of investors' shareholdings in us. Any future issuances of Equity Shares (including under an employee benefit scheme) or the disposal of Equity Shares by our Promoter or any of our other principal shareholders or any other change in our shareholding structure to comply with the minimum public shareholding norms applicable to listed companies in India or any public perception regarding such issuance or sales may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring debt. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose off the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

69. Investors to the Issue are not allowed to withdraw or revise their Bids downwards after the Bid /Issue Closing Date.

In terms of Regulation 179 (1) of the SEBI (ICDR) Regulations, investors in the Issue are not allowed to withdraw their Bids or revise their Bids downwards after the Issue Closing Date. The Allotment of Equity Shares in this Issue and the credit of such Equity Shares to the investors' demat account with the depository participant could take approximately seven (7) days and up to ten (10) days from the Issue Closing Date. However, there is no assurance that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the business, results of operation or financial condition of the Bank, or other events affecting the investor's decision to invest in the Equity Shares, would not arise between the Issue Closing Date and the date of Allotment of Equity Shares in the Issue. Occurrence of any such events after the Issue Closing Date could also adversely impact the market price of the Equity

Shares. The investors shall not have the right to withdraw their Bids or revise their Bids downwards in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the investor's ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

70. An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than across a recognized Indian stock exchange for a period of twelve (12) months from the date of the issue of the Equity Shares.

Pursuant to Regulation 178 of the SEBI ICDR Regulations, for a period of twelve (12) months from the date of the issue of the Equity Shares in this Issue, Eligible QIBs subscribing to the Equity Shares may only sell their Equity Shares on the NSE or the BSE and may not enter into any off-market trading in respect of these Equity Shares. The Bank cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. Further, allotments made to certain categories of Eligible QIBs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock - in requirements. This may affect the liquidity of the Equity Shares purchased by such investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

71. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company is generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long-term capital gains tax in India at the specified rates depending on certain factors, such as STT paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of our Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. While non-residents may claim tax treaty benefits in relation to such capital gains income, generally, Indian tax treaties do not limit India's right to impose tax on capital gains arising from the sale of shares of an Indian company.

The Government of India has announced the union budget for the Fiscal 2022, pursuant to which the Finance Bill, 2021 ("**Finance Bill**") has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021 ("**Finance Act, 2021**"). There is no certainty on the impact of Finance Act 2021 on tax laws or other regulations, which may adversely effect the Bank's business, financial condition, results of operations or on the industry in which we operate. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares.

72. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

Under foreign exchange regulations which are currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the approval of RBI approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained with or without any particular terms or conditions. Our ability to raise any foreign capital under the FDI route is therefore constrained by Indian law, which may adversely affect our business, financial condition, results of operation and prospects.

73. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time taken for such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

MARKET PRICE INFORMATION

As on the date of this Placement Document, 1,72,83,14,205 Equity Shares are issued, subscribed and fully paid up. The Equity Shares have been listed and are available for trading on BSE and NSE.

On September 14, 2022, the closing price of the Equity Shares on BSE and NSE was ₹25.40 per Equity Share. Since the Equity Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

A. The following tables set out the reported high, low and average of the closing prices of our Equity Shares on the NSE and the BSE and number of Equity Shares traded on the days on which such high and low prices were recorded and the total trading turnover for the Fiscals 2022, 2021 and 2020*:

NSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the year (₹)	Total no. of Equity Shares traded in the fiscal	Total Turnover of Equity Shares traded in the fiscal (₹ in crore)
Fiscal 2022	33.30	June 10, 2021	1,33,54,874	43.95	14.80	March 31, 2022	25,58,500	3.84	23.25	1,02,35,44,902	2,484.11
Fiscal 2021	43.00	January 7, 2021	1,73,59,607	74.39	26.15	May 18, 2020	9,19,500	2.41	33.60	57,74,13,535	2,053.87
Fiscal 2020*	59.10	December 19, 2019	1,68,46,660	98.26	24.10	March 24, 2020	17,80,301	4.35	48.97	71,40,50,344	3,894.46

**Our Bank was listed on the Stock Exchanges on December 12, 2019.*
(Source: www.nseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

BSE

Fiscal	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the year (₹)	Total no. of Equity Shares traded in the fiscal	Total Turnover of Equity Shares traded in the fiscal (₹ in crore)
Fiscal 2022	33.35	June 15, 2021	15,22,282	5.09	14.80	March 31, 2022	8,18,453	1.23	23.26	15,69,54,267	357.57
Fiscal 2021	43.00	January 7, 2021	20,37,724	8.66	26.15	May 18, 2020	35,815	0.09	33.60	7,09,02,336	253.67
Fiscal 2020*	59.05	December 19, 2019	13,89,761	8.11	24.45	March 25, 2020	81,836	0.20	48.98	4,74,19,170	258.53

** Our Bank was listed on the Stock Exchanges on December 12, 2019.*
(Source: www.bseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

B. The following tables set out the reported high and low closing prices of our Equity Shares recorded on the NSE and the BSE and the number of Equity Shares traded on the days on which such high and low prices were recorded and the turnover of Equity Shares traded in each of the last six months preceding this Placement Document:

NSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the month (₹)	Equity Shares traded in the month	
										No.	Turnover (₹ in crore)
August, 2022	21.05	August 16, 2022	48,39,697	10.13	19.70	August 12, 2022	16,95,414	3.37	20.63	6,90,07,176	143.15
July, 2022	19.70	July 27, 2022	1,73,65,158	34.00	15.20	July 4, 2022	4,16,157	0.63	16.71	6,16,64,093	112.19
June, 2022	16.70	June 7, 2022	9,90,317	1.63	13.90	June 22, 2022	24,61,015	3.46	15.32	2,17,92,025	32.97
May, 2022	17.85	May 5, 2022	25,55,833	4.51	16.05	May 11, 2022	13,28,741	2.16	16.78	2,58,03,918	43.93
April, 2022	18.50	April 5, 2022	96,71,455	17.91	16.25	April 1, 2022	60,33,372	9.63	17.56	5,03,04,518	88.76
March, 2022	17.40	March 11, 2022	12,12,476	2.09	14.80	March 31, 2022	25,58,500	3.84	16.54	4,07,60,013	67.72

(Source: www.nseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a month, average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

BSE

Month	High (₹)	Date of High	No. of Equity Shares traded on date of high	Total Turnover of Equity Shares traded on date of high (₹ in crore)	Low (₹)	Date of Low	No. of Equity Shares traded on date of low	Total Turnover of Equity Shares traded on date of low (₹ in crore)	Average price for the month (₹)	Equity Shares traded in the month	
										No.	Turnover (₹ in crore)
August, 2022	21.05	August 16, 2022	11,58,063	2.42	19.75	August 12, 2022	2,02,988	0.40	20.61	1,02,78,034	21.27
July, 2022	19.75	July 27, 2022	23,17,429	4.54	15.20	July 4, 2022	18,202	0.03	16.70	88,59,082	16.09
June, 2022	16.70	June 7, 2022	1,62,682	0.27	13.90	June 22, 2022	2,16,167	0.30	15.34	33,61,512	5.10
May, 2022	17.80	May 5, 2022	6,69,774	1.18	16.05	May 12, 2022	3,54,987	0.57	16.78	49,62,638	8.41
April, 2022	18.52	April 5, 2022	8,24,505	1.53	16.29	April 1, 2022	10,33,226	1.64	17.56	88,21,531	15.45
March, 2022	17.45	March 4, 2022	9,40,380	1.66	14.80	March 31, 2022	8,18,453	1.23	16.55	1,73,17,651	28.44

(Source: www.bseindia.com)

1. High, low and average prices are based on the daily closing prices.
2. In the case of a month, average represents the average of the closing prices of all trading days of each month presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

C. The following table sets forth the market price on the Stock Exchanges on February 7, 2022 the first working day following the approval of our Board for the Issue:

BSE						NSE					
Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in crore)	Open (₹)	High (₹)	Low (₹)	Close (₹)	Number of Equity Shares traded	Turnover (₹ in crore)
19.90	20.15	19.05	19.15	3,15,117	0.61	20.00	20.15	19.05	19.15	22,89,199	4.43

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The total gross proceeds from the Issue shall be approximately ₹475.00 crore.

The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue, are approximately ₹464.82 crore (the "**Net Proceeds**").

Purpose of the Issue

Subject to compliance with applicable laws and regulations, our Bank intends to use the Net Proceeds for augmenting our Bank's Tier I capital base to meet our future capital requirements, for general corporate requirements or any other purposes as may be deemed appropriate by our Board in its discretion. Subject to compliance with applicable laws and regulations, our Bank intends to achieve the minimum public shareholding requirement under the SCRR through this Issue.

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC, and the final listing and trading approvals are received from each of the Stock Exchanges, whichever is later.

Other confirmation

As permissible under applicable laws, our management will have flexibility in deploying the Net Proceeds received by our Bank from the Issue.

Neither our Promoter nor the Directors are making any contribution either as part of the Issue or separately in furtherance of the objects of the Issue. Further, neither our Promoter nor our Directors or the Key Managerial Personnel shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoter, Directors or senior management are not eligible to subscribe in the Issue.

Since, the Net Proceeds of the Issue are proposed to be utilised towards the purposes set forth above, and not for implementing any specific project, the following disclosure requirement under the SEBI Regulations are not applicable: (i) break-up of cost of the project, (ii) means of financing such project, and (iii) proposed deployment status of the proceeds at each stage of the project.

In accordance with requirements prescribed under the SCRR, our Bank is required to achieve minimum public shareholding of 25% within three years from the date of listing of our Equity Shares on the Stock Exchanges, i.e. on or before December 11, 2022. The Issue is also being undertaken for the purpose of achieving the minimum public shareholding requirements prescribed under the SCRR in accordance with applicable laws. For further details, see "*Risk Factors – "Our Bank proposes to enter into the Proposed Scheme of Amalgamation in order to achieve the shareholding requirement of the Promoter in terms of the RBI guidelines. As of the date of this Placement Document, except for the Issue and intimating the Stock Exchange of the intention to enter into the Proposed Scheme of Amalgamation, our Promoter has not approved any specific method to achieve such compliance. However, if and when any method is proposed to be undertaken, we cannot assure you that any required consent, approval, waiver or clarification will be received in a timely manner, or at all, to enable our Promoter to reduce its shareholding as required*" on page 51 and "*Organizational Structure - Proposed Scheme of Amalgamation*" on 348.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation statement as at June 30, 2022 derived from the Unaudited Condensed Interim Financial Statements and as adjusted to give effect to the receipt of the gross proceeds of the Issue. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Information*" on pages 253 and 77, respectively:

(in ₹ crore)

Particulars	Pre-Issue as at June 30, 2022	Pre-issue adjusted for proposed issue of shares pursuant to QIP *
Borrowings#		
Borrowings in India (A)	1,943.22	1,943.22
- Reserve Bank of India	388.00	388.00
- Other banks	400.00	400.00
- Other institutions and agencies	1,155.22	1,155.22
Borrowings outside India (B)#	-	-
Total Borrowings (C=A+B)#	**1,943.22**	**1,943.22**
Capital and Reserves and Surplus		
Capital	1,928.31	2,154.50
Total Capital (D)	**1,928.31**	**2,154.50**
Reserves and surplus		
- Statutory reserve	191.82	191.82
- Capital reserve	20.71	20.71
- Share premium account	722.17	970.98
- Investment Fluctuation Reserve	20.51	20.51
- Balance in Surplus in Profit and Loss account	79.85	79.85
Total (E)	**1,035.06**	**1,283.87**
Total Capital & Reserves and Surplus (F=D+E)	**2,963.37**	**3,438.37**
Total Borrowings/ Total Capital & Reserves and Surplus (G = C/F)	**0.66**	**0.57**

#Borrowings indicated above do not include deposits accepted and outstanding as on June 30, 2022.

** All figures are extracted from the limited review unaudited interim financial statements for the three-months period ended June 30, 2022 except for Capital and Share premium account, which has been adjusted for the face value and the premium of new shares proposed to be issued pursuant to QIP.*

CAPITAL STRUCTURE

The share capital of our Bank as on the date of this Placement Document is set forth below:

(In ₹ crore, except share data)

	Particulars	Aggregate value at face value (except for securities premium account)
A	**AUTHORIZED SHARE CAPITAL**	
	2,30,00,00,000 Equity Shares of ₹10 each	2,300.00
	20,00,00,000 11% Preference Shares (perpetual, non-convertible, non-cumulative) of ₹10 each	200.00
	Total	**2,500.00**
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**	
	1,72,83,14,205 Equity Shares of ₹ 10 each	1,728.31
	20,00,00,000 11% Preference Shares (perpetual, non-convertible, non-cumulative) of ₹10 each	200.00
	Total	**1,928.31**
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	22,61,90,476 Equity Shares of ₹10 each aggregating to approximately ₹475.00 crore(1)	226.19
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**	
	1,95,45,04,681 Equity Shares of ₹10 each	1,954.50
	20,00,00,000 11% Preference Shares (perpetual, non-convertible, non-cumulative) of ₹10 each	200.00
	Total	**2,154.50**
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue(2)	722.17
	After the Issue(3)	970.98

(1) *The Issue has been authorised by our Board pursuant to a resolution dated February 5, 2022 and by our shareholders on March 26, 2022 by way of a postal ballot, the results of which were declared on March 26, 2022.*

(2) *As on June 30, 2022.*

(3) *The securities premium amount after the Issue is calculated on the basis of gross proceeds from the Issue. Adjustments do not include Issue related expenses.*

a) Equity Share Capital History of our Bank

The history of the Equity Share capital of our Bank is set forth below:

Date of allotment#	Number of Equity Shares allotted	Face value per Equity Share (₹)	Offer price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares
July 4, 2016	50,000	10	10	Cash	Initial subscription to the Memorandum of Association	50,000
July 30, 2016	10,99,86,800	10	10	Cash	Rights issue in the ratio of 2,200 Equity Shares for every one Equity Share held by existing Shareholders	11,00,36,800
February 10, 2017	1,33,00,00,000	10	10*	Other than cash	Preferential allotment pursuant to the Business Transfer Agreement	1,44,00,36,800
November 11, 2019	1,40,55,097	10	35	Cash	Allotment of Equity Shares under Phase 1, Phase 2 and Phase 3 of the USFB ESPS 2019	1,45,40,91,897
November 13, 2019	7,14,28,570	10	35	Cash	Preferential allotment (Pre-IPO Placement)	1,52,55,20,467
December 10, 2019	20,27,02,702	10	36.80	Cash	Allotment pursuant to the initial public offering	1,72,82,23,169
November 7, 2020	29,069	10	35	Cash	Allotment of Equity Shares under Phase 1, Phase 2 and Phase 3 of the USFB ESPS 2019	1,72,82,52,238
January 19, 2021	20,298	10	35	Cash	Allotment of Equity Shares under Employee Stock Option Plan 2019	1,72,82,72,536
February 15, 2021	37,229	10	35	Cash	Allotment of Equity Shares under Employee Stock Option Plan 2019	1,72,83,09,765

Date of allotment#	Number of Equity Shares allotted	Face value per Equity Share (₹)	Offer price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares
March 15, 2021	4,440	10	35	Cash	Allotment of Equity Shares under Employee Stock Option Plan 2019	1,72,83,14,205

* *The parties to the Business Transfer Agreement had assigned a value of ₹15.30 billion for the business undertaking, pursuant to the Business Transfer Agreement.*

b) ***Preference Share capital***

The history of the Preference Share capital of our Bank is set forth in the table below:

Date of allotment	Number of Preference Shares allotted	Face value per Preference Share (₹)	Issue price per Preference Share (₹)	Nature of consideration	Reason for allotment	Cumulative number of Preference Shares
February 10, 2017	20,00,00,000	10	10	Other than cash	Preferential allotment pursuant to the Business Transfer Agreement*	20,00,00,000

* *The parties to the Business Transfer Agreement had assigned a value of ₹15.30 billion for the business undertaking, pursuant to the Business Transfer Agreement.*

No change in control in our Bank will occur consequent to the Issue.

Our Bank has not made any allotment of Equity Shares in the one year immediately preceding the date of filing of the Preliminary Placement Document and this Placement Document.

USFB ESOP Plan 2019

As on the date of this Placement Document, our Bank has a subsisting employees' stock option scheme, the Ujjivan Small Finance Bank - Employee Stock Option Plan 2019 ("**USFB ESOP Plan 2019**"). Our Bank, pursuant to the resolutions passed by the Board on January 22, 2019 and Shareholders on March 29, 2019, adopted the USFB ESOP Plan 2019. The USFB ESOP Plan 2019 is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The Bank may grant an aggregate number of up to 14,40,00,000 employee stock options under the USFB ESOP Plan 2019. Upon exercise and payment of the exercise price, the option holder will be entitled to be allotted one Equity Share per employee stock option. Accordingly, the number of Equity Shares that may be issued under the USFB ESOP Plan 2019 shall not exceed 14,40,00,000 Equity Shares.

The details of the stock options outstanding under the USFB ESOP Plan 2019 as of August 31, 2022 are as follows:

Details	Number of Stock Options
Options granted	7,18,23,453
Options vested	1,33,87,214
Options exercised	61,967
Options lapsed/forfeited	2,59,99,577
Options cancelled	2,59,99,577
Total options outstanding	4,57,61,909

Proposed Allottees in the Issue

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made by our Bank, in consultation with the Book Running Lead Managers, to Eligible QIBs only, on a discretionary basis. For further details, see "*Proposed Allottees*" on page 413.

Pre-Issue and post-Issue shareholding pattern

The pre-Issue and post-Issue shareholding pattern of our Bank is set forth below.

S. No.	Category	Pre-Issue^		Post-Issue*	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
1.	**Promoter's holding**				
1.	Indian				

S. No.	Category	Pre-Issue^		Post-Issue*	
		No. of Equity Shares held	% of shareholding	No. of Equity Shares held	% of shareholding
	Individual	-	-	-	-
	Bodies corporate	1,44,00,36,800	83.32	1,44,00,36,800	73.68
	Sub-total	1,44,00,36,800	83.32	1,44,00,36,800	73.68
2.	Foreign	-	-	-	-
	Sub-total (A)	**1,44,00,36,800**	**83.32**	**1,44,00,36,800**	**73.68**
2.	**Non – Promoter's holding**				
1.	Institutional Investors	1,80,81,997	1.05	24,42,72,473	12.50
2.	Non-Institutional Investors	27,01,95,408	15.63	27,01,95,408	13.82
	Private corporate bodies	-	-	-	-
	Directors and relatives	-	-	-	-
	Indian public	-	-	-	-
	Others including Non-resident Indians (NRIs)	-	-	-	-
	Sub-total (B)	**28,82,77,405**	**16.68**	**51,44,67,881**	**26.32**
	Grand Total (A+B)	**1,72,83,14,205**	**100.00**	**1,95,45,04,681**	**100.00**

^ *Based on beneficiary position data of our Bank as on September 9, 2022.*

* *The table for the post-Issue shareholding pattern of our Bank reflects the shareholding of the institutional investors category as of September 9, 2022, adjusted for the Allocation in the Issue, and reflects the shareholding of all other categories of shareholders as of September 9, 2022.*

Other confirmations

Our Equity Shares have been listed for a period of at least one year prior to the date of issuance of notice dated February 21, 2022 to the Shareholders for approval of this Issue.

Our Bank shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue.

There will be no change of control of our Bank pursuant to the Issue.

Our Bank has not made any allotments for consideration other than cash, in the last one year preceding the date of this Placement Document.

DIVIDENDS

The declaration and payment of dividends will be recommended by the Board and approved by the Shareholders, at their discretion, subject to the provisions of the Banking Regulation Act and regulations made thereunder, the RBI Act and regulations and guidelines made thereunder (including RBI circular DBOD.NO.BP.BC. 88 / 21.02.067 / 2004-05 dated May 4, 2005) ("**RBI Dividend Circular**"), the Articles of Association and other applicable law, including the Companies Act, 2013. Our Board has approved and adopted a formal dividend distribution policy on November 22, 2019 in terms of Regulation 43A of the SEBI Listing Regulations. For further information, see "*Description of the Equity Shares*" on page 388. The dividend distribution policy of our Bank was approved and adopted by our Board on April 26, 2017 and subsequently, amendments to the dividend distribution policy were approved and adopted by our Board on January 22, 2019 and July 30, 2019. The dividend, if any, will depend on a number of factors, including but not limited to profit earned during the financial year, past dividend trends, optimal capital adequacy ratio subject to regulatory minimum of total and tier I capital adequacy ratio, additional regulatory requirements of capital in near future cost of raising funds from alternative sources, reinvestment opportunities and any other applicable criteria from the legal or regulatory framework applicable to our Bank.

RBI, pursuant to a circular DOR.BP.BC.No.64/21.02.067/2019-20 dated April 17, 2020 read with circular DOR.BP.BC.No.29/21.02.067/2020-21 dated December 4, 2020, has directed that banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020 in order to conserve capital to retain their capacity to support the economy and absorb losses in an environment of heightened uncertainty caused by COVID-19. Accordingly, our Bank has not declared any dividend for Fiscal 2020. Further, vide a circular DOR.ACC.REC.7/21.02.067/2021-22 dated April 22, 2021, RBI partially modified the instructions contained in the RBI Dividend Circular, allowing the banks to pay dividend on equity shares from the profits for the financial year ended March 31, 2021, subject to the quantum of dividend being not more than fifty percent of the amount determined as per the dividend payout ratio prescribed in the RBI Dividend Circular.

As per our dividend distribution policy, our Bank may use any of the electronic modes of payment facility approved by the RBI for the payment of the dividends. Where it is not possible to use electronic mode of payment, payable-at-par warrants or cheques will be issued to the eligible shareholders. Further, where the amount payable as dividend exceeds ₹1,500, the payable-at-par warrants or cheques shall be sent by speed post.

Our Bank has not declared any dividends on Equity Shares in the last three financial years and the quarter ended June 30, 2022.

The details of dividend paid by our Bank on Preference Shares are set out in the following table:

Particulars	Fiscal 2020	Fiscal 2021	Fiscal 2022	Quarter ended June 30, 2022
Number of Preference Shares	20,00,00,000	20,00,00,000	20,00,00,000	20,00,00,000
Dividend per Preference Shares (in ₹)	0.55	Nil	Nil	Nil
Face value of Preference Shares (in ₹)	10	10	10	10
% of dividend	5.5%	Nil	Nil	Nil
Amount of dividend (in ₹)	11,00,00,000	Nil	Nil	Nil
Dividend distribution tax (in ₹)	2,26,10,824	Nil	Nil	Nil
Rate of dividend distribution tax (%)[(1)]	20.56%	Nil	Nil	Nil

(1) *Including surcharge and cess*

FINANCIAL INFORMATION

B K Ramadhyani & Co LLP	Mukund M Chitale & Co.
Chartered Accountants 4B, Chitrapur Bhavan , No.68, 8th Main, 15th Cross, Malleshwaram , Bangalore - 560 055	Chartered Accountants Second Floor, Kapur House, Paranjape B Scheme Road No 1, Vile Parle East, Mumbai- 400057

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

To,
The Board of Directors
Ujjivan Small Finance Bank Limited
Koramangala
Bengaluru

1. We have reviewed the accompanying statement of unaudited financial results ("the Statement") of **Ujjivan Small Finance Bank Limited** ("the Bank") for the three months ended June 30, 2022, being submitted by the Bank pursuant to the requirement of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Bank's management and approved by Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Accounting Standard 25 "Interim Financial Reporting" ("AS 25") prescribed under section 133 of Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

3. We conducted our review of 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 statements are free of material misstatement. A review of Interim Financial Information 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 of 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 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 accompanying Statement of unaudited standalone financial results prepared in accordance with applicable accounting standards i.e. Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder or by the Institute of Chartered Accountants of India and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended including the manner in which it is to be disclosed, or that it contains any material

B K RAMADHYANI & CO. LLP BANGALORE-55 Chartered Accountants

MUKUND M CHITALE & CO. MUMBAI CHARTERED ACCOUNTANTS misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification and provisioning and other related matters.

5. **Emphasis of matter**:
Attention is drawn to Note 11 to the Statement which describes the impact of the Covid – 19 Pandemic on the Company's operations and financial position, including the credit quality and requirement for provisioning, is uncertain and will depend on the future steps as they evolve and is highly unpredictable at this stage. We have not modified our opinion in this matter

6. **Other matters:**
The review of unaudited financial results for the three months ended June 30, 2021, were conducted by M/s MSKA and Associates, Chartered Accountants, then statutory auditors of the Bank, who expressed unmodified opinions on such financial results. We do not express any conclusion/ opinion as the case may be, on the figures so reported in the financial results.

7. A copy of the unaudited quarterly financial results of the Bank for the period under review, which formed the basis of our limited review, duly initiated by us for the purpose of identification is enclosed to this report.

For B K Ramadhyani & Co. LLP
Chartered Accountants
FRN: 002878S/ S200021
(H S Vasuki)
Partner
Membership No. 212013
UDIN: 22212013ANQEWD4879

Mukund M. Chitale & Co
Chartered Accountants
FRN: 106655W
(Nilesh Joshi)
Partner
Membership No. 114749
UDIN: 22114749ANQEKC5747

Place: Bengaluru
Date: July 26, 2022

UJJIVAN SMALL FINANCE BANK LIMITED

CIN: L65110KA2016PLC142162

Registered and Corporate Office: Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru - 560095, Karnataka

Website: www.ujjivansfb.in Phone: +91 80 4071 2121

Unaudited Financial Results for the Quarter Ended June 30, 2022

(Rs. in Lakhs)

Sl No.	Particulars	Quarter ended			Year ended
		June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
		(Unaudited)	(Audited) (Refer Note 6)	(Unaudited)	(Audited)
1	**Interest Earned (a)+(b)+(c)+(d)**	**90,537**	**81,824**	**64,166**	**2,81,281**
	a) Interest/ discount on advances/ bills	81,844	75,887	58,604	2,57,578
	b) Income on Investments	7,642	5,279	4,126	18,514
	c) Interest on balances with Reserve Bank of India and other interbank funds	467	658	1,436	5,189
	d) Others	584	-	-	-
2	Other Income (Refer note 8 & 10)	9,505	10,256	7,301	31,327
3	**Total Income (1)+(2)**	**1,00,042**	**92,080**	**71,467**	**3,12,608**
4	Interest Expended	30,566	27,426	25,726	1,03,921
5	Operating Expenses (i)+(ii)	42,370	42,931	29,649	1,49,638
	(i) Employees Cost	22,104	22,690	16,483	81,260
	(ii) Other Operating Expenses	20,266	20,241	13,166	68,378
6	**Total Expenditure (4)+(5) [excluding provisions & contingencies]**	**72,936**	**70,357**	**55,375**	**2,53,559**
7	**Operating Profit before Provisions & Contingencies (3)-(6)**	**27,106**	**21,723**	**16,092**	**59,049**
8	Provisions (other than tax) and Contingencies	39	4,379	47,321	1,14,084
9	Exceptional Items	-	-	-	-
10	**Profit/(Loss) from Ordinary Activities before tax (7)-(8)-(9)**	**27,067**	**17,344**	**(31,229)**	**(55,035)**
11	Tax Expense	6,773	4,692	(7,881)	(13,577)
12	**Net Profit/(Loss) from Ordinary Activities after tax (10)-(11)**	**20,294**	**12,652**	**(23,348)**	**(41,458)**
13	Extraordinary items (net of tax expense)	-	-	-	-
14	**Net Profit/(Loss) for the period (12)-(13)**	**20,294**	**12,652**	**(23,348)**	**(41,458)**
15	Paid up equity share capital (Face Value of Rs 10/- each)	1,72,831	1,72,831	1,72,831	1,72,831
16	Reserves excluding revaluation reserves				83,212
17	**Analytical Ratios**				
	(i) Percentage of shares held by Government of India	NIL	NIL	NIL	NIL
	(ii) Capital Adequacy Ratio - BASEL II (Refer Note 9)	20.03%	18.99%	25.88%	18.99%
	(iii) Earnings per share (before and after extraordinary items, net of tax expenses)*				
	Basic EPS (Rs)	1.17	0.73	(1.35)	(2.40)
	Diluted EPS (Rs)#	1.17	0.73	(1.35)	(2.40)
	(iv) NPA Ratios				
	(a) Gross NPAs	1,14,671	1,28,408	1,37,498	1,28,408
	(b) Net NPAs	1,780	9,960	34,873	9,960
	(c) % of Gross NPAs to Gross Advances	6.51%	7.34%	9.79%	7.34%
	(d) % of Net NPAs to Net Advances	0.11%	0.61%	2.68%	0.61%
	(v) Return on assets (average)*	0.86%	0.57%	(1.19%)	(2.04%)

* Figures for the quarters are not annualised

\# The effect of potential equity shares on EPS is anti - dilutive

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B K RAMADHYANI & CO. LLP Chartered Accountants

Ujjivan Small Finance Bank Limited

UJJIVAN SMALL FINANCE BANK LIMITED
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Website: www.ujjivansfb.in Phone: +91 80 4071 2121

Segment information in accordance with Accounting Standard on Segment Reporting (AS-17) of the operating segment of the Bank is as under:

(Rs. in Lakhs)

Sl No.	Particulars	Quarter ended			Year ended
		June 30, 2022	March 31, 2022	June 30, 2021	March 31, 2022
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
			(Refer Note 6)	-	
1	**Segment Revenue**				
(a)	Treasury	8,903	5,981	9,529	28,213
(b)	Retail Banking	89,158	84,042	60,303	2,76,927
(c)	Wholesale Banking	1,981	2,057	1,635	7,468
(d)	Unallocated	-	-	-	-
	Less: Inter-segment revenue	-	-	-	-
	Income From Operations	**1,00,042**	**92,080**	**71,467**	**3,12,608**
2	**Segment Results**				
(a)	Treasury	1,981	5,982	5,538	6,990
(b)	Retail Banking	25,897	10,229	(35,803)	(62,292)
(c)	Wholesale Banking	474	2,190	(202)	3,752
(d)	Unallocated	(1,285)	(1,057)	(762)	(3,485)
	Total Profit Before Tax	**27,067**	**17,344**	**(31,229)**	**(55,035)**
3	**Segment Assets**				
(a)	Treasury	6,67,745	6,17,666	5,28,732	6,17,666
(b)	Retail Banking	16,34,006	16,17,066	13,17,762	16,17,066
(c)	Wholesale Banking	86,116	84,361	74,499	84,361
(d)	Unallocated	35,649	41,353	35,437	41,353
	Total Assets	**24,23,516**	**23,60,446**	**19,56,430**	**23,60,446**
4	**Segment Liabilities**				
(a)	Treasury	5,84,893	5,44,990	4,48,003	5,44,990
(b)	Retail Banking	14,31,265	14,26,798	11,16,561	14,26,798
(c)	Wholesale Banking	75,430	74,434	63,125	74,434
(d)	Unallocated	31,226	36,487	30,026	36,487
	Total Liabilities	**21,22,814**	**20,82,709**	**16,57,715**	**20,82,709**
5	**Capital Employed**				
(a)	Treasury	82,851	72,677	80,729	72,677
(b)	Retail Banking	2,02,742	1,90,269	2,01,201	1,90,269
(c)	Wholesale Banking	10,685	9,926	11,374	9,926
(d)	Unallocated	4,424	4,865	5,411	4,865
	Total	**3,00,702**	**2,77,737**	**2,98,715**	**2,77,737**

A) Treasury: The Treasury Segment primarily consists of net interest earnings from the Bank's Investment portfolio, money market borrowing and lending, gains or losses on Investment operations and income/loss from sale/purchase of Priority Sector Lending Certificates ("PSLC").

B) Retail Banking: The Retail Banking Segment serves retail customers through a branch network and other delivery channels. Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment. This segment raises deposits from customers and provides loans and other services to customers. Revenues of the retail banking segment are derived from interest earned on retail loans, processing fees earned and other related incomes. Expenses of this segment primarily comprises of interest expense on deposits & borrowings, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

C) Whole Sale Banking: The Wholesale Banking Segment provides loans to Corporates and Financial Institutions. Revenues of the wholesale banking segment consist of interest earned on loans made to customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

MUKUND M. CHITALE & CO. MUMBAI CHARTERED ACCOUNTANTS

K RAMADHYANI & CO. LLP BANGALORE-55 Chartered Accountants

Ujjivan Small Finance Bank Limited

3) The above financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on July 26, 2022. The financial results for the quarter ended June 30, 2022, have been subjected to "Limited Review" by the statutory auditors (B. K. Ramadhyani & Co LLP, Chartered Accountants and Mukund M Chitale & Co, Chartered Accountants) of the Bank. An unqualified report has been issued by them thereon. The financial results for the quarter ended June 30, 2021 were reviewed by M S K A & Associates, Chartered Accountants, on which they had issued an unqualified opinion.

4) The above financial results have been 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 read with relevant rules thereunder, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended, and the guidelines issued by the Reserve Bank of India ('RBI')

5) The Bank has consistently applied its significant accounting policies in the preparation of these financial results that are consistent with those followed in the annual financial statements for the year ended March 31, 2022.

6) The figures for the last quarter ended March 31, 2022 are the balancing figures between audited figures in respect of the financial year and published year to date reviewed figures upto December 31, 2021.

7) As at June 30, 2022, 2,47,37,051 options have been lapsed, 92,02,429 options vested and are yet to be exercised and balance 3,77,41,321 options remains unvested out of the total options granted under the approved Employee Stock Option Plan (ESOP) 2019.

8) Other income includes fees earned from providing services to customers, income from commission, exchange and brokerage, processing fees, selling of third party products, profit on sale of investments and PSLC fee income.

9) The Capital Adequacy Ratio ("CAR") has been computed as per RBI Circular No. RBI/2016-17/81 DBR.NBD.No. 26/16.13.218/2016-17 dated October 06, 2016 on 'Operating Guidelines for Small Finance Banks'.
The Bank has followed BASEL II standardized approach for credit risk in accordance with the aforesaid guidelines. Further, the RBI vide its Circular No. DBR.NBD.No.4502/16.13.218/2017-18 dated November 08, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk.

10) Based on RBI Master Direction on Financial statements - Presentation and Disclosures issued on August 30, 2021, recoveries from written off accounts, which was hitherto included as part of other income have been reclassified as credit to provisions and contingencies. Provision for depreciation on investments, which was hitherto classified as part of provisions and contingencies has been reclassified as part of other income. There is no impact of this change on the net profit/loss of the current or earlier periods. The change has been effected from quarter ended September, 2021 and accordingly comparitive figures have been regrouped.

11) India is emerging from the COVID-19 virus, a global pandemic that affected the world economy over the last two years. The extent to which any new wave of COVID-19 will impact the Bank's results will depend on ongoing as well as future developments, 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 us.

12) Details of loans transferred / acquired during the quarter ended June 30, 2022 under the RBI Master Direction on Transfer of Loan Exposures dated September 24,2021 are given below:
(i) The Bank has not transferred any non-performing assets (NPAs).
(ii) The Bank has not transferred any Special Mention Account (SMA) and loan not in default.
(iii) The Bank has not acquired any loans through assignment.
(iv) The Bank has not acquired any stressed loan.

13) As per the RBI Circular DOR.AUT.REC.12/22.01.001/2022-23 dated April 07, 2022, for the purpose of disclosure under Accounting Standard 17, Segment reporting, 'Digital Banking' has been identified as a sub-segment under Retail Banking by Reserve Bank of India (RBI). However, as the proposed Digital Banking Unit (DBU) of the Bank has not yet commenced operations and having regard to the discussions of the DBU Working Group formed by Indian Banks' Association (IBA) (which included representatives of banks and RBI), held on July 14, 2022, reporting of Digital Banking as a separate sub-segment of Retail Banking Segment will be implemented by the Bank based on the decision of the DBU Working Group.

14) During the quarter ending June 30, 2022 the Bank has assigned standard advances to Special Purpose Entities (SPEs) as a Securitisation transaction for an aggregate amount of Rs. 12,114 Lakhs. Further the Bank has entered into Direct assignment of standard advances of Rs. 12,240 Lakhs and also entered in to IBPC transaction of Rs. 91,700 Lakhs.

15) Figures of the previous periods/year have been regrouped / reclassified, wherever considered necessary to conform to the current period's /year's presentation.

MUKUND M. CHITALE & CO. MUMBAI CHARTERED ACCOUNTANTS

B K RAMADHYANI & CO. LLP Chartered Accountants

Bengaluru
July 26, 2022

By order of the Board
For Ujjivan Small Finance Bank Limited

Ujjivan Small Finance Bank Limited

Ittira Davis
Managing Director & CEO
DIN: 06442816

B K Ramadhyani & Co LLP	Mukund M Chitale & Co.
Chartered Accountants 4B, Chitrapur Bhavan, No.68, 8th Main, 15th Cross, Malleshwaram, Bangalore - 560 055	Chartered Accountants Second Floor, Kanpur House, Paranjape B Scheme Road No 1, Vile Parle East, Mumbai- 400057

Independent Auditor's Report on Review of Unaudited Interim Financial Statements of the Company for the three months ended June 30, 2022

To,
The Board of Directors
Ujjivan Small Finance Bank Limited
Koramangala
Bengaluru

1. We have reviewed the accompanying unaudited interim financial statements ("the Financial Statements") of **Ujjivan Small Finance Bank Limited** ("the Company") for the three months ended June 30, 2022 in connection with the proposed issue of shares to qualified institutional buyers.

2. This Financial Statements, which is the responsibility of the Company's management and approved by its Board of Directors, has been prepared in accordance with the recognition/ measurement principles and presentation requirements laid down in the Accounting Standard 25 "Interim Financial Reporting" ("AS 25") prescribed under section 133 of Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Financial Statements based on our review.

3. We conducted our review of 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 statements are free of material misstatement. A review of Interim financial information 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 of 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 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 Financial Statements prepared in accordance with applicable accounting standards i.e. Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be so disclosed, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification and provisioning and other related matters.

B K RAMADHYANI & CO. LLP * BANGALORE-55 * Chartered Accountants

MUKUND M. CHITALE & CO. * MUMBAI * CHARTERED ACCOUNTANTS

5. **Emphasis of matter**:
   Attention is drawn to Note 7 to the Financial Statements which describes the impact of the Covid – 19 pandemic on the Company's operations, financial position/performance, including the credit quality and requirement for provisioning, is uncertain and will depend on the future steps as they evolve and is highly unpredictable at this stage. We have not modified our opinion in this matter

6. **Other matters:**
   The review of unaudited financial results for the quarter ended June 30, 2021 was conducted by M/s MSKA and Associates, Chartered Accountants, then statutory auditors of the Company, who expressed unmodified opinion on such financial results. The values of assets and liabilities appearing in the books of the bank as at June 30, 2021 have been adopted without any review/verifications, while furnishing the corresponding figures for the quarter ended on that date in the cash flow statement. We do not express any conclusion/ opinion as the case may be, on the figures so reported in the financial results/cash flow statement.

7. A copy of the Financial Statements of the Company for the three months ended June 30, 2022, which formed the basis of our limited review, duly initiated by us for the purpose of identification is enclosed to this report.

For B K Ramadhyani & Co. LLP Chartered Accountants FRN: 002878S/ S200021 (Vasuki H S) Partner Membership No: 212013 UDIN:22212013ARTQKQ6566 Place: Bengaluru Date: September 12, 2022	Mukund M. Chitale & Co Chartered Accountants FRN: 106655W (Nilesh Joshi) Partner Membership No. 114749 UDIN: 22114749ARTQOY6055 Place: Bangaluru Date: September 12, 2022

UJJIVAN SMALL FINANCE BANK LIMITED

Unaudited Condensed Interim Balance Sheet as on June 30, 2022

(Rs. in 000's)

Particulars	As on June 30, 2022	As on March 31, 2022
CAPITAL AND LIABILITIES		
Capital	1,92,83,142	1,92,83,142
Employees Stock Options and Purchase Outstanding	4,36,370	4,21,958
Reserves and Surplus	1,03,50,619	83,21,239
Deposits	18,44,88,585	18,29,22,169
Borrowings	1,94,32,166	1,76,35,616
Other Liabilities and Provisions	83,60,689	74,60,518
TOTAL	**24,23,51,571**	**23,60,44,642**
ASSETS		
Cash and Balances with Reserve Bank of India	91,25,212	1,68,22,456
Balances with Banks and Money at Call and Short Notice	1,01,88,037	48,58,547
Investments	4,83,80,390	4,15,29,348
Advances	16,48,58,748	16,30,31,714
Fixed Assets	26,02,121	24,93,926
Other Assets	71,97,063	73,08,651
TOTAL	**24,23,51,571**	**23,60,44,642**

As per our limited review report of even date

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

Vasuki H S
Partner
MN: 212013

Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

Nilesh RS Joshi
Partner
MN: 114749

For and on behalf of Board of Directors of Ujjivan Small Finance Bank Limited

Ittira Davis
DIN: 06442816
Managing Director & CEO

M.D.Ramesh Murthy
Chief Financial Officer

Bengaluru
September 12, 2022

UJJIVAN SMALL FINANCE BANK LIMITED

Unaudited Condensed Interim Cash Flow Statement for the quarter ended June 30, 2022

(Rs. in 000's)

Particulars		For the period ended June 30 2022	For the period ended June 30 2021
Net Profit/(Loss) before taxation		**27,06,738**	**(31,22,875)**
Net Cash Flow generated from/(used in) Operating Activities	**(A)**	**(11,21,651)**	**1,34,73,333**
Net Cash Flow used in Investing Activities	**(B)**	**(31,15,340)**	**(46,93,670)**
Net Cash Flow generated from Financing Activities	**(C)**	**17,96,550**	**(1,10,66,305)**
Net Increase/(Decrease) in Cash and Cash Equivalents	**(A+B+C)**	**(24,40,441)**	**(22,86,642)**
Cash and Cash Equivalents at the beginning of the year		2,15,54,709	1,93,34,975
Cash and Cash Equivalents at the end of the year		**1,91,14,268**	**1,70,48,333**

Notes to Cash Flow Statement:

1:	Cash and Cash equivalents includes the following:		
	Cash and Bank Balances with Reserve Bank	91,25,212	1,34,30,249
	Balance with Bank and Money at Call & Short Notice	1,01,88,037	1,00,58,084
		1,93,13,249	**2,34,88,333**
	Balances not considered as part of Cash and Cash equivalents		
Less:	Bank Deposits with original maturity more than 3 months or Bank Deposits under lien	(1,98,981)	(64,40,000)
	Cash and Cash Equivalents at the end of the year	**1,91,14,268**	**1,70,48,333**

2: The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Sec.133 of the Companies act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

3: Figures in bracket indicate cash outflow.

As per our limited review report of even date

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

Vasuki H S
Partner
MN: 212015

Mukund M Chitale & Co.
Chartered Accountants
FRN: 106655W

Nilesh RS Joshi
Partner
MN: 114749

For and on behalf of Board of Directors of Ujjivan Small Finance Bank Limited

Ittira Davis
DIN: 06442816
Managing Director & CEO

M.D.Ramesh Murthy
Chief Financial Officer

Bengaluru
September 12, 2022

UJJIVAN SMALL FINANCE BANK LIMITED

Profit and Loss Account

(Rs. in 000's)

Particulars	For the period ended June 30 2022	For the period ended June 30 2021
I. INCOME		
Interest Earned		
(a) Interest on advances	81,84,355	58,60,443
(b) Interest on investments	7,64,212	4,12,595
(c) Interest on balances with Reserve Bank of India and other inter banks funds	46,744	1,43,580
(d) Others	58,385	-
Other Income	9,50,534	7,30,071
Total	**1,00,04,230**	**71,46,689**
II. EXPENDITURE		
Interest Expended	30,56,638	25,72,567
Operating Expenses		
(a) Payments to and provisions for employees	22,10,397	16,48,317
(b) Other operating expenses	20,26,559	13,16,570
Total expenses (excluding provisions and contingencies)	**72,93,594**	**55,37,454**
III. Profit before provisions and contingencies	**27,10,636**	**16,09,235**
Provisions and Contingencies	3,898	47,32,110
Profit/ (loss) before tax	**27,06,738**	**(31,22,875)**
Tax Expense:		
Current Tax	7,93,042	-
Deffered Tax	(1,15,686)	(7,88,104)
Net profit /(loss) for the period	**20,29,382**	**(23,34,771)**
Profit/(loss) brought forward	(7,23,518)	34,36,242
	13,05,864	**11,01,471**
IV. APPROPRIATIONS		
Transfer to		
a) Statutory Reserves	5,07,346	-
b) Balance Carried over to Balance Sheet	7,98,518	11,01,471
Total	**13,05,864**	**11,01,471**
V. Earnings per Equity Share (Face value of Rs.10 per share)		
Basic (Rs)	1.17	(1.35)
Diluted (Rs)	1.17	(1.35)

As per our limited review report of even date

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

Vasuki H S
Partner
MN: 212013

Bengaluru
September 12, 2022

Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

Nilesh RS Joshi
Partner
MN: 114749

For and on behalf of Board of Directors of Ujjivan Small Finance Bank Limited

Ittira Davis
DIN: 06442816
Managing Director & CEO

M.D.Ramesh Murthy
Chief Financial Officer

Selected Explanatory Notes to the Unaudited Condensed Interim Financial Statements for quarter ended June 30, 2022

1) These Unaudited Condensed Interim Financial Statements have been prepared for use in connection with the proposed Qualified Institutional Placement (QIP) of Equity Shares of the Bank. These Statements were approved by the Board of Directors in their meeting held on September 12, 2022. There are no subsequent events between July 01, 2022 and September 12, 2022 which materially affects the financial position/results of the Bank as at June 30, 2022.
2) The same accounting policies are followed in these interim financial statements as those followed in annual financial statements for the year ended March 31, 2022
3) The Board of Directors of Ujjivan Small Finance Bank Limited (Bank) and Ujjivan Financial Services Limited (UFSL, Company) at their respective meetings held on October 30, 2021 approved a Scheme of Amalgamation of UFSL, with the Bank under sections 230 to 232 of Companies Act, 2013 and other applicable provisions, if any. In terms of draft scheme, all the assets, liabilities of the said Company will become assets and liabilities respectively of the Bank with effect from February 1, 2022 or such other date as may be approved by the National Company Law Tribunal (NCLT).
   All pending suits/appeals, legal/taxation and other proceedings of whatsoever nature relating to the said Company whether pending on the appointed date or which may be instituted on any other future dates shall continue and be enforced by or against the Bank.
   All the employees of the UFSL who are in its employment on the effective date of amalgamation shall deemed to become staff/employees of the Bank, without any break or interruption in service on terms & conditions no less favourable to them on which they have been engaged by UFSL.
   In consideration of said merger, the Bank shall allot 115 equity shares of Rs. 10/- each for every 10 equity shares of Rs. 10/- each held by the members of UFSL on the record date to be fixed in this respect.
   The scheme is subject to requisite approvals from RBI, Securities Exchange Board of India (SEBI), shareholders & creditors of UFSL/Bank & NCLT.
4) During the year ended March 31, 2022 and quarter ended June 30, 2022, the Bank assigned standard advances to Special Purpose Entities (SPEs) as securitisation transactions for an aggregate amount of Rs. 25,25,883 ('000) and Rs. 12,11,453 ('000) respectively. Further the Bank has entered into Direct assignment of standard advances of Rs. 12,24,088 ('000) during the quarter ended June 30, 2022 and also entered to IBPC transactions with risk sharing of Rs. 42,50,000 ('000) and Rs. 91,70,000 ('000) during the year ended March 31, 2022 and quarter ended June 30, 2022 respectively. These assignments/transfers have been substracted from advances in the Balance Sheet.
5) During the quarter ended June 30, 2021, the bank recognised a floating provisions of Rs. 25,00,000 ('000) and opted to reduce the same from advances in its quarterly results persuant to clause 41 of the listing agreement. The same option was continued in the financial statements of the bank for the year ended March 31, 2022. While approving the financial results for the quarter ended June 30, 2022, the bank restricted its options to reduce such floating provisions from advances to Rs. 22,00,000 ('000) and balance Rs. 3,00,000 ('000) was classified as other liabilities and provisions. The corresponding figures as of March 31, 2022 have not been reclassified and the entire provision of Rs.25,00,000 ('000) have been reduced from advances as on that date.
6) Contingent liabilities as at June 30, 2022 have reduced by Rs. 1,83,514 ('000) as compared to that of Rs. 13,72,305 ('000) as at March 31, 2022, primarily due to favorable order passed on disposal of a rectification application filed by the Bank.
7) India is emerging from the COVID-19 virus, a global pandemic that affected the world economy over the last two years. The extent to which any new wave of COVID-19 will impact the Bank's results will depend on ongoing as well as future developments, 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 us.
8) Please refer the schedule of segment revenue,results and capital employed.
9) Figures of the previous period have been regrouped / reclassified, wherever considered necessary to conform to the current period's classification.

As per our limited review report of even date

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

Vasuki H S
Partner
MN: 212013

B K RAMADHYANI & CO. LLP
BANGALORE-55
Chartered Accountants

Bengaluru
September 12, 2022

Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

Nilesh RS Joshi
Partner
MN: 114749

MUKUND M. CHITALE & CO.
MUMBAI
CHARTERED ACCOUNTANTS

For and on behalf of Board of Directors of Ujjivan Small Finance Bank Limited

Ittira Davis
DIN: 06442816
Managing Director & CEO

M.D.Ramesh Murthv
Chief Financial Officer

Ujjivan Small Finance Bank Limited

	Segment information in accordance with Accounting Standard on Segment Reporting (AS-17) of the operating segment of the Bank is as under:		
			(Rs. in 000's)
Sl No.	Particulars	Quarter ended	
		June 30, 2022	June 30, 2021
		(Unaudited)	(Unaudited)
1	**Segment Revenue**		
(a)	Treasury	8,90,312	9,52,932
(b)	Retail Banking	89,15,800	60,30,298
(c)	Wholesale Banking	1,98,118	1,63,459
(d)	Unallocated	-	-
	Less: Inter-segment revenue	-	-
	Income From Operations	**1,00,04,230**	**71,46,689**
2	**Segment Results**		
(a)	Treasury	1,98,120	5,53,819
(b)	Retail Banking	25,89,665	(35,80,264)
(c)	Wholesale Banking	47,447	(20,222)
(d)	Unallocated	(1,28,494)	(76,208)
	Total Profit Before Tax	**27,06,738**	**(31,22,875)**
5	**Capital Employed**		
	(Segment Assets - Segment Liabilities)		
(a)	Treasury	82,85,145	80,72,873
(b)	Retail Banking	2,02,74,178	2,01,20,073
(c)	Wholesale Banking	10,68,489	11,37,478
(d)	Unallocated	4,42,319	5,41,061
	Total	**3,00,70,131**	**2,98,71,485**

A) Treasury: The Treasury Segment primarily consists of net interest earnings from the Bank's Investment portfolio, money market borrowing and lending, gains or losses on Investment operations and income/loss from sale/purchase of Priority Sector Lending Certificates ("PSLC").

B) Retail Banking: The Retail Banking Segment serves retail customers through a branch network and other delivery channels. Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment. This segment raises deposits from customers and provides loans and other services to customers. Revenues of the retail banking segment are derived from interest earned on retail loans, processing fees earned and other related incomes. Expenses of this segment primarily comprises of interest expense on deposits & borrowings, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

C) Whole Sale Banking: The Wholesale Banking Segment provides loans to Corporates and Financial Institutions. Revenues of the wholesale banking segment consist of interest earned on loans made to customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

B K RAMADHYANI & CO. LLP * Chartered Accountants * BANGALORE-55

MUKUND M. CHITALE & CO. * CHARTERED ACCOUNTANTS * MUMBAI

Ujjivan Small Finance Bank Limited

B K Ramadhyani & Co LLP Chartered Accountants 4B, Chitrapur Bhavan , No.68, 8th Main, 15th Cross, Malleshwaram , Bangalore - 560 055	**Mukund M Chitale & Co.** Chartered Accountants Second Floor, Kanpur House, Paranjape B Scheme Road No 1, Vile Parle East, Mumbai- 400057

INDEPENDENT AUDITOR'S REPORT

To the Members of Ujjivan Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ujjivan Small Finance Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2022, the Profit and Loss account, and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulations Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2022, its losses and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification of Non-Performing Assets ('NPA') and Provisioning on Advances Total Loans and Advances (Net of NPA Provision, floating provision, securitisation and IBPC) as on March 31, 2022: Rs. 16,30,31,714 ('000) Gross NPA as on March 31, 2022: Rs. 1,28,40,773 ('000) Provision for NPA as on March 31, 2022: Rs. 1,18,44,794 ('000) (Refer Schedule 9 and Schedule 18 (4.1) to the financial statement)	
Key Audit Matter	**How our audit addressed the key audit matter**
The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-	Tested the design and operating effectiveness of key controls (including application controls) over identification of NPAs, provisions thereof and the valuation of securities.

performing assets ("NPA") and the minimum provision required for such assets. The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision against advances is based on criterias such as past due status, out of order status etc. The provisions in respect of such NPAs are made based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to minimum provisioning levels prescribed by the RBI and approved policy of the bank in this regard. In addition to this, for restructured accounts, provision is made for erosion/ diminution in fair value of restructured loans, in accordance with the RBI guidelines. Further, NPA classification is made borrower wise whereby if one facility of the borrower becomes an NPA then all facilities of such a borrower will be treated as an NPA. Additionally, the Bank makes provisions on exposures that are not classified as NPAs including identified advances or group advances that can potentially slip into NPA. These are part of standard asset provision. The Management of the Bank also made an assessment of the impact on borrowers account due to Covid -19 pandemic and in line with the COVID 19 Regulatory Package announced by the RBI in respect of moratorium and restructuring of advances as relief measures to the borrowers. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit, we have ascertained identification and provisioning for NPAs as a key audit matter.	Testing of Application controls included testing of reports and system reconciliations as at the year end. Review of controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy. Performed substantive procedures as listed below: • For sample borrowers, assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per IRAC norms and Bank's Policy; • Selected samples of performing loan accounts to assess, independently, whether such loan accounts should be classified as NPA; • For selected samples, reviewed the securities valuation performed by the Bank; • Considered the data shared by Bank regarding accounts reported as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress; • Selected samples for standard and overdue accounts to assess compliance with the RBI Circulars on 'COVID-19 – Regulatory Package' and 'COVID19 Regulatory Package - Asset Classification and Provisioning'; • Selected sample of accounts restructured under RBI Circulars on 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' and 'Resolution Framework for Covid-19-related Stress' to assess compliance with the RBI directions; • Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Information Technology ('IT') systems and controls impacting financial reporting	Our Audit procedures with respect to this matter included:
The Bank's IT architecture to process key financial accounting and reporting is complex involving number of independent and interdependent IT systems used in the operations of the Bank, and IT controls to process significant transactions volumes at numerous locations. As such there is high reliability on IT systems, appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting. The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter for the financial year ended March 31, 2022.	We used our internal IT team to perform audit procedures to assess IT systems and controls over financial reporting which included the following: 1) General IT controls design, observation and operation: • Obtain an understanding of the IT infrastructure and IT systems • Testing the sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access, system change management and computer operations. 2) User access controls operation: • Reviewed processes followed by the management in respect of access rights granted to applicants relevant to financial accounting and reporting systems. • Assessing the operating effectiveness of controls over granting, removal and appropriateness of access rights. Other areas that were assessed under the IT control environment, included password policies, security configurations were also part of our audit procedures.

Other Matters

(a) The audit of financial results of the Bank for the year ended 31 March 2021, were conducted by MSKA & Associates, Chartered Accountants, the statutory auditor of the Bank, whose report dated 18 May 2021, expressed an unmodified opinion on those financial results. Accordingly, Mukund M. Chitale & Co, Chartered Accountants and B.K. Ramadhyani & Co. LLP, Chartered Accountants, do not express any opinion on the figures reported for the year ended 31 March 2021. Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Director's Report and Annual Report but does not include the financial statements and our Auditor's report thereon. The Director's Report and Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Director's Report and Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and provisions of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by the Reserve Bank of India from time to time (RBI Guidelines) as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management of the Bank.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore, the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.

2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;

   b. The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank.

   c. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purpose of our audit are available therein.. We have also covered 20 branches, during the course of audit.

3. As required by Section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

   c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant rules made thereunder to the extent they are not inconsistent with the accounting policies prescribed by RBI.

   e. On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "**Annexure A**".

   g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

      The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under section 197 of the Act do not apply; and

   h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12 and Schedule 18 (26.6) to the financial statements;

      ii. The Bank has not entered into any long term contracts nor entered into any derivative contracts as at March 31, 2022 and accordingly no provision is required to be made;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

      iv. a) Based on the information and explanation provided and as represented to us by the management to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

         b) Based on the information and explanation provided and as represented to us by the management to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement

v. There was no dividend declared or paid during the year by the Bank accordingly, section 123 of the Companies Act 2013 is not applicable.

For B K Ramadhyani & Co. LLP
Chartered Accountants
FRN: 002878S/ S200021

(Vasuki H S)
Partner
Membership No : 212013
UDIN : 22212013AIWDJK6381

Mukund M. Chitale & Co
Chartered Accountants
FRN: 106655W

(Nilesh RS Joshi)
Partner
Membership No. 114749
UDIN : 22114749AIWDFQ9813

Place: Bengaluru
Date: May 12, 2022

B K Ramadhyani & Co LLP Chartered Accountants 4B, Chitrapur Bhavan , No.68, 8th Main, 15th Cross, Malleshwaram , Bangalore - 560 055	Mukund M Chitale & Co. Chartered Accountants Second Floor, Kanpur House, Paranjape B Scheme Road No 1, Vile Parle East, Mumbai- 400057

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF UJJIVAN SMALL FINANCE BANK LIMITED

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Ujjivan Small Finance Bank Limited on the Financial Statements for the year ended March 31, 2022

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Ujjivan Small Finance Bank Limited ("the Bank") as of March 31, 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Bank's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A Bank's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the bank; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the bank are being made only in accordance with authorizations of management and directors of the bank; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

Other Matter

Considering the nature of business and high volumes of cash collections from borrowers, procedures and systems thereof and recording such collections in the books of account needs to be automated suitably.
Our opinion is not modified in respect of this matter.

For B K Ramadhyani & Co. LLP
Chartered Accountants
FRN: 002878S/ S200021

(Vasuki H S)
Partner
Membership No : 212013
UDIN : 22212013AIWDJK6381

Mukund M. Chitale & Co
Chartered Accountants
FRN: 106655W

(Nilesh RS Joshi)
Partner
Membership No. 114749
UDIN : 22114749AIWDFQ9813

Place: Bengaluru
Date: May 12, 2022

UJJIVAN SMALL FINANCE BANK LIMITED
Balance Sheet as at March 31, 2022

(Rs. in 000's)

Particulars	Schedule	As on March 31, 2022	As on March 31, 2021
CAPITAL AND LIABILITIES			
Capital	1	1,92,83,142	1,92,83,142
Employees Stock Options and Purchase Outstanding	18(33)	4,21,958	4,37,235
Reserves and Surplus	2	83,21,239	1,24,67,143
Deposits	3	18,29,22,169	13,13,57,673
Borrowings	4	1,76,35,616	3,24,73,167
Other Liabilities and Provisions	5	74,60,518	77,86,180
TOTAL		**23,60,44,642**	**20,38,04,540**
ASSETS			
Cash and Balances with Reserve Bank of India	6	1,68,22,456	1,71,15,317
Balances with Banks and Money at Call and Short Notice	7	48,58,547	86,59,657
Investments	8	4,15,29,348	2,51,64,501
Advances	9	16,30,31,714	14,49,39,518
Fixed Assets	10	24,93,926	28,07,289
Other Assets	11	73,08,651	51,18,258
TOTAL		**23,60,44,642**	**20,38,04,540**
Contingent Liabilities	12	13,72,305	4,05,597
Bill for collection		-	-
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

The schedules referred to above form an integral part of the Balance sheet

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Vasuki H S
Partner
MN: 212013

Nilesh RS Joshi
Partner
M N.114749

Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Rajni Mishra
DIN: 08386001
Independent Director

Sudha Suresh
DIN: 06480567
Independent Director

Bengaluru
May 12, 2022

M.D.Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

UJJIVAN SMALL FINANCE BANK LIMITED
Profit and Loss Account

(Rs. in 000's)

Particulars	Schedule	For the year ended March 31 2022	For the year ended March 31 2021
I. INCOME			
Interest Earned	13	2,81,27,991	2,80,60,656
Other Income	14	31,32,745	30,23,091
Total		**3,12,60,736**	**3,10,83,747**
II. EXPENDITURE			
Interest Expended	15	1,03,92,070	1,07,75,140
Operating Expenses	16	1,49,63,806	1,23,00,770
Provisions and Contingencies (Refer Schedule 18 (17))		1,00,50,764	79,24,868
Total		**3,54,06,640**	**3,10,00,778**
III. PROFIT			
Net profit for the year		(41,45,904)	82,969
Profit brought forward		34,36,242	36,20,115
Total		**(7,09,662)**	**37,03,084**
IV. APPROPRIATIONS			
Transfer to			
a) Statutory Reserves		-	20,742
b) Investment Reserve		-	-
c) Capital Reserve		13,856	1,93,271
d) Interim Preference Dividend paid (includes tax on dividends)		-	-
e) Investment Fluctuation Reserve		-	52,829
f) Balance Carried over to Balance Sheet		(7,23,518)	34,36,242
Total		**(7,09,662)**	**37,03,084**
V. Earnings per Equity Share (Face value of Rs.10 per share)			
Basic (Rs) (Refer Schedule 18 (25))		(2.40)	0.05
Diluted (Rs) (Refer Schedule 18 (25))		(2.40)	0.05
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

The schedules referred to above form an integral part of the Profit and Loss Account.

The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Vasuki H S
Partner
MN: 212013

Nilesh RS Joshi
Partner
M N.114749

Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Rajni Mishra
DIN: 08386001
Independent Director

Sudha Suresh
DIN: 06480567
Independent Director

Bengaluru
May 12, 2022

M.D.Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

UJJIVAN SMALL FINANCE BANK LIMITED

Cash Flow Statement

(Rs. in 000's)

	Particulars	For the year ended March 31 2022	For the year ended March 31 2021
A.	**Cash Flow from Operating Activities**		
	Net Profit/(Loss) After taxation	(41,45,904)	82,969
	Tax adjustment	(13,57,681)	19,006
	Net Profit/(Loss) before taxation	**(55,03,585)**	**1,01,975**
	Adjustments for :		
	Depreciation on Bank's Property	8,04,430	7,68,006
	Loss on sale of Land, Building & Other assets (net)	19,970	7,691
	Expense on employee stock option	(15,277)	2,23,041
	Expense on employee stock purchase	-	-
	Fixed Assets Written off	-	-
	Provision for Non Performing Assets	1,28,04,336	61,07,408
	Provision for Standard Assets	(16,25,877)	18,82,215
	Provision for depreciation on investment	3,404	-
	Interest earned on fixed deposits	(2,41,876)	82,949
	Profit on sale of Held-to-maturity (HTM) securities	(36,929)	5,09,157
	Amortisation of premium on HTM investments	2,17,988	1,30,125
	Operating Profit/(Loss) before Working Capital changes	**64,26,584**	**98,12,567**
	Adjustments for :		
	(Increase) /Decrease in Advances (Refer note 3 below)	(3,08,96,533)	(1,06,10,490)
	(Increase)/Decrease in Investments in other than HTM securities	(20,95,008)	46,22,717
	(Increase)/Decrease in Other Assets	(6,18,150)	2,72,845
	Increase/ (Decrease) in Deposits	5,15,64,496	2,35,52,836
	Increase/ (Decrease) in Other Liabilities	13,00,217	10,06,277
	Cash generated from/(used in) Operations	**2,56,81,606**	**2,86,56,752**
	Direct Taxes paid (net of funds)	(2,14,562)	(20,89,966)
	Net Cash Flow generated from/(used in) Operating Activities (A)	**2,54,67,044**	**2,65,66,786**
B.	**Cash Flow from Investing Activities**		
	Proceeds from sale of Fixed Assets	3,771	3,238
	Investment in HTM securities (Net)	(1,44,54,303)	(64,65,125)
	Deposits (created)/encashed with Banks and financial institutions (Net)	65,55,582	(65,21,192)
	Purchase of Fixed Assets including WIP	(5,14,808)	(5,81,392)
	Net Cash Flow used in Investing Activities (B)	**(84,09,758)**	**(1,35,64,471)**
C.	**Cash Flow from Financing Activities**		
	Proceeds from issue of equity shares (net of issue expenses)	-	4,255
	Increase/(Decrease) in Borrowings (Net)	(1,48,37,551)	(70,59,492)
	Preference dividend paid during the year	-	-
	Dividend distribution tax paid during the year	-	-
	Net Cash Flow generated from Financing Activities (C)	**(1,48,37,551)**	**(70,55,237)**
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**22,19,735**	**59,47,078**
	Cash and Cash Equivalents at the beginning of the year	1,93,34,974	1,33,87,896
	Cash and Cash Equivalents at the end of the year	**2,15,54,709**	**1,93,34,974**
	Notes to Cash Flow Statement:		
1	Cash and Cash equivalents includes the following:		
	Cash and Bank Balances with Reserve Bank (Schedule 6)	**1,68,22,456**	**1,71,15,317**
	Balance with Bank and Money at Call & Short Notice (Schedule 7)	**48,58,547**	**86,59,657**
		2,16,81,003	**2,57,74,974**
	Balances not considered as part of Cash and Cash equivalents		
Less:	Bank Deposits with original maturity more than 3 months or Bank Deposits under lien	(1,26,294)	(64,40,000)
	Cash and Cash Equivalents at the end of the year	**2,15,54,709**	**1,93,34,974**

2 The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Sec.133 of the Companies act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

3 Increase/ Decrease in advances are net after taking to account advances transferred under inter- bank participation certificates of Rs: 42,50,000 ('000) and transaction arrangements of Rs: 25,25,883('000) with other parties.

4 Figures in bracket indicate cash outflow.

As per our report of even date

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

Vasuki H S
Partner
MN: 212013

Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

Nilesh RS Joshi
Partner
M N.114749

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Rajni Mishra
DIN: 08386001
Independent Director

Sudha Suresh
DIN: 00147782
Independent Director

Bengaluru
May 12, 2022

M.D.Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
SCHEDULE -1 CAPITAL		
Authorized Capital		
2,300,000,000 Equity Shares of Rs.10 each	2,30,00,000	2,30,00,000
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of Rs 10 each	20,00,000	20,00,000
Issued, Subscribed and Called up Capital		
1,728,314,205 (Previous Year: 1,728,314,205) Equity Shares of Rs.10 each	1,72,83,142	1,72,83,142
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of Rs 10 each	20,00,000	20,00,000
	1,92,83,142	**1,92,83,142**
Paid up Capital		
1,728,314,205 (Previous Year: 1,728,314,205) Equity Shares of Rs.10 each	1,72,83,142	1,72,83,142
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of Rs 10 each	20,00,000	20,00,000
TOTAL	**1,92,83,142**	**1,92,83,142**
SCHEDULE -2 RESERVES AND SURPLUS		
I. Statutory Reserves		
Opening balance	14,10,826	13,90,084
Additions during the year	-	20,742
Closing balance	**14,10,826**	**14,10,826**
II. Share Premium		
Opening balance	72,21,673	72,18,328
Additions during the year	-	3,345
Closing balance	**72,21,673**	**72,21,673**
III. Capital Reserve		
Opening balance	1,93,271	-
Additions during the year	13,856	1,93,271
Closing balance	**2,07,127**	**1,93,271**
IV. Investment Fluctuation Reserve		
Opening balance	2,05,131	1,52,302
Additions during the year	-	52,829
Closing balance	**2,05,131**	**2,05,131**
V) Balance of Profit and Loss Account	(7,23,518)	34,36,242
TOTAL (I + II + III+IV+V)	**83,21,239**	**1,24,67,143**

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
SCHEDULE -3 DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	60,063	1,94,765
(ii) From Others	49,87,619	42,34,007
II. Savings Bank Deposits	4,48,82,373	2,25,66,494
III. Term Deposits		
(i) From Banks	6,07,14,848	4,36,27,125
(ii) From Others	7,22,77,266	6,07,35,282
TOTAL (I + II + III)	**18,29,22,169**	**13,13,57,673**
B. Deposits of branches		
I. In India	18,29,22,169	13,13,57,673
II. Outside India	-	-
TOTAL (I + II)	**18,29,22,169**	**13,13,57,673**
SCHEDULE -4 BORROWINGS		
I. Borrowings in India		
(a) Reserve Bank of India	38,80,000	13,80,000
(b) Other Banks	30,00,000	-
(c) Other Institutions and Agencies	1,07,55,616	3,10,93,167
TOTAL	**1,76,35,616**	**3,24,73,167**
II. Borrowings Outside India	-	-
TOTAL (I + II)	**1,76,35,616**	**3,24,73,167**
Secured borrowings included in I and II above	**39,29,216**	**16,11,900**
SCHEDULE -5 OTHER LIABILITIES AND PROVISIONS		
(i) Bills payable	15,33,670	19,64,421
(ii) Inter-Office Adjustments (net)	-	-
(iii) Interest Accrued	18,87,617	11,73,145
(iv) Standard asset-General Provisions (Refer Schedule 18 (4.3))	14,59,621	30,85,498
(v) Others (including provisions)	25,79,610	15,63,116
TOTAL	**74,60,518**	**77,86,180**

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
SCHEDULE -6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (including Cash at ATM)	17,56,288	18,23,476
II. Balances with Reserve Bank of India		
(a) In Current Account	68,56,168	24,71,841
(b) In Other Accounts (Including Reverse Repo)	82,10,000	1,28,20,000
TOTAL (I + II)	**1,68,22,456**	**1,71,15,317**
SCHEDULE -7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with Banks		
(a) in Current Accounts	3,03,768	2,19,657
(b) in Other Deposit Accounts*	1,26,294	64,40,000
(ii) Money at Call and Short Notice		
(a) with Banks	-	20,00,000
(b) with Other Institutions	44,28,485	-
TOTAL (i + ii)	**48,58,547**	**86,59,657**
II. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
TOTAL (I + ii + iii)	**-**	**-**
TOTAL (I+II)	**48,58,547**	**86,59,657**
*It includes Fixed Deposits of Current Year :Rs 126,294/- (Previous Year: Nil) (in 000's) held under lien.		
SCHEDULE -8 INVESTMENTS		
I. Investments in India in (Refer Schedule 18 (2))		
(i) Government Securities	4,14,02,052	2,41,90,763
(ii) Other approved Securities	-	-
(iii) Shares	1,002	1,002
(iv) Debentures and Bonds	-	-
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others	1,26,294	9,72,736
TOTAL	**4,15,29,348**	**2,51,64,501**
II. Investments Outside India in		
TOTAL	**-**	**-**
TOTAL (I+II)	**4,15,29,348**	**2,51,64,501**
III. Gross Value of Investments	**4,15,32,752**	**2,51,64,501**
Less: Provision for depreciation	3,404	-
Net value of investments	**4,15,29,348**	**2,51,64,501**

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
SCHEDULE -9 ADVANCES		
A (i) Bills Purchased and Discounted	-	-
(ii) Cash Credits, Overdrafts and Loans repayable on demand	87,36,614	1,11,33,593
(iii) Term Loans	15,42,95,100	13,38,05,925
TOTAL	**16,30,31,714**	**14,49,39,518**
B (i) Secured by Tangible Assets*	4,26,42,255	3,96,84,726
(ii) Covered by Bank/Government Guarantees	11,88,800	5,64,961
(iii) Unsecured (Refer Schedule 18 (4.6))	11,92,00,659	10,46,89,831
TOTAL	**16,30,31,714**	**14,49,39,518**
C I. Advances in India		
(i) Priority Sectors	12,86,54,453	7,92,63,674
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	3,43,77,261	6,56,75,844
TOTAL	**16,30,31,714**	**14,49,39,518**
II. Advances Outside India	-	-
TOTAL	**-**	**-**
TOTAL (I+II)	**16,30,31,714**	**14,49,39,518**
* Includes Advances against book debts Rs. 85,51,933(Previous Year Rs. 64,84,791) (in 000's)		
SCHEDULE -10 FIXED ASSETS		
I. Premises	-	-
At cost as at the beginning of the year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
II. Other Fixed Assets (Including Furniture and Fixtures) (Refer Schedule 18 (26.4 & 26.5))		
At cost as at the beginning of the year	54,48,232	47,35,613
Additions during the year	5,04,771	7,40,549
Deductions during the year	(69,510)	(27,930)
Depreciation to date	(34,47,477)	(26,88,815)
TOTAL	**24,36,016**	**27,59,417**
III. Capital Work In Progress (Including Capital Advances)	57,910	47,872
TOTAL (I+II+III)	**24,93,926**	**28,07,289**

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
SCHEDULE -11 OTHER ASSETS		
I. Inter Office Adjustment (net)	-	-
II. Interest Accrued	21,85,939	16,57,571
III. Tax paid in Advance / Tax Deducted at Source (Net of provision for tax) .	6,86,101	4,70,740
IV. Stationery and Stamps	-	-
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Others *	44,36,611	29,89,947
TOTAL	**73,08,651**	**51,18,258**
*It includes Deferred Tax Assets of Current Year: Rs 34,49,210/- (Previous Year : Rs 20,91,529) ('000)		
SCHEDULE - 12 CONTINGENT LIABILITIES (Refer Schedule 18 (26.6))		
I. Claims against the Bank not acknowledged as debts	7,88,408	2,45,825
II. Liability for partly paid Investments	-	-
III. Liability on account of Outstanding Forward Exchange Contracts	-	-
IV. Guarantees given on behalf of Constituents		
(a) In India	2,500	2,500
(b) Outside India	-	-
V. Acceptances, Endorsements and Other Obligations	-	-
VI. Other items for which the Bank is contingently liable - Capital commitments not provided/Others	5,81,397	1,57,272
TOTAL	**13,72,305**	**4,05,597**

UJJIVAN SMALL FINANCE BANK LIMITED

Schedules forming part of the Profit and Loss Account for the year ended March 31,2022

(Rs. in 000's)

Particulars	For the year ended March 31 2022	For the year ended March 31 2021
SCHEDULE -13 INTEREST EARNED		
I. Interest /Discount on Advance/bills	2,57,57,788	2,60,03,790
II. Income on Investments	18,51,374	17,29,761
III. Interest on Balances With Reserve Bank of India and Other inter-bank funds	5,18,829	3,27,105
IV. Others	-	-
TOTAL	**2,81,27,991**	**2,80,60,656**
SCHEDULE- 14 OTHER INCOME		
I. Commission, Exchange and Brokerage	24,51,551	15,62,547
II. Profit on Sale of Investments (net)	1,77,093	5,59,462
III. Profit/ (Loss) on Revaluation of Investments (net)	-	-
IV. Profit/ (Loss) on sale of Land, Building and Other Assets (net)	(19,970)	(7,691)
V. Profit/ (Loss) on Exchange Transactions (net)	-	-
VI. Income earned by way of Dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India	700	-
VII. Miscellaneous Income	5,23,371	9,08,773
Total	**31,32,745**	**30,23,091**
SCHEDULE- 15 INTEREST EXPENDED		
I. Interest on Deposits	89,34,249	78,11,810
II. Interest on Reserve Bank of India/ Inter-Bank Borrowings	2,43,611	2,64,148
III. Others	12,14,210	26,99,182
TOTAL	**1,03,92,070**	**1,07,75,140**
SCHEDULE -16 OPERATING EXPENSES		
I. Payments to and Provision for Employees	81,25,998	74,87,805
II. Rent, Taxes and Lighting (including operating lease rentals)	11,51,689	9,05,911
III. Printing and Stationery	1,45,280	1,31,210
IV. Advertisement and Publicity	1,23,731	50,944
V. Depreciation on Banks Property	8,04,430	7,68,006
VI. Director's Fees, Allowances and Expenses	20,927	13,504
VII. Auditors' Fees and Expenses (Refer Schedule 18 (32))	12,870	9,401
VIII. Law Charges	53,945	29,251
IX. Postages, Telegrams, Telephones etc.	3,55,760	3,07,339
X. Repairs and Maintenance	6,97,175	7,45,227
XI. Insurance	1,32,523	1,06,830
XII. Other Expenditure	33,39,478	17,45,342
TOTAL	**1,49,63,806**	**1,23,00,770**

Schedule 17

1 CORPORATE INFORMATION

Ujjivan Financial Services Limited (UFSL), was established as a non banking financial services company in the year 2005 with the mission to provide a full range of financial services to the 'economically poor' who were not adequately served by financial institutions. In 2015, the Reserve Bank of India (RBI) licenced the formation of small finance banks - a new category of specialised banks to serve the financially unserved and underserved population, especially the micro-enterprises, workers, small and marginal farmers.

On November 11, 2016, UFSL received a banking licence from RBI to carry out small finance bank business in India. Ujjivan Small Finance Bank Limited (USFB or the Bank) took over the business of UFSL and started its operations on February 01, 2017. A scheduled bank status was accorded by Reserve Bank of India vide Notification: DBR.PSBD.No. 467/16.02.006/2017-2018 published in the Gazette of India on August 25, 2017. The Bank has its registered and corporate office in Bengaluru and regional offices in Noida, Kolkata, Bengaluru and Pune. The bank operates in India and does not have a branch in any foreign country.

USFB is a mass market focused bank in India, catering to financially unserved and underserved segments and committed to building financial inclusion in the country. USFB has a diversified portfolio with branches spread across 24 states and union territories. Apart from the network of branches, ATMs and automated cash recyclers, USFB has phone banking unit that services customers in nine languages, a mobile banking application that is accessible in five languages as well as internet banking facility for individual and corporate customers. USFB also has portfolio of loans to financial institutions.

2 BASIS OF PREPARATION

The accompanying financial statements have been prepared under the historical cost convention and on accrual basis except where otherwise stated, and in compliance with the Generally Accepted Accounting Principles ("GAAP") in India and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) head with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India. The financial statements are presented in Indian Rupees rounded off to the nearest thousands unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities (including contingent liability) and the reported income and expenses during the period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and the differences between the actual results and the estimates are recognized prospectively in which actuals are ascertained.

3.2 PROPERTY, PLANT AND EQUIPMENT (Fixed Assets)

Property, Plant and Equipment (PPE), Capital work in Progress are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on PPE after its purchase is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Any trade discounts and rebates are deducted in arriving at the purchase price. Such costs includes the cost of replacing the part of the plant and equipment. When significant parts of the plant and equipment are required to be replaced at intervals, the Bank depreciates them separately based on its specific useful lives. Assets under development as on the balance sheet date are shown as Capital Work in Progress. Advance paid towards such development are shown as capital advance.

Depreciable amount for PPE is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on PPE has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortised over the duration of the lease. 'Point of Sale' terminals are fully depreciated in the year of purchase.

The useful life being followed by the Bank as prescribed in Schedule II to the Companies Act, 2013 is as under:

Asset	Estimated Useful Life as specified under Schedule II of the Companies Act, 2013 (years)
Computer	3
Furniture and Fittings	10
Office Equipment	5
Motor Vehicle	8
Server	6

PPE purchased/sold during the year are depreciated on a pro-rata basis.

PPE costing less than Rs. 5,000/- each are fully depreciated in the year of purchase.

The salvage value considered for computing depreciation is as per Schedule II of Companies Act, 2013 (i.e. 5% of Cost) except for Software and Lease hold assets.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Profit and Loss Account.

Gains or losses arising from disposal or retirement of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" as Profit/(Loss) on sale of PPE, as the case maybe, in the Profit and Loss Account in the year of disposal or retirement.

PPE held for sale is valued at lower of their carrying amount and net realizable value, any write-down is recognized in the Profit and Loss Account.

3.3 INTANGIBLE ASSETS

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Bank uses a rebuttable resumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Software with perpetual license and system development expenditure, if any, is amortised over an estimated economic useful life of 6 years or license period, whichever is lower.

The amortization period and the amortization method are reviewed at least at the Balance Sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

3.4 IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at the Balance Sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case, any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account.

3.5 INVESTMENTS

Classification and Valuation of the Bank's Investments are carried out in accordance with RBI guidelines on Investment Classification and Valuation which are as follows:

Categorisation of Investments:

The Bank classifies its Investment at the time of purchase into one of the following three categories:

(i) Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.

(ii) Held for Trading (HFT) – Securities acquired with the intention to trade.

(iii) Available for Sale (AFS) – Securities which do not fall within the above two categories.

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

Classification of Investments:

For the purpose of disclosure in the Balance Sheet, Investments in India are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures and (vi) Other Investments.

Investments outside India are classified under three groups viz., (i) Government Securities (Including local authorities), (ii) Subsidiaries and/or Joint Ventures abroad and (iii) Other Investments

Purchase and sale transactions in securities are recorded under 'Settlement Date' accounting, except in the case of equity shares where 'Trade Date' accounting is followed.

Basis of Classification:

Investments that are held principally for sale within 90 days from the date of purchase are classified under HFT category.

Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in the above categories are classified under AFS category

Acquisition cost and profit/loss on disposal:

(i) Broken period interest on debt instruments is treated as a receivable at the time of acquisition and post acquisition broken period interest treated as a revenue item.

(ii) Brokerage, commission, etc. pertaining to Investments, paid at the time of acquisition is charged to the Profit and Loss Account.

(iii) Profit or loss arising on disposal of investments are computed based on the weighted average cost method.

Transfer between categories:

Transfer between categories is done at the lower of the acquisition cost/book value/market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

Valuation of Investments:

(i) Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on Investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each Investment individually.

(ii) Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

(iii) Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

(iv) Market value of government securities (excluding treasury bills) is determined based on the prices / YTM declared by Financial Benchmarks India Pvt Limited(FBIL)

(v) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.

(vi) Provision for non-performing Investments is made in conformity with RBI guidelines.

(vii) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

(viii) Unquoted equity shares are valued at their break-up value. If latest Balance sheet is not available then unquoted equity share is valued at Rs. 1 per share.

(ix) Units of the scheme of Mutual Funds are valued at the lower of cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.

(x) In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

Disposal of Investments:

Profit / Loss on sale of Investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of Investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines.

Repurchase and reverse repurchase transactions:

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

Investment Fluctuation Reserve:

As per the RBI circular RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following:

a) net profit on sale of investments during the year;

b) net profit for the year less mandatory appropriations.

This reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis and where feasible, this should be achieved within a period of three years.

3.6 ADVANCES

Advances are classified as Performing Advances (Standard) and Non- Performing Advances (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision and Inter Bank Participating Certificates (IBPC) with risk sharing issued.

The bank transfers advances through Inter- Bank Participation arrangements with and without risk, which are accounted for in accordance with the RBI guidelines, as follows:

a) In the case of participation with risk, the aggregate amount of participation transferred out of the Bank is reduced from Advances; and participations transferred in to the Bank are classified under Advances.

b) In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings; and where the bank is participating in, the aggregate amount of participation is shown as due from banks under Advances.

The bank transfers advances through securitisation arrangements to special purpose vehicles setup for this purpose. Upon due execution/delivery of the requisite transaction documents and payment of purchase consideration, the value of amounts transferred is reduced from advances vide Schedule 9 to financial statements if the criteria for transfer of receivables in terms of the master directions of the Reserve bank of India on “Reserve Bank of India (Securitisation of standard assets) Directions, 2021” are satisfied, based on appropriate legal advice regarding compliance with true sale criteria stipulated in the said directions. In case these criteria are not fulfilled, the amount received is shown as borrowings.

Provisioning:

Specific provisions for Non- Performing Advances and floating provisions are made in conformity with the RBI guidelines or the policy of the bank , whichever is higher. While framing this policy, the bank has stipulated accelerated provisioning based on past experience, evaluation of securities and other related factors.

A general provision on standard assets is made in accordance with RBI guidelines or as per provisioning policy of the bank whichever is higher. Provision made against standard assets is included in ‘Other Liabilities and Provisions’.

Floating Provisions:

Provisions made in excess of the Bank’s policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors In accordance with the RBI guidelines, floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per these guidelines or any regulatory guidance / instructions. Floating provisions to the extent not considered for computation of tier-II capital is subtracted from advances (schedule 9).

Amounts recovered during the year against bad debts written off in earlier periods are reduced from provisions and contingencies in the Profit and Loss Account. Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are reduced from provisions and contingencies in the Profit and Loss account. Restructured/rescheduled assets are classified in accordance with RBI guidelines, keeping in mind special dispensation permitted wherever allowed.

Recording and Presentation

Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created is netted against gross amount of Advance. Provision held against an individual account is adjusted against account balance at individual level only at the time of write-off / settlement of the account. Provision made against standard assets in accordance with the RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

Priority Sector Lending Certificates (PSLCs):

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as ‘Miscellaneous Income’ and the fee paid for purchase of the PSLCs is netted off with' Miscellaneous income'.

3.7 REVENUE RECOGNITION

Interest income on loans, advances and investments (including deposits with banks and other institutions) are recognized in the Profit and Loss Account on accrual basis, except in the case of Non- Performing Assets. Interest Income on Non- Performing Assets is recognized upon realization as per the prudential norms of the RBI.

Interest on advances transferred under securitisation arrangements meeting the criteria stipulated in para 3.6 above are not recognised in Profit and Loss Account. The bank's share of the securitisation income is recognised on receipt basis.

Revenues from loan documentation charges are recognized upfront when it become due, except in cases where the Bank is uncertain of its ultimate collection.

Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a constant Yield to Maturity method.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees received on sale of Priority lending certificates is recognised upfront in the Profit and Loss Account.

3.8 EMPLOYEE BENEFITS

Provident Fund: Contribution towards provident fund of employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as defined contribution schemes as the Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity: Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service.

The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the period is recognized based on actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service give rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

Short term Employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Long term Employee benefits:

The Bank accrues the liability for compensated absences based on the actuarial valuation as on the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as on the Balance Sheet date. Actuarial gains / losses are recognised in the Profit and Loss Account in the period in which they arise.

Employee Stock Option Plan (ESOP)

In accordance with the Guidance Note on Accounting for Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the fair value method. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Schedule 18 (33). The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity -settled employee benefits reserve.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to Profit & Loss Account.

Employee Stock Purchase Scheme (ESPS)

ESPS is a contractual promise that permits an employee to acquire an employer's stock at a future date under the terms and conditions established on the grant date. The fair value of the entire purchase discount represents employee compensation. The compensation expense will be the difference between the value of the stock on the date of shareholder approval and the purchase/Exercise price for that offering.

3.9 LEASES

Lease arrangements where risk and rewards incidental to ownership of an assets substantially vest with the lessor are recognised as operating leases.

Lease rentals under operating lease are charged to the Profit and Loss Account on straight line basis over the lease term in accordance with AS-19, Leases.

3.10 SEGMENT REPORTING

In accordance with guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007 and Accounting Standard 17 (AS-17) on "Segment Reporting", the Banks' business has been segregated into Treasury, Retail Banking and Corporate/ Wholesale Segments.

Segment revenues consist of earnings from external customers and inter-segment revenues based on a transfer pricing mechanism. Segment expenses consist of interest expenses including allocated operating expenses and provisions. Segment results are net of segment revenues and segment expenses.

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth and dividend liability, if any.

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

3.11 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as on the end of the year except when its results are anti-dilutive.

3.12 TAXES ON INCOME

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there are unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income.

Current tax and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

3.13 PROVISIONS AND CONTINGENCIES

A provision is recognized when there is a present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

i) a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or

ii) a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets, if any, are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

3.14 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents includes cash in hand (including balance in ATM), balances with RBI, balances with other Banks and money at call and short notice. Cash and Cash Equivalents for the purpose of Cash Flow Statement comprises of Cash at Bank and in hand and short term Investments with an original maturity of less than three months.

3.15 PROPOSED DIVIDEND

Proposed dividend / declared after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is declared.

3.16 TRANSACTIONS INVOLVING FOREIGN EXCHANGE

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

Foreign currency monetary items outstanding on the balance sheet date are reported using the exchange rate prevailing on that date. Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the year in which they arise.
Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.

3.17 CORPORATE SOCIAL RESPONSIBILTY

Expenditure towards CSR, in accordance with companies act are recognised in the profit and loss account.

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2022

Schedule 18

1 Capital

1.1 Capital Infusion

During the year ended March 31, 2022, the Bank did not allot any equity shares pursuant to the exercise of options under the approved Employee Stock Option Plan (ESOP) 2019. However, it has granted fresh options to employees to an aggregate extent of 3,06,39,119 shares of Rs 10 each. Refer note 18(33) for further details.

1.2 Capital Adequacy Ratio

The Bank computes its Capital Adequacy Ratio as per New Capital Adequacy Framework- BASEL-II and Operating Guidelines for Small Finance Banks (issued by RBI on October 06, 2016)

Under New Capital Adequacy Framework and Operating Guidelines for Small Finance Bank issued on October 06, 2016, the Bank has to maintain a Minimum Total Capital of 15% of the Credit risk weighted assets (Credit RWA) on an on-going basis. Out of the Minimum Total Capital, at least 7.5% shall be from Minimum Tier I Capital of which common equity Tier I capital shall be 6% and 1.50% from additional Tier I capital and remaining Tier II Capital shall be 7.5%. Further as per RBI's directions given in the circular DBR.NBD.No. 4502/16.13.218/2017-18, dated November 8, 2017, no separate risk charge has been calculated for Market Risk and Operational Risk for capital ratios.

The capital adequacy ratio of the Bank is set out below: ***(Rs. in 000's)***

Particulars	As on March 31, 2022	As on March 31, 2021
Common Equity Tier 1 capital (A)	2,07,90,465	2,66,26,710
Additional Tier 1 capital (B)	20,00,000	20,00,000
Tier 1 capital (A+B)	2,27,90,465	2,86,26,710
Tier 2 capital	2,44,55,217	15,72,613
Total capital (Tier 1+ Tier 2)	4,72,45,682	3,01,99,323
Total Risk weighted assets (RWA)	12,87,90,899	11,41,99,553
Common Equity Tier I Capital Ratio (as a percentage of Credit RWA)	16.14%	23.32%
Tier I Capital Ratio (as a percentage of Credit RWA)	17.70%	25.06%
Tier II Capital Ratio (as a percentage of Credit RWA)	1.29%	1.38%
Total Capital to Risk weighted asset Ratio (CRAR) (as a percentage of Credit RWA)	18.99%	26.44%
Percentage of shareholding a) Government of India b) State Government c) Sponser Bank	Nil	Nil
Amount of equity capital raised	-	910
Amount of non-equity Tier -I Capital Raised; of which		
Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
Amount of Tier II Capital raised; of which		
Debt Capital Instrument	-	-

1A Reserves and Surplus

Statutory Reserve

The Bank has not made any appropriation to the statutory reserve for the current year (2021-22),in view of the loss incurred during the year. But For the previous year (2020-21) the bank made an appropriation of Rs 20,742 ('000)) out of profits to the Statutory Reserve pursuant to the requirements of section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Capital Reserve

During the year ended March 31, 2022 the Bank appropriated Rs13,856 ('000) (PY: Rs 193,271('000), being the profit from sale of Investments under HTM category, net of applicable taxes only and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve

Investment Fluctuation Reserve (IFR)

In accordance with RBI guidelines, Banks are required to create an IFR equivalent to 2% of their HFT and AFS invetsment portfolios, within a period of three years starting fiscal 2019. The balance held in IFR as at March 31, 2022 is more than 2% of the outstanding HFT and AFS portfolios as on that date. Accordingly, during the year ended March 31, 2022, the Bank has not made any appropriation to IFR from the profit and loss account. A sum of Rs 52,829 ('000))was transfered to IFR account from Profit and Loss Account in the financial year 2020-21.

Draw down from reserves

Share Premium

The Bank has not undertaken any drawdown from share premium during the year ended March 31, 2022 and March 31, 2021.

Schedule 18

2 Investments

2.1 Details of Investments

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Value of Investments		
(i) Gross Value of Investments		
(a) In India	4,15,32,752	2,51,64,501
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	3,404	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	4,15,29,348	2,51,64,501
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	3,404	-
(iii) Less : Write-off / (write-back) of excess provisions during the year	-	-
(iv) Closing balance	3,404	-
Movement of Investment Fluctuation Reserve		
a) Opening balance	2,05,131	1,52,302
b) Add: Amount transferred during the year	-	52,829
c) Less: Drawdown	-	-
d) Closing balance	2,05,131	2,05,131
Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	**3.23%**	**6.54%**

UJJIVAN SMALL FINANCE BANK LIMITED

Notes to financial statements for the year ended March 31, 2022

Schedule 18

2.2 Composition of Investment Portfolio

(Rs. in 000's)

	Investments in India							Investments outside India				
	Government securities	Other approved securities	Shares	Debentures and bonds	Subsidiaries and /or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Total Investments in India(including local authorities)	Government securities	Subsidiaries and /or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Total Investments outside India	**Total Investments**
Held to Maturity												
Gross	3,51,75,706						3,51,75,706				-	**3,51,75,706**
Less: Provision for non-performing Investments(NPI)							-				-	**-**
Net	3,51,75,706	-	-	-	-	-	3,51,75,706	-	-	-	-	**3,51,75,706**
Available For Sale												
Gross	58,87,314		1,002			1,26,294	60,14,610				-	**60,14,610**
Less: Provision for depreciation and NPI	3,404						3,404				-	**3,404**
Net	58,83,910	-	1,002	-	-	1,26,294	60,11,206	-	-	-	-	**60,11,206**
Held for Trading												
Gross	3,42,436						3,42,436				-	**3,42,436**
Less: Provision for depreciation and NPI							-				-	**-**
Net	3,42,436	-	-	-	-	-	3,42,436	-	-	-	-	**3,42,436**
Total Investments												
Gross	4,14,05,456	-	1,002	-	-	1,26,294	4,15,32,752	-	-	-	-	**4,15,32,752**
Less: Provision for non-performing Investments(NPI)	-	-	-	-	-	-	-	-	-	-	-	**-**
Less: Provision for depreciation and NPI	3,404	-	-	-	-	-	3,404	-	-	-	-	**3,404**
Net	**4,14,02,052**	**-**	**1,002**	**-**	**-**	**1,26,294**	**4,15,29,348**	**-**	**-**	**-**	**-**	**4,15,29,348**

As on March 31, 2021 **(Rs. in 000's)**

	Investments in India							Investments outside India				
	Government securities	Other approved securities	Shares	Debentures and bonds	Subsidiaries and /or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Total Investments in India(including local authorities)	Government securities	Subsidiaries and /or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Total Investments outside India	**Total Investments**
Held to Maturity												
Gross	2,20,27,759						2,20,27,759				-	**2,20,27,759**
Less: Provision for non-performing Investments(NPI)							-				-	**-**
Net	2,20,27,759	-	-	-	-	-	2,20,27,759	-	-	-	-	**2,20,27,759**
Available For Sale												
Gross	21,63,004		1,002			9,72,736	31,36,742				-	**31,36,742**
Less: Provision for depreciation and NPI							-				-	**-**
Net	21,63,004	-	1,002	-	-	9,72,736	31,36,742	-	-	-	-	**31,36,742**
Held for Trading												
Gross	-						-				-	**-**
Less: Provision for depreciation and NPI							-				-	**-**
Net	-	-	-	-	-	-	-	-	-	-	-	**-**
Total Investments												
Gross	2,41,90,763	-	1,002	-	-	9,72,736	2,51,64,501	-	-	-	-	**2,51,64,501**
Less: Provision for non-performing Investments(NPI)	-	-	-	-	-	-	-	-	-	-	-	**-**
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	**-**
Net	**2,41,90,763**	**-**	**1,002**	**-**	**-**	**9,72,736**	**2,51,64,501**	**-**	**-**	**-**	**-**	**2,51,64,501**

Schedule 18

2.3 Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2022:

(Rs. in 000's)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as on March 31, 2022
Securities sold under repo				
i) Government Securities	13,80,000	59,44,651	36,96,408	38,80,000
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	5,70,000	1,60,00,000	80,03,977	92,39,885
ii) Corporate debt securities	-	-	-	-

Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2021:

(Rs. in 000's)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as on March 31, 2021
Securities sold under repo				
i) Government Securities	13,80,000	37,84,622	22,62,338	13,80,000
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	-	1,64,50,000	71,24,355	1,28,20,000
ii) Corporate debt securities	-	-	-	-

2.4 Non-SLR Investment Portfolio

Issuer Composition of Non-SLR Investments as at March 31, 2022 are as follows: *(Rs. in 000's)*

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted securities'
1	2	3	4	5	6
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private Corporates	1,002	-	-	-	1,002
v) Subsidiaries/Joint ventures	-	-	-	-	-
vi) Others*	1,26,294	1,26,294	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
Total	**1,27,296**	**1,26,294**	**-**	**-**	**1,002**

Note: Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive
*PTCs of Rs.1,26,294 are pending to be alloted.

Issuer Composition of Non-SLR Investments as at March 31, 2021 are as follows: *(Rs. in 000's)*

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted securities'
1	2	3	4	5	6
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private Corporates	1,002	-	-	-	1,002
v) Subsidiaries/Joint Ventures	-	-	-	-	-
vi) Others	9,72,736	-	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
Total	**9,73,738**	**-**	**-**	**-**	**1,002**

Note: Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive

2.5 Non-Performing Non-SLR Investments

The Bank does not have any Non-Performing Non-SLR Investments as at March 31, 2022 and March 31, 2021.

Schedule 18

2.6 Sale and transfer of securities to/ from HTM Category

During the current and previous year, the value of sales and transfers of securities to / from HTM category excluding one time transfer of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year has not exceeded 5 per cent of the book value of investments held in HTM category at the beginning of the year. Hence, specific disclosure on book value/market value and provisions if any, relating to such transfer is not required to be made.

3 Derivatives/ Exchange Traded Interest Derivatives/ Risk Exposure In Derivatives

The Bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. The Bank does not have any Forward Rate Agreement or Interest rate swaps.

4 Asset Quality

4.1 Non-Performing Assets:

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
(i) Net NPAs to Net advances (%)	**0.61%**	**2.93%**
(ii) Movement of Gross NPAs		
Opening balance	1,07,05,976	13,71,410
Add: Additions (Fresh NPAs) during the year #*	2,08,83,500	1,03,28,031
Subtotal (A)	**3,15,89,476**	**1,16,99,441**
Less: Reductions during the year #		
(i) Upgradations	56,63,179	1,00,446
(ii) Recoveries (excluding recoveries made from upgraded accounts)	51,99,725	1,54,553
(iii) Technical/ Prudential Write-offs (only principal amount)	75,24,359	-
(iv) Write-offs other than those under (iii) above	3,61,440	7,38,466
Subtotal (B)	**1,87,48,703**	**9,93,465**
Closing balance (A-B)	**1,28,40,773**	**1,07,05,976**
(iii) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	**64,60,136**	**10,96,516**
Add: Provisions made during the year	1,35,57,632	61,42,370
Add: Floating provision made during the year(not considered as part of Tier -II capital)	25,00,000	-
Less: Write-back of excess provisions	1,06,72,974	7,78,750
Closing balance	**1,18,44,794**	**64,60,136**
(iv) Movement of Net NPAs		
Opening balance	**42,45,840**	**2,74,894**
Add: Additions during the year #*	75,94,986	42,99,436
Less: Reductions during the year #*	83,44,846	3,28,490
Less: Floating provision made during the year(not considered as part of Tier -II capital)	25,00,000	-
Closing balance	**9,95,979**	**42,45,840**

additions and reductions do not include cases which have become NPA during the year and subsequently moved out of NPA in the same year.

*Outstanding balance as of March 31, 2022 has been considered in 'Additions during the year' for accounts which are classified as NPA post vacation of standstill of NPAs as per the Supreme Court judgement dated March 23, 2021 and the RBI circular dated April 07, 2021.

4.2 Technical or Prudential Write Offs:

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the product level systems, but have been written-off (fully or partially) at the financial ledger level. The financial accounting systems of the Bank are integrated and centralised at the Head Office and no books are maintained at the Branches.

Movement in the stock of technically or prudentially written-off accounts given below:

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Opening balance of technical / prudential write-offs accounts	-	-
Add: Technical/Prudential write offs during the Year (only principal amount)	75,24,359	
Less: Recoveries made from previously technically / prudentially written-off accounts during the Year	3,50,795	-
Less: Actual write off during the Year	-	-
Closing balance of technical / prudential write-offs accounts	**71,73,564**	**-**

Ratios :

Particulars	As on March 31, 2022	As on March 31, 2021
Gross NPA to Gross Advances	7.34%	7.07%
Net NPA to Net Advances	0.61%	2.93%
Provision Coverage Ratio	92.20%	60.34%

Schedule 18

4.3 Provisions on Standard Assets:

Bank has followed the prudential norms on income recognition, asset classification and provisions. The excess provisions over and above the same is as per the Board approved policy.

The provision on standard assets is included in 'Other Liabilities and Provisions – (iv) Standard asset-General Provisions' in Schedule 5, and is not netted off from Advances.

The provision written back in respect of standard assets during the year amounting to Rs.16,25,877 ('000) pertaining to previous year(s).

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Provisions towards Standard Assets	14,59,621	30,85,498

4.4 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. The Advances as at March 31, 2022 of Rs. 1,19,200,659('000) (March 31, 2021 of Rs. 1,04,689,831 ('000)) disclosed in Schedule 9B (iii) are without any primary or collateral security.

4.5 Divergence in Asset Classification and Provisioning for NPAs

As part of Supervisory process through the mode of Annual Financial Inspection and consequent RBI AFI Report (Position as on March 2020), there is no financial divergence reported.

4.6 a) Details of Financial Assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

The details of securitisation to a special purpose vehicle is furnished in schedule. 18(38).

b) Details of book value of investment in Security Receipts

During the current and previous year, the Bank has not made investment in Security Receipts.

4.7 Details of NPA Purchase/Sold

During the current and previous year, there has been no purchase/ sale of non-performing financial assets from/ to other banks.

4.8 Intra-Group Exposure

During the current and previous year, the Bank does not have any Intra Group Exposure.

4.9 Disclosures Resolution of Stressed Assets

There were no accounts that have been restructured under prudential framework on resolution of stressed assets as per the circular no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019 during the year ended March 31, 2022. (March 31, 2021: Nil). However, the Bank has restructured 4,14,930 accounts of borrowers with outstanding of Rs. 85,48,047 (in 000's) on the date of restructuring, affected by COVID in accordance with extant RBI Restructuring Framework II norms.

5 Business Ratios:

Particulars	As on March 31, 2022	As on March 31, 2021
Interest income as a percentage to working funds[1]	13.81%	14.67%
Non-interest income as a percentage to working funds[1]	1.54%	1.62%
Cost of Deposits	6.16%	7.09%
Net interest Margin	8.79%	9.45%
Operating profit as a percentage to working funds[1,4]	2.91%	4.23%
Return on assets[2]	(2.04%)	0.04%
Business (deposits plus gross advances) per employee (in 000's)[3]	18,099	13,772
Profit/(Loss) per employee (in 000's)	(252.63)	4.82

Notes:

1) Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the Year.

2) Returns on assets are computed with reference to average working funds.

3) Business is defined as total of average of gross advances and deposits (net of inter-bank deposits and Certificate of Deposits).

4) Operating profit is net profit for the Year before provisions and contingencies and profit / (loss) on sale of building and other assets (net).

Schedule 18

6 Concentration of Deposits, Advances, Exposures & NPAs

6.1 Concentration of Deposits

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Total Deposits to twenty largest Depositors	4,11,57,769	3,84,76,328
Percentage of Deposits of twenty largest Depositors to Total Deposits of the Bank	22.50%	29.29%

6.2 Concentration of Advances*

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Total Advances to twenty largest Borrowers	70,37,837	59,30,209
Percentage of Advances of twenty largest Borrowers to Total Advances of the Bank	3.94%	3.88%

*Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No. Dir.BC.12/13.03.00/2015-16 dated July 1, 2015. Total advances is the aggregate advances of the bank before subtracting provisions for NPA and Floating provision

6.3 Concentration of Exposures*

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Total Exposure to twenty largest Borrowers/Customers	70,37,837	1,41,04,259
Percentage of Exposures of twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers/customers	3.94%	8.70%

*Exposures are computed based on Credit and Investment Exposure as prescribed in the Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

6.4 Concentration of NPAs

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Total Exposure to the top twenty NPA accounts	1,93,853	1,00,417
Percentage of Exposures to the twenty largest NPA exposure to total Gross NPAs	1.51%	0.94%

7 Sector-wise Advances and NPA:

As on March 31, 2022

(Rs. in 000's)

Sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
Priority sector:			
Agriculture and allied activities	4,64,81,180	33,00,588	7.10%
Advances to industries eligible as priority sector lending	52,05,763	11,08,059	21.29%
Services	1,08,88,439	39,58,028	36.35%
Personal loans	7,40,46,327	25,47,137	3.44%
-of which Housing Loans	*2,26,73,591*	*14,32,032*	6.32%
Sub-Total (A)	**13,66,21,709**	**1,09,13,812**	**7.99%**
Non-Priority sector:			
Agriculture and Allied activities			
Services	85,58,031	44,168	0.52%
-of which NBFC Loans	*85,58,031*	44,168	0.52%
Personal loans	2,96,96,768	18,82,793	6.34%
-of which Housing Loans	*93,80,156*	*5,69,272*	6.07%
Sub-Total (B)	**3,82,54,799**	**19,26,961**	**5.04%**
Total (A) + (B)	**17,48,76,508**	**1,28,40,773**	**7.34%**

Schedule 18

As on March 31, 2021

(Rs. in 000's)

Sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
Priority sector:			
Agriculture and allied activities	1,58,54,646	13,34,371	8.42%
Advances to industries eligible as priority sector lending	46,75,067	4,85,661	10.39%
Services	4,50,620	46,238	10.26%
Personal loans	6,17,48,058	35,97,324	5.83%
-of which Housing Loans	*1,71,74,983*	*10,40,457*	6.06%
Sub-Total (A)	**8,27,28,391**	**54,63,594**	**6.60%**
Non-Priority sector:			
Agriculture and allied activities	2,25,00,240	18,93,681	8.42%
Services	64,84,791	956	0.01%
-of which NBFC Loans	*64,84,791*	-	0.00%
Personal loans	3,96,86,232	33,47,745	8.44%
-of which Housing Loans	*1,03,04,792*	*2,71,485*	2.63%
Sub-Total (B)	**6,86,71,263**	**52,42,382**	**7.63%**
Total (A) + (B)	**15,13,99,654**	**1,07,05,976**	**7.07%**

8 Priority Sector Lending Certificates (PSLC)

(Rs. in 000's)

Particulars		For the year ended March 31, 2022		For the year ended March 31, 2021	
		PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1)	PSLC Agriculture	-	-	-	-
2)	PSLC Small Farmers / Marginal Farmers	1,15,00,000	-	2,25,00,000	-
3)	PSLC Micro Enterprises	50,00,000	1,13,10,000	1,80,00,000	-
4)	PSLC General	-	-	-	-
	Total	**1,65,00,000**	**1,13,10,000**	**4,05,00,000**	**-**

9 Inter- Bank participation with risk sharing

The aggregate amount of participation issued by the bank and reduced from advances as per regulatory guidelines as at March 31, 2022 Rs: 42,50,000 ('000)and for March 31, 2021 is Nil.

10 Asset Liability Management (ALM)

Maturity Pattern of certain items of Assets and Liabilities

Specified Assets and Liabilities as on March 31, 2022:

(Rs. in 000's)

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings
1 day	18,988	-	5,25,534	-
2 days to 7 days	16,14,857	-	49,52,324	-
8 days to 14 days	26,61,201	-	47,73,711	11,400
15 days to 30 days	33,07,503	-	70,98,582	-
31 days to 2 months	78,01,081	-	1,43,21,559	15,11,400
Over 2 months up to 3 months	78,61,645	-	91,69,041	1,78,000
Over 3 months up to 6 months	1,43,71,456	27,63,708	1,96,86,837	27,25,016
Over 6 months up to 12 months	3,97,85,702	32,54,841	3,89,62,593	37,34,800
Over 1 year up to 3 years	5,16,68,415	19,67,653	8,13,84,273	64,75,000
Over 3 years up to 5 years	1,53,01,228	64,26,975	19,46,047	-
Over 5 years	1,86,39,638	2,71,16,171	1,01,668	30,00,000
Total	**16,30,31,714**	**4,15,29,348**	**18,29,22,169**	**1,76,35,616**

Note:

1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.

2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.

3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2022.

4) Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

Schedule 18

Specified Assets and Liabilities as on March 31, 2021 *(Rs. in 000's)*

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings
1 day	15,446	-	3,06,460	-
2 days to 7 days	14,79,981	-	30,76,031	-
8 days to 14 days	27,71,855	-	23,04,519	52,21,400
15 days to 30 days	43,15,983	-	34,21,202	-
31 days to 2 months	79,24,119	2,48,886	70,98,127	62,21,400
Over 2 months up to 3 months	77,01,434	-	94,86,291	15,38,000
Over 3 months up to 6 months	2,19,05,795	9,88,507	1,90,14,365	40,45,500
Over 6 months up to 12 months	3,51,59,196	29,17,289	4,87,76,103	63,20,467
Over 1 year up to 3 years	3,41,78,515	11,06,833	3,74,44,601	86,26,400
Over 3 years up to 5 years	97,10,519	15,03,046	3,62,104	5,00,000
Over 5 years	1,97,76,675	1,83,99,940	67,870	-
Total	**14,49,39,518**	**2,51,64,501**	**13,13,57,673**	**3,24,73,167**

Note:

1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.

2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.

3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2021

4) Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

5) RBI vide its circular dated March 27, 2020 on 'COVID-19 Regulatory Package' permitted the Bank to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The Bank in line with the said circular has offered moratorium on the respective maturity buckets presented above. The Bank estimates that considerable portion of the cash flows impacted by the moratorium will be received within 1-3 years from the balance sheet date and the same has been factored in the above disclosure.

11 Exposure

11.1 Exposure to Real Estate Sector: *(Rs. in 000's)*

Particulars	As on March 31, 2022	As on March 31, 2021
A) Direct Exposure		
i) Residential Mortgages	2,68,81,365	3,37,20,696
(of which housing loans eligible for Inclusion in priority sector Advances)	1,56,85,343	1,23,32,350
ii) Commercial Real Estate	4,63,348	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:	-	-
- Residential	-	-
- Commercial Real Estate	-	-
Total (A)	**2,73,44,713**	**3,37,20,696**
B) Indirect Exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	10,26,042
Total (B)	-	10,26,042
Total Real Estate Exposure (A+B)	**2,73,44,713**	**3,47,46,738**

Schedule 18

11.2 Exposure to Capital Market:

(Rs. in 000's)

Sl.No.	Particulars	As on March 31, 2022	As on March 31, 2021
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented	1,002	1,002
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for Investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the Advances;	-	-
5	Secured and Unsecured Advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
9	Financing to stockbrokers for margin trading;	-	-
10	All exposures to Venture Capital Funds (both registered and unregistered);	-	-
	Total Exposure to Capital Market	**1,002**	**1,002**

Note: During the Year, Bank has not converted any debt to equity as a part of strategic debt restructuring which is exempt from Capital Market Exposure limit.

11.3 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank:

During the current and previous year there are no instances of SBL/GBL limit exceeding the sanctioned limit or outstanding whichever is higher.

12 Disclosure of penalties imposed by RBI

Year ended March 31, 2022

During the FY 2021-22, RBI has imposed the following penalties on the bank under the provisions of the Government Securities Act 2006 (for bouncing of SGL) in terms of circular ref. IDMD.DOD.17/11.01.01 (B) 2010-11 dated July 14, 2010;

1) On July 8, 2021 Public Debt Office (PDO) RBI had levied a penalty of INR 1,00,000 for a shortage of balance of security in a deal executed by the bank on July 01, 2021 . This was the first instance of SGL bouncing; and

2) On August 23, 2021 Public Debt Office (PDO) RBI had levied a penalty of INR 50,000 for a shortage of balance of security in a deal executed by the bank on August 05, 2021. This was the second instance of SGL bouncing.

RBI has not levied any other penalties under the provisions of the Banking Regulations Act 1949 and Payment and Settlement Act, 2007 as per the Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021.

Year ended March 31, 2021

During the FY 2020-21, RBI has not imposed any penalty on the Bank.

13 Overseas Assets, NPAs and Revenue

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable.

14 Summary information on complaints received by the bank from customers and from the Offices of Banking Ombudsman (OBOs)

Sl.No	Particular	Current Year	Previous Year
	Customer complaints (received by the bank)	FY 2021 - 2022	FY 2020 - 2021
1	Number of complaints pending at beginning of the year	561	1,056
2	Number of complaints received during the year	22,812	26,985
3	Number of complaints disposed during the year	23,060	27,480
	Of which, number of complaints rejected by the bank	532	370
4	Number of complaints pending at the end of the year	313	561
	Maintainable complaints received by the bank from OBOs		
5	Number of maintainable complaints received by the bank from OBOs	142	133
	Of 5, number of complaints resolved in favour of the bank by BOs	139	125
	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	3	8
	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021

Schedule 18

15 Top five grounds of complaints received by the bank from customers:

For the year ended March 31, 2022

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
Internet/Mobile/Electronic Banking	160	7,272	-16%	79	-
ATM/Debit Cards	181	7,079	3%	145	9
Account opening/difficulty in operation of accounts	59	2,553	-131%	8	-
Others	110	2,672	-2%	45	7
Loans and advances	27	1,196	-13%	7	-
Miscellaneous Items*	24	2,040	17%	29	-
Total	**561**	**22,812**	**-26%**	**313**	**16**

**It includes levy of charges without prior notice/excessive charges/foreclosure charges, Mis-selling/ Para-banking, Staff behaviour, Non-observance of Fair Practices Code, Cheques/drafts/bills, Exchange of coins and issuance/acceptance of small denomination notes and coins.*

For the year ended March 31, 2021

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
ATM/Debit Cards	270	8,420	-24%	160	18
Internet/Mobile/Electronic Banking	389	6,871	-53%	181	12
Account opening/difficulty in operation of accounts	73	5,905	9%	59	-
Others	138	2,735	20%	110	34
Levy of charges without prior notice/excessive charges/foreclosure charges Loans and advances	13	1,357	27%	27	2
Miscellaneous Items*	173	1,697	-18%	24	5
Total	**1,056**	**26,985**	**-26%**	**561**	**71**

**It includes loans and advances, staff behaviour, Non-observance of Fair Practices Code and Mis-selling/Para-banking, Cheques/draft/bills.*

16 Fraud Accounts ***(Rs. in 000's)***

Particulars	As on March 31, 2022	As on March 31, 2021
Number of frauds reported	383	203
Amount involved in fraud	53,053	23,561
Amount of provision made for such frauds *	26,091	9,690
Amount of Unamortised provision debited from ‘other reserves’ as at the end of the year	NA	NA

* Note: The provision amount is net of recovery/write off's as at the end of the year

17 Provisions and Contingencies ***(Rs. in 000's)***

Particulars	**As on March 31, 2022**	**As on March 31, 2021**
Provision for NPA (including bad debts written off and net off bad debts written off earlier and now recovered)	1,28,04,336	60,22,293
Provision for Standard Assets	(16,25,877)	18,82,215
Provision for Income tax (Net of deferred tax liability/(asset) of Rs(13,57,681) (000's) (Rs. (16,91,058) (000's) previous year.) refer schedule 18 (26.1)	(13,57,681)	19,006
Other Provisions	2,29,986	1,353
Total	**1,00,50,764**	**79,24,868**

18 Bancassurance Business

Commission income for the year ended March 31, 2022 includes fees of Rs.2,64,065 (000's) (previous year: Rs. 1,98,513 (000's)) in respect of insurance business.

Schedule 18

19. Liquidity Coverage Ratio (LCR)

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio given in "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards" and "Operating Guidelines for Small Finance Banks".

LCR is the ratio of unencumbered High Quality Liquid Assets (HQLA) to Net Cash Outflows over the next 30 calendar days. LCR measures the Bank's ability to manage and survive under combined idiosyncratic and market-wide liquidity stress condition that would result in accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc. These stress conditions are captured as a part of the Net Cash Outflows. HQLA of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines and cash balance with RBI in excess of statutory cash reserve requirements.

LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA to meet its liquidity needs for a 30 calendar day liquidity stress scenario. As mentioned in the "Operating Guidelines for Small Finance Banks", the Bank has to maintain the prescribed level of LCR as follows:

Particulars	Till December 31, 2017	By January 1, 2018	By January 1, 2019	By January 1, 2020	By January 1, 2021
Minimum LCR	60%	70%	80%	90%	100%

19. (A) Quantitative disclosure around LCR

(Rs. in 000's)

Particulars	Quarter ended March 31, 2022**		Quarter ended December 31, 2021**		Quarter ended September 30, 2021**		Quarter ended June 30, 2021**	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)		**3,77,32,514**		**3,33,62,312**		**3,74,86,035**		**3,39,59,990**
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:	7,45,29,349	70,33,629	6,59,37,629	65,93,763	5,93,52,210	59,35,221	5,38,18,503	39,34,121
(i) Stable deposits	83,86,127	4,19,306	-	-	-	-	2,89,54,577	14,47,729
(ii) Less stable deposits	6,61,43,222	66,14,322	6,59,37,629	65,93,763	5,93,52,210	59,35,221	2,48,63,926	24,86,393
3. Unsecured wholesale funding, of which:	4,11,39,367.04	2,73,61,477.30	3,37,25,306.24	2,16,68,627.45	3,61,28,303.83	2,57,63,253.99	3,80,24,236.62	2,85,94,202.52
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	1,42,86,252	14,22,792	1,33,96,310	13,39,631	1,15,16,722	11,51,672	1,03,90,420	9,60,386
(iii) Unsecured debt	2,68,53,115	2,59,38,685	2,03,28,996	2,03,28,996	2,46,11,582	2,46,11,582	2,76,33,817	2,76,33,817

Schedule 18

Particulars	Quarter ended March 31, 2022**		Quarter ended December 31, 2021**		Quarter ended September 30, 2021**		Quarter ended June 30, 2021**	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
4. Secured wholesale funding	3,76,211.65	27,002.14	19,71,619	-	17,83,391	41,033	6,72,825.61	-
5. Additional requirements, of which	35,48,384.26	1,77,419.21	25,55,283.84	1,27,764.19	16,40,564.91	82,028.25	11,14,300.86	55,715.04
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	35,48,384	1,77,419	25,55,284	1,27,764	16,40,565	82,028	11,14,300.86	55,715.04
6. Other contractual funding obligations	71,943	71,943	64,689	64,689	59,524	59,524	51,642.34	51,642.34
7. Other contingent funding obligations	20,76,115	8,30,446	19,64,099	7,85,640	14,23,466	5,69,386	9,31,388.71	3,72,555.49
8. Total Cash Outflows	**12,17,41,370**	**3,55,01,916**	**10,62,18,626**	**2,92,40,483**	**10,03,87,460**	**3,24,50,447**	**9,46,12,897**	**3,30,08,237**
Cash Inflows								
9. Secured lending (e.g. reverse repos)	59,47,859	-	69,49,585	-	1,08,89,924	-	81,96,980.32	-
10. Inflows from fully performing exposures	1,00,76,490	56,52,043	90,05,205	51,72,204	1,16,83,811	77,88,989	1,27,93,370.77	83,66,320.76
11. Other cash inflows	8,33,333	-	15,00,000	-	15,00,000	-	13,33,333.33	-
12. Total Cash Inflows	**1,68,57,681.65**	**56,52,042.58**	**1,74,54,790.36**	**51,72,204.37**	**2,40,73,734.88**	**77,88,989.47**	**2,23,23,684.42**	**83,66,320.76**
13. TOTAL HQLA		3,77,32,514		3,33,62,312		3,74,86,034.76		3,39,59,990
14. Total Net Cash Outflows		2,98,49,873.88		2,40,68,279.12		2,46,61,457.26		2,46,41,916.07
15. Liquidity Coverage Ratio (%)		**126.41%**		**138.62%**		**152.00%**		**137.81%**

**Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.*

UJJIVAN SMALL FINANCE BANK LIMITED

Notes to financial statements for the year ended March 31, 2022

Quantitative disclosure around LCR

The table sets out Quantitative Information for all four quarters of the financial year ended March 31, 2021 as follows: *(Rs. in 000's)*

Particulars	Quarter ended March 31, 2021**		Quarter ended December 31, 2020**		Quarter ended September 30, 2020**		Quarter ended June 30, 2020**	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value	Total Weighted Value (average)*	Total Unweighted Value	Total Weighted Value (average)*	Total Unweighted Value	Total Weighted Value (average)*
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)		**2,88,73,606**		**3,12,96,181**		**3,30,00,760**		**3,03,57,704**
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:	5,04,71,834	35,49,196	4,71,05,141	33,46,889	4,48,89,327	32,03,926	4,19,98,653	29,98,280
(i) Stable deposits	2,99,59,748	14,97,987	2,72,72,508	13,63,626	2,57,00,143	12,85,007	2,40,31,706	12,01,585
(ii) Less stable deposits	2,05,12,086	20,51,209	1,98,32,633	19,83,263	1,91,89,184	19,18,919	1,79,66,947	17,96,695
3. Unsecured wholesale funding, of which:	3,62,67,427	2,74,44,723	3,15,55,771	2,35,27,722	3,47,74,533	2,56,88,646	3,28,76,871	2,53,58,890
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	97,15,356	8,92,652	88,33,239	8,05,189	1,00,21,878	9,35,991	82,86,788	7,68,807
(iii) Unsecured debt	2,65,52,071	2,65,52,071	2,27,22,532	2,27,22,533	2,47,52,655	2,47,52,655	2,45,90,083	2,45,90,083

UJJIVAN SMALL FINANCE BANK LIMITED

Notes to financial statements for the year ended March 31, 2022

Particulars	Quarter ended March 31, 2021**		Quarter ended December 31, 2020**		Quarter ended September 30, 2020**		Quarter ended June 30, 2020**	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value	Total Weighted Value (average)*	Total Unweighted Value	Total Weighted Value (average)*	Total Unweighted Value	Total Weighted Value (average)*
4. Secured wholesale funding	4,88,582	41,680	3,00,773	-	12,97,135	45,112	4,72,018	-
5. Additional requirements, of which	7,77,013	38,851	5,88,376	29,419	5,10,292	25,515	5,75,887	28,794
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	7,77,013	38,851	5,88,376	29,419	5,10,292	25,515	5,75,887	28,794
6. Other contractual funding obligations	45,220	45,220	36,263	36,263	34,151	34,151	44,726	44,727
7. Other contingent funding obligations	6,47,011	2,58,804	6,22,918	2,49,167	7,16,748	2,86,699	6,87,667	2,75,067
8. Total Cash Outflows	**8,86,97,087**	**3,13,78,474**	**8,02,09,242**	**2,71,89,460**	**8,22,22,186**	**2,92,84,049**	**7,66,55,822**	**2,87,05,758**
Cash Inflows								
9. Secured lending (e.g. reverse repos)	53,94,687	-	56,00,451	-	99,94,792	-	73,91,993	-
10. Inflows from fully performing exposures	1,02,56,197	65,15,970	1,43,19,500	96,64,081	1,54,43,327	1,06,14,002	86,36,946	59,07,255
11. Other cash inflows	5,10,753	-	5,00,000	-	5,00,000	-	5,00,000	-
12. Total Cash Inflows	**1,61,61,637**	**65,15,970**	**2,04,19,951**	**96,64,081**	**2,59,38,119**	**1,06,14,002**	**1,65,28,939**	**59,07,255**
13. TOTAL HQLA		2,88,73,606		3,12,96,181		3,30,00,760		3,03,57,704
14. Total Net Cash Outflows		2,48,62,504		1,75,25,379		1,86,70,047		2,27,98,503
15. Liquidity Coverage Ratio (%)		**116.13%**		**178.58%**		**176.76%**		**133.16%**

**Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.*

*** The disclosure is based on the BLR return(BLR 1) for the respective quarter filed by the Bank with the RBI except for quarter ended March 31, 2021. Disclosure for quarter ended March 31, 2021 is based on BLR Return including the impact on disclosure due to adjustments made in books of accounts.*

UJJIVAN SMALL FINANCE BANK LIMITED

Notes to financial statements for the year ended March 31, 2022 ***(Rs. in 000's)***

19. (B) Net Stable Funding Ratio as on March 31, 2022

	Particulars	Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	ASF Item					
1	Capital: (2+3)	2,44,55,217	-	-	-	2,44,55,217
2	Regulatory capital	2,44,55,217	-	-	-	2,44,55,217
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	9,24,12,264	-	-	-	8,54,96,687
5	Stable deposits	4,65,12,999	-	-	-	4,41,87,349
6	Less stable deposits	4,58,99,264	-	-	-	4,13,09,338
7	Wholesale funding: (8+9)	-	63,34,941	2,22,32,747	1,74,33,247	3,17,17,091
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	-	63,34,941	2,22,32,747	1,74,33,247	3,17,17,091
10	Other liabilities: (11+12)	1,00,78,523	6,27,98,146	5,94,207	3,41,684	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	1,00,78,523	6,27,98,146	5,94,207	3,41,684	-
13	**Total ASF (1+4+7+10)**					**14,16,68,995**
	RSF Item					
14	Total NSFR high-quality liquid assets (HQLA)					10,44,257
15	Deposits held at other financial institutions for operational purposes	-	3,02,758	-	1,010	1,51,884
16	Performing loans and securities: (17+18+19+21+23)	-	5,79,31,936	3,74,51,462	8,85,97,720	12,21,85,376
17	Performing loans to financial institutions secured by Level 1 HQLA	-	32,59,172	20,69,619	1,77,88,049	2,04,52,444
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	25,82,846	-	-	3,87,427
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	5,20,89,918	3,53,81,843	5,87,72,437	9,34,95,844
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	5,20,89,918	3,53,81,843	5,87,72,437	9,34,95,844
21	Performing residential mortgages, of which:	-	-	-	1,19,09,938	77,41,460
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	1,19,09,938	77,41,460
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	1,27,296	1,08,202
24	Other assets: (sum of rows 25 to 29)	1,08,17,955	-	-	16,43,033	1,24,60,988
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	1,08,17,955	-	-	16,43,033	1,24,60,988
30	Off-balance sheet items		4,36,215	5,50,983	44,51,776	2,71,949
31	**Total RSF (14+15+16+24+30)**					**13,61,14,455**
32	**Net Stable Funding Ratio (%)**					**104%**

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2022

Schedule 18
20. Disclosure on Restructuring
Disclosure on accounts subjected to Restructuring for the year ended March 31, 2022

(Rs. in 000's)

Sr No .	Type of Restructuring		Under CDR Mechanism					Under SME debt restructuring mechanism				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
8	**Restructured Accounts as on March 31, 2022 (closing figures)**	**No. of Borrowers**	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-

Sr No .	Type of Restructuring		Others					Total				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	3,68,144	26,085	1,248	18	3,95,495	3,68,144	26,085	1,248	18	3,95,495
		Amount Outstanding	79,12,944	4,74,647	25,458	1,708	84,14,758	79,12,944	4,74,647	25,458	1,708	84,14,758
		Provision thereon	6,68,234	2,55,629	24,781	1,708	9,50,352	6,68,234	2,55,629	24,781	1,708	9,50,352
2	Fresh restructuring during the year#	No. of Borrowers	3,78,079	-	-	-	3,78,079	3,78,079	-	-	-	3,78,079
		Amount Outstanding	1,03,47,880	-	-	-	1,03,47,880	1,03,47,880	-	-	-	1,03,47,880
		Provision thereon	17,29,073	-	-	-	17,29,073	17,29,073	-	-	-	17,29,073
3	Up gradation to restructured standard category during the year	No. of Borrowers	18	(14)	(4)	-	-	18	(14)	(4)	-	-
		Amount Outstanding	1,911	(646)	(1,837)	-	(571)	1,911	(646)	(1,837)	-	(571)
		Provision thereon	72	(298)	(1,432)	-	(1,658)	72	(298)	(1,432)	-	(1,658)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	(2,34,888)	34,073	1,98,738	2,077	-	(2,34,888)	34,073	1,98,738	2,077	-
		Amount Outstanding	(60,95,731)	10,90,993	41,14,216	35,346	(8,55,177)	(60,95,731)	10,90,993	41,14,216	35,346	(8,55,177)
		Provision thereon	(8,55,914)	8,44,912	40,93,821	35,346	41,18,166	(8,55,914)	8,44,912	40,93,821	35,346	41,18,166
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	(32,33,658)	-	(24)	-	(32,33,682)	(32,33,658)	-	(24)	-	(32,33,682)
		Provision thereon	(4,63,745)	25,266	(18)	-	(4,38,497)	(4,63,745)	25,266	(18)	-	(4,38,497)
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	(2,63,511)	(11,956)	(81,132)	(2,045)	(3,58,644)	(2,63,511)	(11,956)	(81,132)	(2,045)	(3,58,644)
		Amount Outstanding	(41,77,011)	(1,44,544)	(17,67,640)	(35,966)	(61,25,161)	(41,77,011)	(1,44,544)	(17,67,640)	(35,966)	(61,25,161)
		Provision thereon	(4,17,735)	(1,16,843)	(17,67,445)	(35,966)	(23,37,989)	(4,17,735)	(1,16,843)	(17,67,445)	(35,966)	(23,37,989)
8	**Restructured Accounts as on March 31, 2022 (closing figures)**	**No. of Borrowers**	**2,47,842**	**48,188**	**1,18,850**	**50**	**4,14,930**	2,47,842	48,188	1,18,850	50	4,14,930
		Amount Outstanding	**47,56,336**	**14,20,450**	**23,70,173**	**1,088**	**85,48,047**	47,56,336	14,20,450	23,70,173	1,088	85,48,047
		Provision thereon	**6,59,985**	**10,08,666**	**23,49,708**	**1,088**	**40,19,447**	6,59,985	10,08,666	23,49,708	1,088	40,19,447

 # The Bank has restructured accounts during the year ended March 31, 2022 including:
a) The standard MSME accounts restructured based on RBI circular dated January 01, 2019 and further extended by RBI circular dated February 11, 2020 & August 06, 2020 and
b) The Standard accounts restructured under resolution framework for COVID-19-related Stress as per RBI circular dated August 06, 2020

Schedule 18
As on March 31, 2021 *(Rs. in 000's)*

Sr No .	Type of Restructuring		Under CDR Mechanism					Under SME debt restructuring mechanism				
	Asset Classification		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
	Details											
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
8	**Restructured Accounts as on March 31, 2020 (closing figures)**	**No. of Borrowers**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Amount Outstanding	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sr No .	Type of Restructuring		Others					Total				
	Asset Classification		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
	Details											
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	23,670	2,226	49	-	25,945	23,670	2,226	49	-	25,945
		Amount Outstanding	3,13,166	41,870	3,718	-	3,58,754	3,13,166	41,870	3,718	-	3,58,754
		Provision thereon	20,117	32,247	3,229	-	55,593	20,117	32,247	3,229	-	55,593
2	Fresh restructuring during the year#	No. of Borrowers	4,29,312	3	-	-	4,29,315	4,29,312	3	-	-	4,29,315
		Amount Outstanding	1,01,17,680	28	-	-	1,01,17,708	1,01,17,680	28	-	-	1,01,17,708
		Provision thereon	8,20,862	9	-	-	8,20,871	8,20,862	9	-	-	8,20,871
3	Up gradation to restructured standard category during the year	No. of Borrowers	4	(4)	-	-	-	4	(4)	-	-	-
		Amount Outstanding	11	(74)	-	-	(63)	11	(74)	-	-	(63)
		Provision thereon	1	(39)	-	-	(38)	1	(39)	-	-	(38)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	(26,129)	24,886	1,224	18	(1)	(26,129)	24,886	1,224	18	(1)
		Amount Outstanding	(5,21,945)	4,48,047	21,990	1,708	(50,200)	(5,21,945)	4,48,047	21,990	1,708	(50,200)
		Provision thereon	(40,930)	2,35,306	21,802	1,708	2,17,886	(40,930)	2,35,306	21,802	1,708	2,17,886
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	1	-	-	1	-	1	-	-	1
		Amount Outstanding	(12,48,971)	(8)	(19)	-	(12,48,998)	(12,48,971)	(8)	(19)	-	(12,48,998)
		Provision thereon	(90,611)	(8)	(19)	-	(90,638)	(90,611)	(8)	(19)	-	(90,638)
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	(58,713)	(1,027)	(25)	-	(59,765)	(58,713)	(1,027)	(25)	-	(59,765)
		Amount Outstanding	(7,46,997)	(15,215)	(231)	-	(7,62,443)	(7,46,997)	(15,215)	(231)	-	(7,62,443)
		Provision thereon	(41,205)	(11,886)	(231)	-	(53,322)	(41,205)	(11,886)	(231)	-	(53,322)
8	**Restructured Accounts as on March 31, 2021 (closing figures)**	**No. of Borrowers**	**3,68,144**	**26,085**	**1,248**	**18**	**3,95,495**	**3,68,144**	**26,085**	**1,248**	**18**	**3,95,495**
		Amount Outstanding	**79,12,944**	**4,74,648**	**25,458**	**1,708**	**84,14,758**	**79,12,944**	**4,74,648**	**25,458**	**1,708**	**84,14,758**
		Provision thereon	**6,68,234**	**2,55,629**	**24,781**	**1,708**	**9,50,352**	**6,68,234**	**2,55,629**	**24,781**	**1,708**	**9,50,352**

Schedule 18

21 Employee Benefits (AS-15) revised

21.1 Gratuity:

Gratuity is a defined benefits plan. The Bank has obtained qualifying insurance policies from Insurance Company. The following table summarises the components of net expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet on the basis of actuarial Valuation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise.

Details of defined benefit plan of gratuity are given below:

(Rs. in 000's)

Changes in the present value of the obligation	As on March 31, 2022	As on March 31, 2021
Opening balance of Present Value of Obligation	5,61,538	4,44,552
Interest Cost	33,952	27,885
Current Service Cost	1,14,586	1,17,997
Benefits Paid	(68,672)	(23,097)
Actuarial loss / (gain) on Obligation	(40,716)	(5,799)
Acquisitions/Divestures/Transfers	1,148	-
Closing balance of Present Value of Obligation	6,01,836	5,61,538
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
Opening balance of Fair value of Plan Assets	4,59,403	2,94,783
Adjustment to Opening Balance	-	-
Transfer In/Acquisitions	1,148	-
Expected Return on Plan assets	29,371	23,064
Contributions	62,000	1,49,796
Other charges (Service tax, FMC, Mortality charges, etc)	-	-
Benefits Paid	(68,672)	(23,097)
Actuarial Gain/(loss) Return on Plan Assets	4,462	14,857
Closing balance of Fair Value of Plan Assets	4,87,712	4,59,403
Actual Return on Plan Assets	33,833	37,921

Profit and Loss – Expenses	Year ended March 31, 2022	Year ended March 31, 2021
Current Service Cost	1,14,586	1,17,997
Interest Cost	33,952	27,885
Expected Return on Plan assets	(29,371)	(23,064)
Net Actuarial loss/(gain) recognized in the year	(45,177)	(20,656)
Expenses recognized in the Profit and Loss Account	73,989	1,02,162

Funded status *(100% Insurance managed funds)*	As on March 31, 2022	As on March 31, 2021
Actuarial Assumptions		
Discount Rate	7.08%	6.44%
Expected Rate of Return on Plan Assets	6.44%	6.44%
Expected Rate of Salary Increase	9.00%	9.00%
Employee Attrition Rate	21.74%	19.69%

Experience Adjustments *(Rs. in 000's)*

Particulars	As on March 31, 2022	As on March 31, 2021	As on March 31, 2020	As on March 31, 2019	As on March 31, 2018
Plan Assets	4,87,712	4,59,403	2,94,783	2,32,305	1,71,565
Defined benefit obligation	6,01,836	5,61,538	4,44,552	3,10,438	2,27,763
Surplus/ (Deficit)	(1,14,125)	(1,02,135)	(1,49,769)	(78,133)	(56,198)
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	(566)	(8,681)	(8,038)	3,788	13,670

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

Category of Plan Assets	As on March 31, 2020	As on March 31, 2019
Assets Under Insurance Schemes	100%	100%

(a) The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

(b) During the current and previous year the Bank does not have unamortised gratuity and pension liability.

(c) Discount rate is based on the prevailing market yields of Indian Government Bonds as on the Balance Sheet date for the estimated term of the obligation.

(d) The Code on Wages, 2019 ("Code") and other connected legislations enacted by the Government of India envisages payment of wages (as defined) which is not less than 50% of all monthly remuneration paid to employees (as defined). The effective date of these legislations and the rules relevant thereto have not yet been notified by the Government of India. The current wages as a percentage to the remuneration for certain employees as per Company's salary structure is less than that envisaged in these legislations. As and when the legislations are notified, there may be an increase in the accrued gratuity liability of the employees of the Company. This possible additional liability has currently not been quantified.

21.2 Compensated Absences

The Actuarial liability of compensated absences of accumulated privileged leaves of the employees is given below:

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Privileged Leave Actuarial Liability	4,42,876	4,28,875
Assumptions		
Discount Rate	7.08%	6.44%
Salary Escalation Rate	9.00%	9.00%

21.3 Defined Contribution Plans

(Rs. in 000's)

Amount recognised in the Statement of Profit and Loss	As on March 31, 2022	As on March 31, 2021
(i) Provident fund Contributed to the Authorities	1,86,635	1,55,454
(ii) Pension fund Contributed to the Authorities	2,33,215	2,40,398
(iii) National pension scheme Contributed to Authorities	10,210	8,858

22 Segment Reporting

In accordance with the guidelines issued by RBI & AS-17, the Bank has adopted Segment Reporting as under:

A) Treasury :

The Treasury Segment primarily consists of net interest earnings from the Bank's Investment portfolio, money market borrowing and lending, gains or losses on Investment operations and income from sale of PSLC.

B) Retail Banking:

The Retail Banking Segment serves retail customers through a branch network and other delivery channels. Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment. This segment raises deposits from customers and provides loans and other services to customers. Revenues of the retail banking segment are derived from interest earned on retail loans, processing fees earned and other related incomes. Expenses of this segment primarily comprise interest expense on deposits & Borrowings, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

C) Corporate/ Whole Sale Banking:

The Wholesale Banking Segment provides loans to Corporates and Financial Institutions. Revenues of the wholesale banking segment consist of interest earned on loans made to customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(Rs. in 000's)

SR.NO	Part A: Business segments				
	Business Segments →	**Treasury**	**Retail Banking**	**Corporate/ Wholesale Banking**	**Total**
	Particulars ↓	**March 31, 2022**	**March 31, 2022**	**March 31, 2022**	**March 31, 2022**
1	Revenue	28,21,324	2,76,92,669	7,46,743	**3,12,60,736**
2	Unallocated Revenue	-	-	-	-
3	***(less)*** Inter Segment Revenue	-	-	-	-
4	**Total Income (1+2-3)**	**28,21,324**	**2,76,92,668**	**7,46,743**	**3,12,60,736**
5	**Segment Result**	(9,04,885)	(46,25,315)	3,75,175	**(51,55,025)**
6	Unallocated Expenses	-	-	-	**3,48,560**
7	Operating Profit	-	-	-	**(55,03,585)**
8	Tax Expenses (including deferred tax)	-	-	-	**(13,57,681)**
9	Extraordinary Profit/ Loss	-	-	-	-
10	**Net Profit (5-6-8-9)**	-	-	-	**(41,45,905)**
	Other Information:	-	-	-	-
11	Segment Assets	6,17,66,622	16,17,06,653	84,36,055	**23,19,09,331**
12	Unallocated Assets				**41,35,311**
13	**Total Assets**				**23,60,44,642**
14	Segment Liabilities	5,44,98,992	14,26,79,793	74,43,443	**20,46,22,228**
15	Unallocated Liabilities				**36,48,737**
16	Capital Employed	72,67,650	1,90,26,881	9,92,612	**2,72,87,144**
17	Unallocated Capital Employed				**4,86,533**
18	**Total Capital Employed**				**2,77,73,677**

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

(Rs. in 000's)

SR.NO	Part A: Business segments				
	Business Segments →	**Treasury**	**Retail Banking**	**Corporate/ Wholesale Banking**	**Total**
	Particulars ↓	**March 31, 2021**	**March 31, 2021**	**March 31, 2021**	**March 31, 2021**
1	Revenue	31,93,116	2,74,08,339	5,67,407	**3,11,68,862**
2	Unallocated Revenue	-	-	-	**-**
3	*(less)* Inter Segment Revenue	-	-	-	**-**
4	**Total Income (1+2-3)**	**31,93,116**	**2,74,08,339**	**5,67,407**	**3,11,68,862**
5	**Segment Result**	10,29,285	(4,81,699)	2,97,429	**8,45,015**
6	Unallocated Expenses	-	-	-	**7,43,040**
7	Operating Profit	-	-	-	**1,01,975**
8	Tax Expenses (including deferred tax)	-	-	-	**19,006**
9	Extraordinary Profit/ Loss	-	-	-	**-**
10	**Net Profit (5-6-8-9)**	-	-	-	**82,969**
	Other Information:				
11	Segment Assets	4,93,03,326	14,54,52,429	64,86,523	**20,12,42,278**
12	Unallocated Assets	-	-	-	**25,62,262**
13	**Total Assets**	-	-	-	**20,38,04,540**
14	Segment Liabilities	4,15,16,690	12,24,80,649	54,62,085	**16,94,59,425**
15	Unallocated Liabilities	-	-	-	**21,57,595**
16	Capital Employed	77,86,636	2,29,71,829	10,24,423	**3,17,82,888**
17	Unallocated Capital Employed				**4,04,632**
18	**Total Capital Employed**	-	-	-	**3,21,87,520**

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

23 Related Party Disclosures (AS-18)

As per AS 18 Related Party Disclosures notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014 and Companies (Accounting Standards) Amendment Rules 2016, the Banks' related parties during the year ended March 31, 2022 are disclosed below:

Holding company :

Ujjivan Financial Services limited (UFSL)

Key Management Personnel (KMP) :

Mr. Nitin Chugh (Managing Director and CEO)	(Up to September 30, 2021)
Mr. Ittira Davis (Managing Director and CEO)	(From January 14, 2022)
Ms Upma Goel (Chief Financial Officer)	(Up to September 30, 2021)
Mr. M.D. Ramesh Murthy (Chief Financial Officer)	(From March 14, 2022)
Mr. Chanchal Kumar (Company Secretary)	
Mr. Martin P S (Officer on Special Duty)	(From September 16, 2021 to January 13, 2022)

Directors :

Mr. Umang Bedi (Independent Director)*
Mrs. Mona Kachhwaha (Non-Executive Director)**
Mr. Prabal Kumar Sen (Independent Director)***
Ms. Chitra K Alai (Nominee Director)****
Mr. Mahadev Lakshminarayanan (Independent Director)*****
Mr. Nandlal Laxminarayan Sarda (Independent Director)******
Mr. Harish Devarajan (Additional Independent Director)********
Mr. Umesh Bellur (Additional Independent Director)*********
Mrs. Rajni Anil Mishra (Additional Independent Director)^
Mr. Rajesh Kumar Jogi (Additional Non-Independent Director)^^
Mr. Banavar Anantharamaiah Prabhakar (Independent Director)^^^
Mr. Ravichandran Venkataraman (Independent Director)^^^^
Mr. Samit Kumar Ghosh (Non-Executive Director)^^^^^
Ms. Sudha Suresh(Non-Executive Director)^^^^^^
Mr. P N Raghunath (Additional Director)^^^^^^^
Mr. Satyaki Rastogi (Nominee Director)^^^^^^^^

*Resigned as Independent Director of the Bank w.e.f october 1, 2021
**Resigned as Non- Executive Director w.e.f Auguest 10, 2021
***Resigned as Independent Director w.e.f January 15, 2022
****Resigned as Nominee Director w.e.f December 22, 2021.
*****Resigned as Independent Director w.e.f June 18, 2021.
******Resigned as Independent Director w.e.f July 26, 2021.
*******Resigned as Non-Executive Director of the Bank w.e.f July 23, 2021.
********Resigned as Additional Non-Independent Director of the Bank w.e.f August, 12, 2021.
*********Resigned as Additional Independent Director of the Bank w.e.f September, 27, 2021.

^Appointed as Additional Independent Director of the Bank w.e.f December 16, 2020.
^^Appointed as Additional Non-Independent Director of the Bank w.e.f March 13, 2021.
^^^Appointed as Independent Director of the Bank w.e.f August, 20, 2021.
^^^^Appointed as Independent Director of the Bank w.e.f August, 20, 2021.
^^^^^Appointed as Non-Excecutive Director of the Bank w.e.f August, 20, 2021.
^^^^^^Appointed as Non-Excecutive Director of the Bank w.e.f August, 20, 2021.
^^^^^^^Appointed as Additional Director of the Bank w.e.f November, 29, 2021.
^^^^^^^^Appointed as Nominee Director of the Bank w.e.f December, 22, 2021.

Enterprise in which relatives of Director/KMP are members :
Parinaam Foundation (From August 20, 2021)
Enterprise in which KMP are members :
Ujjivan Welfare and Relief Trust
USFB Employee's Gratuity Trust
UFSL Employee's Gratuity Trust

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives of Key Management Personnel as they are in the nature of banker-customer relationship. In like ,manner breakup of deposits accepted during the year,deposits outstanding at the end of the year and interest on deposits has not been furnished partywise in respect of KMP and enterprises in which relatives of KMP are members since they are in the nature of bank and customer transactions.

Transactions with Related Parties for the year ended March 31, 2022 ***(Rs. in 000's)***

Items/Related Party	**Holding Company**	**Key Management Personnel**	**Directors**	**Enterprise in which relatives of Key Management Personnel/Directors are members**	**Enterprise in which KMP are members**	**Total**
Deposit*	(10,55,776)	(2,28,072)	(24,289)	(57,700)	(5,587)	(13,71,424)
	10,55,776	3,482	24,289	57,700	5,587	11,46,834
Deposit accepted during the year	10,67,000	2,018	18,300	57,700	3,150	11,48,168
Deposit repaid during the year	9,15,000	2,15,310	9,000	18,000	-	11,57,310
Inter Company Transfer - Amount Paid	-	-	-	-	1,399	1,399
Reimbursement of expenses - Amount Received	2,492	-	-	-	-	2,492
Reimbursement of expenses - Amount Paid	248	-	-	-	-	248
Transfer of Assets - Amount Paid	12	-	-	-	-	12
Bank Contribution to Related parties under CSR/Donation	-	-	-	13,570	830	14,400
Sitting Fees paid	-	-	19,025	-	-	19,025
Interest on Deposits	52,494	4,266	1,455	1,491	295	60,001
Payment of Remuneration **	-	31,578	-	-	-	31,578
Rendering of services	-	-	-	4,157	-	4,157

*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.
**The above Remuneration excludes accrued gratuity and compensated absence provision, since the same is assessed for the bank as a whole.
Note: An amount of Rs 363 (000's) received by UFSL is towards employees perquisite tax and includes OSD remuneration.

Transactions with Related Parties for the year ended March 31, 2021 *(Rs. in 000's)*

Items/Related Party	Holding Company	Key Management Personnel	Directors	Enterprise in which relatives of Key Management Personnel/Directors are members	Enterprise in which KMP are members	Total
Deposit*	(12,92,983)	(2,23,742)	(3,883)	-	(5,291)	(15,25,899)
	9,15,040	2,23,651	3,883	-	4,086	11,46,660
Deposit accepted during the year	9,05,000	87,575	2,486	42,802	-	10,37,863
Deposit repaid during the year	12,79,580	1,157	2,782	88,591	5,450	13,77,560
Reimbursement of expenses - Amount Paid	3,571	-		-	-	3,571
Reimbursement of expenses - Amount Received	4,401	-		-	-	4,401
Inter Company Transfer- Amount Received**	38	-		-	-	38
Inter Company Transfer- Amount paid***	-	-		-	13,485	13,485
Interim Preference Dividend	-	-		-	-	-
Bank Contribution to Parinaam Foundation & USFB Welfare and Relief Trust**	-	-		-	1,430	1,430
Sitting Fees paid			12,345			12,345
Interest on Deposits	79,348	12,169	237	-	500	92,254
Payment of Remuneration ****	-	26,847		-	-	26,847
Rendering of services	-	-		-	-	-

*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter end.

** Employee Contribution to USFB Relief Fund through Payroll recovery of Rs.13485 (000's) & Quantum of Donation by Bank is restricted to 1% of PY Net Profit as per RBI Regulation - Rs.5,273 (000's)

***The above Remuneration excludes Gratuity provision

Note: An amount of Rs 21,391 (000's) received by UFSL and an amount of Rs. 435 (000's) is paid by USFB towards employees perquisite tax

Balances with Related Parties for the year

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Enterprise in which KMP are members		
Ujjivan Welfare and Relief Trust	(5,587)	(8,360)
	5,645	4,175
Outstanding Balance with enterprise in which relative of Key Management Personnel are		
Parinaam Foundation	(57,700)	-
	58,947	-
Holding Company		
Ujjivan Financial Services limited	(10,55,776)	(12,92,983)
	10,55,776	9,17,472
Key Mangerial Personnel	(2,28,072)	(2,23,742)
	3,482	2,23,651
Directors	(24,289)	(3,883)
	24,289	3,883

Figures in bracket indicates maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter end.

24 Operating leases (AS-19)

The bank has taken premises and certain equipments on operating lease for a period of time. There are no provisions relating to contingent rent.

The future minimum lease payments under non-cancellable operating leases are as follows:

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
i) Not later than one year	7,03,900	7,01,292
ii) Later than one year but not later than five years	27,55,326	29,49,350
iii) Later than five years	3,08,423	8,43,697

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
The total of minimum lease payments recognized in the Profit and Loss	7,46,232	7,04,964

There are no provisions relating to contingent rent.

25 Earnings per Share

The Bank reports basic and diluted earnings per Equity share in accordance with Accounting Standard-20 Earnings Per Share.

(Rs. in 000's)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Profit available to equity share holders (in 000's) - (A)	(41,45,904)	82,969
Weighted average shares outstanding – Basic (Nos. in 000's) - (B)	17,28,314	17,28,244
Weighted average shares outstanding – Diluted (Nos. in 000's) - (C)	17,28,314	17,28,743
Nominal Value of Equity Shares (Rs.)	10	10
Earnings per share – Basic (Rs.) - (A/B)	(2.40)	0.05
Earnings per share – Diluted (Rs.)	(2.40)	0.05

Note:- The effect of potential equity shares on EPS is anti-dilutive for the year ended March 31, 2022.

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2022

Schedule 18

26 Miscellaneous

26.1 Provisions for taxation during the year:

(Rs. in 000's)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Income Tax	-	16,25,457
Income Tax - Prior Period	-	84,607
Deferred tax Liability/ (Asset) - (Refer Schedule 18(27))	(13,57,681)	(16,91,058)
Total	**(13,57,681)**	**19,006**

26.2 Disclosure relating to Depositor Education and Awareness Fund (DEAF):

The details of amount transferred to Depositor Education and Awareness Fund during the current and previous year.

(Rs. in 000's)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening balance of amounts transferred to DEAF	2,188	2,037
Add: Amounts transferred to DEAF during the year	78	151
Less: Amounts reimbursed by DEAF towards claims	6	-
Closing balance of amounts transferred to DEAF	**2,260**	**2,188**

As per RBI circular DBR. No. DEA Fund Cell. BC. 67/3-.01.002/2014-15 dated February 02, 2015, the details of unclaimed Security Deposits has been displayed on our website with respect to amount transferred to DEAF.

26.3 Drawdown from Reserves

The Bank has not undertaken any drawdown from reserves during the financial year ended March 31, 2022 and March 31, 2021.

26.4 Fixed Assets

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Fixed Assets excluding Computer Software		
Opening balance (cost)	35,31,940	33,46,166
Additions during the year	1,48,000	2,13,704
Deduction during the year	(40,997)	(27,930)
Depreciation to date	(22,39,732)	(17,98,200)
Balance at the end of the year	**13,99,211**	**17,33,740**

26.5 Computer Software

The movement in fixed assets capitalized as computer software is given below:

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
Opening balance (cost)	19,16,292	13,89,447
Additions during the year	3,56,771	5,26,845
Deduction during the year	(28,513)	-
Depreciation to date	(12,07,745)	(8,90,615)
Balance at the end of the year	**10,36,805**	**10,25,677**

26.6 Description of Contingent Liabilities:

(Rs. in 000's)

Particulars	As on March 31, 2022	As on March 31, 2021
i) Claims against the Bank not acknowledged as debt		
- Taxation	7,85,439	17,106
- Other Legal cases	2,969	2,28,719
ii) Guarantees given on behalf of Constituents	2,500	2,500
iii) Other items for which the Bank is contingently liable		
- Capital commitments not provided	5,79,137	1,55,084
- Amount transferred to Depositor Education and Awareness Fund (DEAF)	2,260	2,188
Total	**13,72,305**	**4,05,597**

Schedule 18

Contingent liability	Brief description
Claims against the Bank not acknowledged as debts - taxation	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favourable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of Income Tax Act, 1961. It includes Rs 7,80,113 ('000) intimation received by Bank under section 143(1) on 23-Dec-2021, because an incorrect date of filing of return is considered for processing the intimation order and the bank has filed an appeal with CIT (A) as well as an application for rectification and application for stay in demand with the AO has been filed.
Claims against the Bank not acknowledged as debts - Other legal cases	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.
Other items for which the Bank is contingently liable	These include: a) Capital commitments; b) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

26.7 Disclosure of Letters of Comfort issued by the Bank:
The Bank has not issued any Letter of Comfort during the current and previous year.

26.8 Investor education and protection fund
There is no amount required to be transferred to Investor Education and Protection Fund by the bank during the current and previous year.

26.9 Other Expenditure:

Other expenditure includes below expenses exceeding 1% of the total income of the Bank.

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021*
Manpower Cost	6,29,402	1,16,003
Collection Agency Charges	3,14,197	54,711
Local Conveyance	3,95,334	2,86,283
NFS - Expenses	4,10,349	2,58,474

* Previous year figures did not exceed 1% of the total income of the bank for the FY 2020-21. They have been given as comparative figures for the current year data.

26.10 The Bank has a process whereby periodically all long term contract are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that no provision is required under any law / accounting standards on such long term contracts as on March 31, 2022 and March 31, 2021.

26.11 Credit default Swaps
The Bank has not entered into any credit default swap transactions during the current and previous year.

26.12 Credit card and debit card reward points
The Bank does not have credit card products, hence reward points are not applicable. Also, the Bank does not provide any reward points on debit card.

26.13 Off balance sheet SPVs sponsored
There are no off-balance sheet SPVs sponsored by the bank as at March 31, 2022, and at March 31, 2021. Refer note 18(38) of the notes to accounts.

26.14 Details of factoring exposure
The factoring exposure of the Bank as at March 31, 2022 and as at March 31, 2021 is Nil.

26.15 Country wise risk exposure
The Bank does not have any country wise Risk Exposure as at March 31, 2022 and as at March 31, 2021.

26.16 Unhedged foreign currency exposure
The Bank does not have any unhedged foreign country exposure as at March 31, 2022 and as at March 31, 2021.

27 Deferred Tax

In accordance with Accounting Standard -22 “Accounting for Taxes on Income”, the company has recognized deferred tax (asset)/Liability as detailed below:

As at March 31, 2022 *(Rs. in 000's)*

Particulars	Deferred Tax (Assets) / Liabilities as on April 01, 2021	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2022
Deferred Tax Liability			
Difference between book and tax depreciation	1,02,047	(40,581)	61,466
Deferred Tax Asset			
Provision for Employee benefits recognised in the financial statements, but to be allowed on payment	(1,99,498)	(47,326)	(2,46,824)
Provision for non performing advances/ standard advances recognised in financial statements, but to be allowed on write off	(18,85,188)	(11,51,429)	(30,36,616)
On account of unobserved lossses and allowance			
Others	(1,08,890)	(1,18,346)	(2,27,236)
Net Deferred Tax (Asset) / Liability	**(20,91,529)**	**(13,57,681)**	**(34,49,210)**

As at March 31, 2021 *(Rs. in 000's)*

Particulars	Deferred Tax (Assets) / Liabilities as on April 01, 2020	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as at March 31, 2021
Deferred Tax Liability			
Difference between book and tax depreciation	1,01,325	722	1,02,047
Deferred Tax Asset			
Provision for Employee benefits recognised in the financial statements, but to be allowed on payment	(1,06,520)	(92,978)	(1,99,498)
Provision for non performing advances/ standard advances recognised in financial statements, but to be allowed on write off	(2,38,387)	(16,46,801)	(18,85,188)
On account of unobserved lossses and allowance			
Others	(1,56,889)	47,999	(1,08,890)
Net Deferred Tax (Asset) / Liability	**(4,00,471)**	**(16,91,058)**	**(20,91,529)**

28 Disclosures On Remuneration:

28.1 Qualitative Disclosures

(A) Information relating to the composition and mandate of the Remuneration Committee.

Bank has constituted a Nomination and Remuneration Committee (NRC). The NRC comprises of five members out of which three are Independent Directors. Mandate of the Nomination and Remuneration Committee, inter-alia, is to oversee the framing, review and implementation of the Banks's Compensation policy & Nomination & Remuneration Policy for Whole Time Director/Chief Executive Officers/Risk Takers, control function staff and other employees of the Bank for ensuring effective alignment between remuneration and risks. The Committee also ensures that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Nomination and Remuneration Committee reviews Compensation policy and Nomination & Remuneration Policy of the Bank with a view to attract, retain and motivate employees.

(B) Information relating to the design and structure of remuneration processes and the key features and objectives of Compensation Policy and Nomination & Remuneration Policy

The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations:

(a) Our Compensation principles should support us in achieving our mission of providing a full range of financial services to the economically active poor of India who are not adequately served (unserved and underserved) by financial institutions. Therein, this policy should support us to attract and retain talent and skills required to further the organizations purpose and ideology.

(b) The pay structure and amounts confirms and shall always conform to applicable Income Tax and other similar statutes.

(c) All practices of Ujjivan SFB shall comply with applicable labour laws.

(d) The pay structure should be standardized for a level of employees.

(e) Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to certain benefits may undergo change due to change in grade/ roles/ function/ state/ region in the organization.

(f) The compensation structure shall be easy to understand for all levels of employees.

(g) The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

(h) The directors are paid sitting fees as approved by the Board for attending the Board and Board Committee Meetings.

(C) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

(a) Structurally, the Control functions such as Credit, Risk and Vigilance are independent of the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.
(b) The Bank is in the process of comprehensively measuring and reviewing material risks to which Bank is exposed to under IGAAP. The Bank also complies with Basel II requirements.

(D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

(a) The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
(b) Ujjivan shall, from time to time benchmark its compensation against identified market participants to define its pay structure and pay levels.

(c) The merit increments will be finalized and approved by the NHRC year on year, basis organization's budgets and accomplishments as well as market reality.

(d) Ujjivan believes in paying its employees in an equitable and fair manner basis the incumbent's Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.
(e) Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.

(E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

The performance bonus payout shall be Annual. Discretion is typically applied related to staggered payout in case large payouts, particularly for functions like Credit and Risk. Bonus is to be prorated for employees who have worked for part of the year at Ujjivan.

Ujjivan believes in the philosophy of collective ownership by its employees. Thus, Employee Stock Options of the Holding Company Ujjivan Financial Services Ltd are distributed amongst employees basis their criticality and performance.

Typically, all Stock option schemes at Ujjivan vest in a staggered manner. Besides the statutory requirement of grant and 1 year vesting, the total set of options vest in various tranches for up to a period of 3 years.

Malus/ Clawback: In the event of negative contributions of the individual towards the achievements of the Banks objectives in any year, the deferred compensation should be subjected to Malus/Clawback arrangements. Similar provisions shall apply in case the individual is found guilty of any major non-compliance or misconduct issues.

(F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Variable Compensation at Ujjivan has the following distinct forms:

1. Statutory Bonus
2. Performance Pay:
   a. Performance Bonus
   b. Monthly Variable Pay
3. Rewards & Recognition

The policy has been laid out keeping the following perspectives into considerations:

The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.

It is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

Statutory Bonus: Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.

Performance Bonus: All employees who are not a part of any Monthly Variable Pay but part of the year end performance review will be covered under the Performance Bonus Plan of Ujjivan Small Finance Bank. However, the actual payout of performance bonus shall be paid only to employees who have met our performance criteria.

Sales Awards: Employees in the Sales function, directly responsible for revenue generation shall be covered under the Sales Award Scheme if meeting the criteria of the respective scheme. Typically some of the entry level roles and up to two levels of supervision thereof shall be covered by sales awards.

Rewards & Recognition: Ujjivan shall design schemes and practices from time to time to celebrate employees / departmental / organizational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five , seven and ten yrs. of completion of service with Ujjivan), Portfolio Improvement Reward Scheme; Functional R&R Schemes; Organizational Rewards Schemes such as: Service Champion; Process Excellence; Customer Connect Awards; Above and Beyond; Recognition program for Liabilities Branches for Retail Deposits; Recognition program for Asset growth in Branches

28.2 Quantitative Disclosures

The quantitative disclosures cover the Bank's Whole Time Director (WTD) and Material Risk Takers (MRT). The Bank's MRT includes Managing Director and Chief Executive Officer (MD & CEO), Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.

(Rs. in 000's)

Particulars	Year ended March 31, 2022[1]	Year ended March 31, 2021[1]
Number of meetings held by Nomination & Remuneration Committee (NRC) and remuneration paid to its members	13 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2021 to March 31, 2022. NRC members were paid total sitting fees of Rs. 3,250 (000's) for Thirteen meetings.	8 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2020 to March 31, 2021. NRC members were paid total sitting fees of Rs.1,370 (000's) for Eight meetings. Human Resource and Compensation Committee (HRC) was merged with NRC on Feb 03, 2021. No meeting of HRC was held during Financial Year 2020-21.
Number of employees having received a variable remuneration award.	MD & CEO	Nil
Number and total amount of 'sign on' awards	Nil	Nil
Details of guaranteed bonus if any paid as sign on bonus.	Nil	Nil
Details of severance pay in addition to the accrued benefits.#	Rs 4,329 (000's)	Rs 7,409 (000's)
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms.	Cash : 3450 ('000) ESPS shares : Nil ESOP grants : 3,41,785*** MD & CEO, Head- Treasury, Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.	Cash : Nil ESPS shares : Nil ESOP grants : 2,54,874*** MD & CEO, Head- Treasury, Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.
Total amount of deferred remuneration paid.	Cash- Rs. 3110('000)	Nil
Breakdown of amount of remuneration awards for the financial Period to show fixed and variable, deferred and non-deferred	Fixed gross : Rs. 45,309 ('000) Variable deferred : Rs. 3,110('000) Fixed gross of the following employees : MD & CEO, Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro Banking.	Fixed gross : Rs. 49,198 ('000) Variable deferred : Rs. NIL Fixed gross of the following employees : MD & CEO, Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments.	Variable Provisioned - Rs.3450('000)	Nil
Total amount of reductions during the FY due to ex – post explicit adjustments	Nil	Nil
Total amount of reductions during the FY due to ex – post implicit adjustments	Nil	Nil
Number of Material Risk Takers (MRT) identified	7 [4]	4
Number of cases where malus has been exercised[3]	Nil	Nil
Number of cases where clawback has been exercised[3]	Nil	Nil
Number of cases where both malus and clawback have been exercised[3]	Nil	Nil
General Quantitative Disclosure[3]		
The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	Rs 422 ('000) (excluding MD & CEO) 34.80 X	Rs 372 ('000) (excluding MD & CEO) 39.48 X

Note:

#The amount includes the following paid to Ex-MD&CEO who retired on September 30, 2021.

*** Excluding ESOPs of Active MRT since it was granted as sign-on grant and bank ESOP additional grant. ESOPs are granted not exercised.

1. Current year disclosure is for WTD and MRTs. Previous year disclosure is for WTD and Key Risk Takers (KRTs).
2. For cash component - payment to be made as per guidance and approval of regulatory authority.
3. As per RBI circular 2019-20/89 DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 04, 2019, new disclosure have been presented for current year only.
4. The number is inclusive of MRT who have resigned during the year.

29 Disclosure on remuneration to Non-Executive Directors:

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board and its Committees. During the year, the sitting fees was paid at the rate of Rs. 75 (000's) per Board meeting and at the rate of Rs. 50 (000's) per Board Committee Meetings. The Bank has paid total Rs. 19,025 (000's)

(Rs. in 000's)

Name of Directors	Year ended March 31, 2022	Year ended March 31, 2021
Mr. Biswamohan Mahapatra	-	1,605
Ms. Vandana Viswanathan	-	835
Mr. Nandlal Sarada	675	1,615
Mr. Prabal Kumar Sen	1,400	1,455
Ms. Mona Kachhwaha[7]	650	1,465
Mr. Jayanta Kumar Basu	-	1,470
Ms. Chitra K Alai (SIDBI)	425	270
Mr. Mahadev Lakshminarayanan	375	1,845
Mr. Umang Bedi[1]	700	1,135
Ms. Rajni Mishra[2]	2,725	425
Mr. Ittira Davis[3]	525	75
Mr. Rajesh Kumar Jogi[4]	2,975	75
Mr. Harish Devarajan[5]	375	75
Mr. Umesh Bellur[6]	350	-
Mr. Banavar Anantharamaiah Prabhakar[8]	1,950	
Mr. Ravichandran Venkataraman[9]	2,150	
Mr. Samit Kumar Ghosh[10]	1,750	
Ms. Sudha Suresh[11]	1,850	
Mr. Satyaki Rastogi[12]	150	
Total	**19,025**	**12,345**

1) Mr. Umang Bedi was appointed as Additional Director (Independent) w.e.f. April 01, 2020 and was subsequently appointed as the Independent Director in the Annual General Meeting held on September 02, 2020. He resigned from the office of Independent Director w.e.f. October 01, 2021.
2) Mrs. Rajni Anil Mishra was appointed as an Additional Director (Independent) w.e.f December 16, 2020 and was subsequently appointed as the Independent Director in the Annual General Meeting held on September 27, 2021.
3) Mr. Ittira Davis was appointed as an Additional Director (Non- Executive, Non-Independent) and Part-Time chairman (subject to approval of RBI) w.e.f. March 13, 2021 and resigned from the office of Additional Director (Non- Executive, Non-Independent)w.e.f. July 23, 2021. Mr. Ittira Davis appointed as MD and CEO w.e.f. January 14, 2022.
4) Mr. Rajesh Kumar Jogi was appointed as an Additional Director (Non-Executive, Non- Independent) w.e.f March 13, 2021 and his designation was recategorised from Additional Director (Non-Executive, Non- Independent) to Additional Director (Independent) w.e.f. August 25, 2021. He was subsequently appointed as the Independent Director in the Annual General Meeting held on September 27, 2021.
5) Mr. Harish Devarajan was appointed as an Additional Director (Independent) of the Bank w.e.f. March 13, 2021 and resigned w.e.f. August 12, 2021.
6) Mr. Umesh Bellur was appointed as an Additional Director (Independent) of the Bank w.e.f. March 13, 2021 and retired in the Annual General Meeting held on September 27, 2021.
7) Ms. Mona Kachhwaha resigned from the office of Non-Executive, Non-Independent Director w.e.f. August 10, 2021.
8) Mr. Banavar Anantharamaiah Prabhakar was appointed as an Additional Director (Independent) w.e.f. August 20, 2021 and was subsequently appointed as the Independent Director in the Annual General Meeting held on September 27, 2021 and as Part Time Chairman w.e.f. November 23, 2021.
9) Mr. Ravichandran Venkataraman was appointed as an Additional Director (Independent) w.e.f. August 20, 2021 and was subsequently appointed as the Independent Director in the Annual General Meeting held on September 27, 2021.
10) Mr. Samit Kumar Ghosh was appointed as an Additional Director (Non-Executive, Non-Independent) w.e.f. August 20, 2021 and was subsequently appointed as the Non Executive Director (Non-Independent) in the Annual General Meeting held on September 27, 2021.
11) Ms. Sudha Suresh was appointed as an Additional Director (Non-Executive, Non-Independent) w.e.f. August 20, 2021 and was subsequently appointed as the Non Executive Director (Non Independent)in the Annual General Meeting held on September 27, 2021 and was further recategorized as Independent Director w.e.f. April 01, 2022.
12) Mr. Satyaki Rastogi was appointed by SIDBI as a Nominee Director w.e.f. December 22, 2021.
13) Mr. P.N. Raghunath was appointed as an Additional Director by RBI w.e.f. Nov 29, 2021

30 The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises.
The Bank does not have comprehensive data of the status of its vendors and service providers. Based on the limited data available, there were no dues to Micro, small and medium enterprises as at year ended March 31, 2022 and for the year ended March 31,2021.

31 Corporate Social Responsibility

As per Sec 135 (1) of the Companies Act "Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director". Pursuant to this, Bank has duly constituted a Corporate Social Responsibility Committee.

Further, the section stipulates that the company should spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years and in pursuance of its Corporate Social Responsibility Policy.

Gross amount required to be spent by the Bank during the financial year ended March 31, 2022 is Rs. 49,657 ('000) (P.Y 49,567 ('000)).

As per the provisions of Sec 135(5) and (6) of Companies Act 2013, Bank is required to transfer unspent amount to a seperate bank account to be called as 'Unspent CSR account' within a period of 30 days from the end of financial year in case of ongoing project and in other cases, transfer such unspent amount to a fund specified in Schedule VII within a period of 6 months from the end of financial year. Pursuant to this, Bank has transferred unspent CSR amount of Rs. 7,142 ('000) to a seperate Bank Account.

` ***(Rs. in 000's)***

Particulars	Year ended March 31, 2022		
	Amount Spent	**Amount unpaid/provision**	**Total**
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	42,706	7,257	49,963

Particulars	Year ended March 31, 2021		
	Amount Spent	**Amount unpaid/provision***	**Total**
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	55,338	306	55,644

*The Bank was required to spend Rs 49,962 ('000) for the financial year 2021-22, which includes Rs. 306('000) pertaining to FY 2020-21 which was transferred to "PM care

32 Payments to Auditor's (Schedule -16 Auditor's Fees And Expenses) ***(Rs. in 000's)***

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Audit Fees	4,200	4,088
Tax Audit Fees	500	194
Certification and other attest services	7,724	5,119
Out-of Pocket Expenses	446	-
Total	**12,870**	**9,401**

33 Share-based payments

33(A) Employee Share Option Plan(ESOP)

33(A)(1) Details of the employee share option plan of the Bank

The Bank has share option scheme for employees (which includes the employees of the Holding Company) , being ESOP 2019.

Employee Stock Options (ESOPs): The ESOP 2019 is the scheme under which the Bank has issued options to the employees (which includes the employees of the Holding Company). The Bank has approved its ESOP Plan, 2019 in the Shareholders meeting held on March 29, 2019. During the year, the Bank has granted 3,06,39,119 options under the ESOP 2019 to eligible employees (which includes the employees of the Holding Company) during the year ended March 31, 2022. As on March 31, 2022, out of the 71,742,768 options granted, 61,967 options has been exercised and 17,185,468 options are lapsed/cancelled. Further, 97,14,703 options are vested and 44,780,630 are yet to be vested.

The vesting period for the options granted under ESOP 2019 is as under:

Particulars	Options Granted	Year 1	Year 2	Year 3	Year 4	Year 5
ESOP 2019 - Original	3,70,00,403	20%	20%	20%	20%	20%
ESOP 2019 - Additional	37,98,697	52%	48%	-	-	-
ESOP 2019 - Senior Hire	3,04,549	20%	20%	20%	20%	20%
ESOP 2019 (Senior Hire) Additional	1,99,949	20%	20%	20%	20%	20%
ESOP 2019 Additional Grant	3,01,57,303	15%	20%	25%	40%	
Grant-2	1,66,842	20%	20%	20%	20%	20%
Grant-3	1,15,025	20%	20%	20%	20%	20%
Total	7,17,42,768					

The following share-based payment arrangements were in existence during the current year:

Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
ESOP 2019 - Original	3,70,00,403	August 08, 2019	August 07, 2020	August 07, 2025	35.00	17.25
		August 08, 2019	August 07, 2021	August 07, 2026	35.00	19.31
		August 08, 2019	August 07, 2022	August 07, 2027	35.00	21.13
		August 08, 2019	August 07, 2023	August 07, 2028	35.00	22.77
		August 08, 2019	August 07, 2024	August 07, 2029	35.00	24.24
ESOP 2019 - Additional	37,98,697	December 4, 2019	December 12, 2020	December 12, 2025	35.00	17.25
		December 4, 2019	December 12, 2021	December 12, 2026	35.00	19.31
ESOP 2019 - Senior Hire	3,04,549	November 02, 2020	November 02, 2021	November 01, 2026	30.75	11.78
		November 02, 2020	November 02, 2022	November 01, 2027	30.75	13.08
		November 02, 2020	November 02, 2023	November 01, 2028	30.75	14.81
		November 02, 2020	November 02, 2024	November 01, 2029	30.75	16.03
		November 02, 2020	November 02, 2025	November 01, 2030	30.75	16.83
ESOP 2019 (Senior Hire) Additional	1,99,949	August 23, 2021	August 23, 2022	August 23, 2027	19.7	7.81
		August 23, 2021	August 23, 2023	August 23, 2028	19.7	8.52
		August 23, 2021	August 23, 2024	August 23, 2029	19.7	9.71
		August 23, 2021	August 23, 2025	August 23, 2030	19.7	10.26
		August 23, 2021	August 23, 2026	August 23, 2031	19.7	10.91
ESOP 2019 Additional Grant	3,01,57,303	August 01, 2021	August 01, 2023	August 01, 2028	19.95	5.26
		August 01, 2021	August 01, 2024	August 01, 2029	19.95	7.20
		August 01, 2021	August 01, 2025	August 01, 2030	19.95	8.90
		August 01, 2021	August 01, 2026	August 01, 2031	19.95	9.77
ESOP 2019 (Senior Hire) Additional Grant-2	1,66,842	January 05, 2022	January 05, 2023	January 05, 2028	19.05	7.65
		January 05, 2022	January 05, 2024	January 05, 2029	19.05	8.29
		January 05, 2022	January 05, 2025	January 05, 2030	19.05	8.92
		January 05, 2022	January 05, 2026	January 05, 2031	19.05	9.93
		January 05, 2022	January 05, 2027	January 05, 2032	19.05	10.50
ESOP 2019 (Senior Hire) Additional Grant-3	1,15,025	March 23, 2022	March 23, 2024	March 23, 2029	16.6	7.65
		March 23, 2022	March 23, 2025	March 23, 2030	16.6	8.29
		March 23, 2022	March 23, 2026	March 23, 2031	16.6	8.92
		March 23, 2022	March 23, 2027	March 23, 2032	16.6	9.93
		March 23, 2022	March 23, 2028	March 23, 2033	16.6	10.5
Total	7,17,42,768					

33(A)(2) Fair value of share options granted in the year

The weighted average fair value of the share options granted during the FY 2021-22 is 15.75 and for FY 2020-21 is 14.51. Options were calculated using Black and Scholes Model. Vested ESOPs can be exercised within five years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date. The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. Volatility of comparable Banks have been considered for the purposes of valuation.

Inputs considered for calculating options fair value are as follows:

Particulars	ESOP 2019				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	40.76	40.76	40.76	40.76	40.76
Exercise price	35	35	35	35	35
Expected volatility	40.08%	40.08%	40.08%	40.08%	40.08%
Option life	3.5	4.5	5.5	6.5	7.5
Risk-free interest rate	5.75%	5.90%	6.03%	6.13%	6.22%

Particulars	ESOP 2019 - Senior Hire				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	30.75	30.75	30.75	30.75	30.75
Exercise price	30.75	30.75	30.75	30.75	30.75
Expected volatility	43.50%	41.93%	43.29%	43.12%	41.66%
Option life	3.5	4.5	5.5	6.5	7.5
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%

Particulars	ESOP 2019 (Senior Hire) Additional				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	18.45	18.45	18.45	18.45	18.45
Exercise price	19.7	19.7	19.7	19.7	19.7
Expected volatility	45.64%	43.01%	44.95%	43.07%	42.58%
Option life	3.54	4.54	5.54	6.54	7.54
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%

Particulars	ESOP 2019 Additional Grant			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date share price	29	29	29	29
Exercise price	19.95	19.95	19.95	19.95
Expected volatility	42.48%	44.97%	47.17%	44.18%
Option life	1.34	2.34	3.34	4.34
Risk-free interest rate	4.35%	4.95%	5.41%	5.78%

Particulars	ESOP 2019 (Senior Hire) Additional Grant-2				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	19.85	19.85	19.85	19.85	19.85
Exercise price	19.05	19.05	19.05	19.05	19.05
Expected volatility	46.95%	43.90%	41.83%	43.58%	42.73%
Option life	3.56	4.56	5.56	6.56	7.56
Risk-free interest rate	5.30%	5.30%	5.30%	5.30%	5.30%

Particulars	ESOP 2019 (Senior Hire) Additional Grant-3				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	16.55	16.55	16.55	16.55	16.55
Exercise price	16.6	16.6	16.6	16.6	16.6
Expected volatility	46.95%	43.90%	41.83%	43.58%	42.73%
Option life	3.56	4.56	5.56	6.56	7.56
Risk-free interest rate	5.30%	5.30%	5.30%	5.30%	5.30%

33(A)(3) Movements in share options issued

During the year ended March 31, 2022

Particulars (Nos.)	Options granted and outstanding as at beginning of year	Granted during the year	Exercised during the year	Forfeited/Expired during the year	Option exercisable at the end of the year
ESOP 2019 - Original	3,09,47,310			70,92,770	2,38,54,540
ESOP 2019 - Additional	37,98,697			37,98,697	-
ESOP 2019 - Senior Hire	3,04,549			2,39,383	65,166
ESOP 2019 (Senior Hire) Additional		1,99,949		34,264	1,65,685
ESOP 2019 Additional Grant		3,01,57,303		29,228	3,01,28,075
ESOP 2019 (Senior Hire) Additional Grant-2		1,66,842			1,66,842
ESOP 2019 (Senior Hire) Additional Grant-3		1,15,025			1,15,025
Total	3,50,50,556	3,06,39,119	-	1,11,94,342	5,44,95,333
Weighted average exercise price	34.96	19.93		34.82	26.54

UJJIVAN SMALL FINANCE BANK LIMITED

Notes to financial statements for the year ended March 31, 2022

During the year ended March 31, 2021

Particulars (Nos.)	Options granted and outstanding as at beginning of year	Granted during the year	Exercised during the year	Forfeited/Expired during the year	Option exercisable at the year end
ESOP 2019 - Original	3,42,77,160.00	-	61,967	32,67,883	3,09,47,310
ESOP 2019 - Additional	37,98,697.00	-	-	-	37,98,697
ESOP 2019 - Senior Hire	-	3,04,549	-	-	3,04,549
Total	3,80,75,857.00	3,04,549	61,967	32,67,883	3,50,50,556
Weighted average exercise price	35.00	30.75	35.00	35.00	34.96

33(A)(4) Share options exercised during the year

No options has been exercised during the year

61,967 options has been exercised out of the ESOPs granted under the ESOP Plan 2019 in 2020-21

33(A)(5) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of Rs 26.54 (PY - Rs 34.96) for ESOP 2019 scheme and a weighted average remaining contractual life of 6.59 Years (PY 6.24 Years).

33(A)(6) Expense arising from share based payment transaction recognized in Statement of profit or loss as employee benefit expense are as follows:

(Rs. in 000's)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Employee benefit expense	(16,039)	2,24,465

33(A)(7) ESOP arrangement with the Holding company (Ujjivan Financial Services Limited)

As per guidance note issued by ICAI on Share-based Payment , stock options have to be fair valued on the grant date and expense has to recognised over the vesting period. The Bank has accordingly determined the cost of the employee share-based payments considering the fair value principles, recognised the share based payment expense for all the unvested options as on date for the period starting from the grant date. Total 601,561 options granted to Holding Company employees for which Bank has decided to cross charge the stock compensation expense through related party transaction.

33(B) Employee Stock Purchase Scheme 2019 (ESPS):

The ESPS Scheme was approved by the Shareholders in the Extra-Ordinary General Meeting held on August 03, 2019. Under the ESPS 2019 scheme the employees of the Bank and of Ujjivan Financial Services Limited (UFSL) subscribed to 1,40,55,097 number of equity shares at a price of Rs 35 per equity share. During the year ended March 31, 2021, the Bank allotted 29,069 equity shares under ESPS 2019 on November 07, 2020 at price of Rs 35 per equity share.

34 Consequent to the outbreak of COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional post COVID 19 restrictions continue to be implemented in areas with a significant number of COVID-19 cases. India had experienced a "second wave" of the COVID-19 pandemic in Apr-May 2021 following the discovery of mutual variant , leading to the re-imposition of regional lockdowns. These were gradually lifited as the Second wave subsided. 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 activities. The disruptions following the outbreak, impacted loan originations and the efficiency in collection efforts resulting in increase in the number of customer defaults and consequently an increase in provisions there against.

India is emerging from the COVID-19 pandemic. The extent to which any new wave of COVID-19 will impact the Bank's operations and financial results will depend on ongoing as well as future developments, 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.

35 Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 are given below:

(A) Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 are given below:

(Rs in '000)

	(A)	(B)	(C)	(D)	(E)
Type of borrower	**Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year i.e., September30, 2021 (A)**	**Of (A), aggregate debt that slipped into NPA during the half-year ended March 31,2022**	**Of (A) amount written off during the half-year ended March 31, 2022**	**Of (A) amount paid by the borrowers during the half- year ended March 31-2022**	**Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year i.e., March 31, 2022**
Personal Loans	6,42,038	2,79,215	1,56,445	1,11,771	3,73,822
Corporate persons*					
Of which, MSMEs					
Others**	29,91,555	10,48,140	10,88,522	5,98,083	13,04,951
Total	**36,33,593**	**13,27,354**	**12,44,966**	**7,09,854**	**16,78,773**

(B) Details of Resolution Plan implemented under the RBI Resolution Framework 2.0 - Resolution of COVID-19 related stress of individual and small businesses dated May 5, 2021 are given below:

(Rs in '000)

Type of borrower	(A)		Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2022	Of (A) amount written off during the half-year ended March 31, 2022	Of (A) amount paid by the borrowers during the half- year ended March 31, 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year, i.e., March 31, 2022
	Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year, i.e., September 30, 2021 (A)	Addition - Exposure to accounts classified as Standard consequent to implementation of resolution plan, where applications received by September'21 (Position as on restructuring date)				
Personal Loans	12,77,341	16,123	2,18,462		4,09,402	8,84,062
Corporate persons*						
Of which MSMEs						
Others	45,40,448	13,742	5,43,108		17,82,194	27,71,996
Total	**58,17,789**	**29,865**	**7,61,570**		**21,91,596**	**36,56,058**

* As defined in section 3(7) of the Insolvency and Bankruptcy Code, 2016

** PSL status as of Mar'22 has been considered for reporting and hence there is a slight change in the opening value, i.e., "Exposure to accounts classified as Standard consequent to implementation of resolution plan– Position as at the end of the previous half-year i.e., September30, 2021 (A)"

36 Refund / adjustment of 'Interest on Interest'

In accordance with the instructions in the aforesaid RBI circular dated April 07, 2021, the Bank shall refund/ adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been circulated by the Indian Banks Association ('IBA'). Based on the methodology recommended by the IBA, the Bank has calculated the said amount to be refunded and accordingly reduced Rs 3.50 lakhs from the interest income for the year ended March 31, 2021. The same has been paid during the year ended 31st March 2022.

37 The Bank received a notice on March 16, 2021, regarding non-remittance of statutory Provident Fund (PF) dues on the applicable wage components from February 2017 until March 2019 amounting to Rs. 227,040 ('000). Bank has filed the initial responses to the PF Commissioner and contented that said notice does not have a stand based on definition of basic wages under EPF Act, 1952 and various case laws. However, due to ongoing pandemic the hearing has been adjourned until further notice.

The bank has made a provision during the FY 2021-22 for an amount of Rs. 227,040 ('000) as a matter of prudence, which was treated as contingent liability for the FY 2020-21.

38 Securitization Transaction

The details of Securitization deals outstanding as at March 31, 2022 and as at March 31, 2021 as below.

(Rs. in 000's)

Particulars			As on March 31, 2022	As on March 31, 2021
No. of SPEs holding assets for securitization transactions originated by the originator (only SPV relating to outstanding securitisation exposure to be reported here)			2	-
Total amount of securitized assets as per books of the SPEs sponsored by the Bank			25,25,883	-
Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet			-	-
a)	Off balance sheet exposures		-	-
	First loss		-	-
	Others		-	-
b)	On-balance sheet exposures		-	-
	First loss		2,52,588	-
	Others		-	-
Amount of exposures to securitization transactions other than MRR			-	-
a)	Off balance sheet exposures		-	-
	i)	Exposure to own securitizations	-	-
		First loss		-
		Loss	-	-
	ii)	Exposure to third party securitizations	-	-
		First loss	-	-
		Others	-	-
b)	On balance sheet exposures		-	-
	i)	Exposure to own securitizations	-	-
		First loss	75,776	-
		Others	-	-
	ii)	Exposure to third party securitizations	-	-
		First loss	-	-
		Others	-	-
Sale Consideration received for the securitised assets and gain/loss on sale on account of securitisation			24,50,106	-
Form and quantum (outstanding value) of services provided by way of credit enhancement, liquidity support, post-securitisation asset servicing, etc			-	-
Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.			-	
a) Amount paid			-	
b) Repayment received (Inclusive of Principle and interest)			62,914	
c) Outstanding amount			24,94,082	
Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e., RMBS, Vehicle loans etc.			-	-
Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans, etc.			NA	NA
Investor complaints (a) Directly/Indirectly received and; (b) Complaints outstanding			NA	NA

39 Dividend:

No dividend has been declared/paid during the financial year ended March 31, 2022 and March 31, 2021.

(Rs. in 000's)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
First Interim Preference Dividend of Rs. Nil (Previous year Rs. Nil)	-	-
Second Interim Preference Dividend of Rs. Nil (Previous year-Rs Nil)	-	-

40 Payment of DICGC Insurance premium

(Rs. in 000's)

Sl. No	Particulars	As on March 31, 2022	As on March 31, 2021
i)	Insurance premium	1,19,022	93,910
ii)	Arrears in Payment of Insurance premium	-	-

41 Marketing and distribution

There is no fees/remuneration received in respect of the marketing and distribution function(exclude bancassurance business) undertaken by the bank for current year and previous year.

42 In the normal course of business of banking, the Bank has borrowed funds from certain institutions in refinance of certain advances granted by it or for utilization for granting advances by it. In like manner, the Bank has advanced monies to certain NBFCs for granting loans by them to their customers. These are in addition to other banking business carried on by the Bank. Read with this, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries). The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

43 The Board of Directors of the Bank and UFSL have approved a scheme of amalgamation of the latter with the former in terms of Sections 230 to 232 of the Companies Act, 2013. In terms of the said scheme, UFSL will be amalgamated into and with the Bank and its assets, liabilities, contracts, employees, licenses, records and approvals will be transferred to and will be deemed to have been transferred to and vested in our Bank, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein. All the Key Managerial Personnel, and other employees of UFSL who are in such employment as on the Effective Date shall become, and be deemed to have become, the staff and employees of the Bank, without any break or interruption in their services and on the same terms and conditions (and which are not less favourable than those) on which they are engaged by UFSL as on the Effective Date. All proceedings by or against UFSL shall continue by or against the Bank. The appointed date under the said Scheme is February 01, 2022 or such other date as may be approved by the NCLT. In consideration of the proposed merger, the Bank will allot 115 (One hundred and Fifteen) equity shares each of Rs. 10/- for every 10 equity shares of Rs 10/- each held by its shareholders in UFSL. The shares held by UFSL in the Bank shall stand extinguished on the amalgamation taking effect. The Scheme is subject to the provisions of the Scheme document and receipt of the relevant regulatory and statutory approvals (including but not limited to NCLT) and in accordance with applicable law and the conditions prescribed by the SEBI and RBI.

44 Implementation of IFRS converged Indian Accounting Standards (IND AS)

Reserve Bank of India (RBI) through press release RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19, dated March 22, 2019, updated all Scheduled Commercial Banks that legislative amendments recommended by the RBI are under consideration of the Government of India. Accordingly, RBI had decided to defer the implementation of Ind AS till further notice. Bank is gearing itself to bring the necessary systems in place to facilitate the Proforma submission to RBI. With respect to various instructions from Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by the Bank are as follows:

1. Bank is in the process of Implementing changes required in existing IT architecture and other processes to enable smooth transition to Ind AS.
2. As directed by RBI, the Bank is submitting half yearly Proforma Ind AS financial statements to RBI within the stipulated timelines.
3. Training to the employees is imparted in phased manner
4. The Bank is currently preparing Special Purpose Ind AS Financials for the Holding company i.e. UFSL, for the purpose of consolidation.
5. The Bank will continue its preparedness towards adoption of Ind AS as per the regulatory requirement, and liaise with RBI and Industry Bodies on various aspects pertaining to Ind AS implementation.

45 Comparative Figures

Figures of the previous year have been regrouped/ reclassified wherever necessary to confirm to the current year's presentation.

Signature to Notes on Accounts

For B K Ramadhyani & Co LLP
Chartered Accountants
FRN: 002878S/ S200021

Mukund M Chitale & Co.
Chartered Accountants
FRN:106655W

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Vasuki H S
Partner
MN: 212013

Nilesh RS Joshi
Partner
M N.114749

Ittira Davis
DIN: 06442816
Managing Director & CEO

B A Prabhakar
DIN: 02101808
Independent Director

Rajni Mishra
DIN: 08386001
Independent Director

Sudha Suresh
DIN: 06480567
Independent Director

M.D.Ramesh Murthy
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Bengaluru
May 12, 2022

MSKA
& Associates
Chartered Accountants

602, Floor 6, Raheja Titanium
Western Express Highway, Geetanjali
Railway Colony, Ram Nagar, Goregaon (E)
Mumbai 400063, INDIA
Tel: +91 22 6831 1600

INDEPENDENT AUDITOR'S REPORT

To the Members of Ujjivan Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ujjivan Small Finance Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2021, the Profit and Loss Account, and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulations Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2021 and its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 34 of Schedule 18 to the financial statements, which describes that the extent to which the COVID-19 pandemic will continue to impact the Bank's operations and its financial statements will depend on ongoing and uncertain future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification of Non-Performing Assets ('NPA') and Provisioning on Advances Total Loans and Advances (Net of Provision) as on March 31, 2021: Rs. 14,493.95 crore Gross NPA as on March 31, 2021: Rs. 1,070.60 crore Provision for NPA as on March 31, 2021: Rs. 646.01 crore (Refer Schedule 9 and Schedule 18 (4.1) to the financial statement)	
Key Audit Matter	**How our audit addressed the key audit matter**
The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets.	Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring and recovery of loans, monitoring overdue/ stressed accounts,

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The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision. The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors. The provision against advances is based on criterias such as past due status, out of order status etc. The provisions in respect of such NPAs are made based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to minimum provisioning levels prescribed by the RBI and approved policy of the bank in this regard. In addition to this, for restructured accounts, provision is made for erosion/ diminution in fair value of restructured loans, in accordance with the RBI guidelines. Further, NPA classification is made borrower wise whereby if one facility of the borrower becomes an NPA then all facilities of such a borrower will be treated as an NPA. Additionally, the Bank makes provisions on exposures that are not classified as NPAs including identified advances or group advances that can potentially slip into NPA. These are classified as contingency provisions. The Management of the Bank also made an assessment of the impact on borrowers account due to Covid -19 pandemic and in line with the COVID 19 Regulatory Packages announced by the RBI in respect of moratorium and restructuring of advances as relief measures to the borrowers. Additionally, the Bank has considered the impact of judgment, on identification of NPA and provision thereof, which was vacated as per Honourable Supreme Court Order on March 23, 2021 and the RBI circular dated April 7, 2021 in that connection. Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit including possible observation by RBI which could result into disclosure in the financial statements, we have ascertained identification and provisioning for NPAs as a key audit matter.	identification of NPA, provision for NPA and valuation of security and collateral. Testing of Application controls include testing of automated controls, reports and system reconciliations. Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy. Performed other substantive procedures, included but not limited to the following: • For sample borrowers, assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per IRAC norms and Bank's Policy; • Selected samples of performing loan accounts to assess, independently, whether such loan accounts should be classified as NPA; • For selected samples, reviewed the collateral valuation performed by the Bank; • Considered the accounts reported by the Bank as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress; • For selected sample accounts, assessed independently whether such accounts can potentially be classified as NPA; • Performed inquiries with the credit and risk departments to ascertain if there were indicators of stress or occurrence of an event of default in a particular loan account or any product category or any particular region that warrants NPA assessment; • Selected samples for standard and overdue accounts to assess compliance with the RBI Circulars on 'COVID-19 – Regulatory Package' and 'COVID19 Regulatory Package - Asset Classification and Provisioning'; • Selected sample of accounts restructured under RBI Circulars on 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' and 'Resolution Framework for Covid-19-related Stress' to assess compliance with the RBI directions;

	• Selected sample of accounts not declared as NPA during the financial year on account of Honourable Supreme Court's interim order dated September 03, 2020 read with subsequent vacation of the interim order and RBI Circular on 'Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package' dated April 07, 2021 to ensure that the asset classification of borrower accounts has been laid in accordance with the extant RBI instructions; • Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information in the Annual Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and provisions of the Banking Regulation Act, 1949 and the circulars, guidelines and directions issued by the Reserve Bank of India from time to time (RBI Guidelines) as applicable to the Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management of the Bank.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021 and are therefore, the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.

2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;

    b. The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank.

    c. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purpose of our audit are available therein. However, during the course of our audit we visited 9 branches.

3. As required by Section 143(3) of the Act, we report that:

    a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

    c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant rules made thereunder to the extent they are not inconsistent with the accounting policies prescribed by RBI.

    e. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

    f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

    g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

       The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under section 197 of the Act do not apply; and

    h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12 and Schedule 18 (26.6) to the financial statements;

        ii. The Bank has made provision as at March 31, 2021, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Schedule 18 (26.6) to the financial statements. The Bank did not have any derivative contracts as at March 31, 2021;

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration Number: 105047W

Swapnil Kale

Swapnil Kale
Partner
Membership Number: 117812

UDIN: 21117812AAAAFI1531

Mumbai
May 18, 2021

UJJIVAN SMALL FINANCE BANK LIMITED
Balance Sheet as at March 31, 2021

(Rs. in 000's)

Particulars	Schedule	As at March 31, 2021	As at March 31, 2020
CAPITAL AND LIABILITIES			
Capital	1	1,92,83,142	1,92,82,232
Employees Stock Options and Purchase Outstanding	18(33)	4,37,235	2,14,193
Reserves and Surplus	2	1,24,67,143	1,23,80,829
Deposits	3	13,13,57,673	10,78,04,837
Borrowings	4	3,24,73,167	3,95,32,659
Other Liabilities and Provisions	5	77,86,180	48,97,688
TOTAL		**20,38,04,540**	**18,41,12,438**
ASSETS			
Cash and Balances with Reserve Bank of India	6	1,71,15,317	1,22,48,675
Balances with Banks and Money at Call and Short Notice	7	86,59,657	11,84,220
Investments	8	2,51,64,501	2,39,61,375
Advances	9	14,49,39,518	14,04,36,437
Fixed Assets	10	28,07,289	30,04,832
Other Assets	11	51,18,258	32,76,899
TOTAL		**20,38,04,540**	**18,41,12,438**
Contingent Liabilities	12	4,05,597	2,09,365
Bill for collection		-	-
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

The schedules referred to above form an integral part of the Balance sheet

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership No: 117812

Mumbai
May 18, 2021

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Nitin Chugh
DIN: 01884659
Managing Director & CEO

Mahadev Lakshminarayanan
DIN: 05003710
Independent Director

Umang Bedi
DIN: 02432920
Independent Director

Nandlal Laxminarayan Sarda
DIN: 00147782
Independent Director

Upma Goel
Chief Financial Officer

Chanchal Kumar
Company Secretary

Bengaluru

UJJIVAN SMALL FINANCE BANK LIMITED
Profit and Loss Account for the year ended March 31, 2021

(Rs. in 000's)

Particulars	Schedule	For the year ended March 31 2021	For the year ended March 31 2020
I. INCOME			
Interest Earned	13	2,80,60,656	2,70,35,987
Other Income	14	31,08,206	32,22,149
Total		**3,11,68,862**	**3,02,58,136**
II. EXPENDITURE			
Interest Expended	15	1,07,75,140	1,07,00,068
Operating Expenses	16	1,23,00,770	1,31,85,755
Provisions and Contingencies (Refer Schedule 18 (17))		80,09,983	28,73,127
Total		**3,10,85,893**	**2,67,58,950**
III. PROFIT			
Net profit for the year		82,969	34,99,186
Profit brought forward		36,20,115	11,83,626
Total		**37,03,084**	**46,82,812**
IV. APPROPRIATIONS			
Transfer to			
a) Statutory Reserves		20,742	8,74,797
b) Investment Reserve		-	-
c) Capital Reserve		1,93,271	
d) Interim Preference Dividend paid (includes tax on dividends)		-	1,32,611
e) Investment Fluctuation Reserve		52,829	55,289
f) Balance Carried over to Balance Sheet		34,36,242	36,20,115
Total		**37,03,084**	**46,82,812**
V. Earnings per Equity Share (Face value of Rs.10 per share)			
Basic (Rs) (Refer Schedule 18 (25))		0.05	2.19
Diluted (Rs) (Refer Schedule 18 (25))		0.05	2.18
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

The schedules referred to above form an integral part of the Profit and Loss Account.
The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership No: 117812

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Nitin Chugh
DIN: 01884659
Managing Director & CEO

Mahadev Lakshminarayanan
DIN: 05003710
Independent Director

Umang Bedi
DIN: 02432920
Independent Director

Nandlal Laxminarayan Sarda
DIN: 00147782
Independent Director

Upma Goel
Chief Financial Officer

Chanchal Kumar
Company Secretary

Mumbai
May 18, 2021

Bengaluru

UJJIVAN SMALL FINANCE BANK LIMITED
Cash Flow Statement for the year ended March 31, 2021

(Rs. in 000's)

Particulars	For the year ended March 31 2021	For the year ended March 31 2020
A. Cash Flow from Operating Activities		
Net Profit before taxation	**1,01,975**	**46,62,396**
Adjustments for :		
Depreciation on Bank's Property	7,68,006	7,26,290
Loss on sale of Land, Building & Other assets (net)	7,691	1,865
Expense on employee stock option	2,23,041	2,14,193
Expense on employee stock purchase	-	79,740
Fixed Assets Written off	-	879
Provision for Non Performing Assets	61,07,408	10,45,081
Provision for Standard Assets	18,82,215	6,64,129
Interest earned on fixed deposits	82,949	9,469
Profit on sale of Held-to-maturity (HTM) securities	5,09,157	13,959
Amortisation of premium on HTM securities	1,30,125	45,566
Operating Profit/(Loss) before Working Capital changes	**98,12,567**	**74,63,567**
Adjustments for :		
(Increase) in Advances	(1,06,10,490)	(3,59,56,968)
Decrease/(Increase) in Investments in other than HTM securities	46,22,717	(20,78,655)
Decrease/(Increase) in Other Assets	2,72,845	(3,69,019)
Increase in Deposits	2,35,52,836	3,40,10,429
Increase in Other Liabilities	10,06,277	4,62,905
	2,86,56,752	**35,32,259**
Direct Taxes paid (net of funds)	(20,89,966)	(11,15,046)
Net Cash Flow generated from Operating Activities (A)	**2,65,66,786**	**24,17,213**
B. Cash Flow from Investing Activities		
Proceeds from sale of Fixed Assets	3,238	5,906
Purchase of Fixed Assets including work in progress	(5,81,392)	(8,95,277)
Investment in HTM securities (Net)	(64,65,125)	(66,76,023)
Deposits created with Banks and financial institutions	(65,21,192)	-
Net Cash Flow used in Investing Activities (B)	**(1,35,64,471)**	**(75,65,394)**
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares (net of issue expenses)	4,255	1,00,20,451
Decrease in Borrowings (Net)	(70,59,492)	(21,28,241)
Preference dividend paid during the year	-	(1,10,000)
Dividend distribution tax paid during the year	-	(22,611)
Net Cash Flow generated from/(used in) Financing Activities (C)	**(70,55,237)**	**77,59,599**
Net Increase in Cash and Cash Equivalents (A+B+C)	**59,47,078**	**26,11,418**
Cash and Cash Equivalents at the beginning of the year	1,33,87,896	1,07,76,478
Cash and Cash Equivalents at the end of the year	**1,93,34,974**	**1,33,87,896**

Notes:

1. The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Sec.133 of the Companies act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
2. Cash and cash equivalents comprises of Cash & Balances with RBI (Schedule 6) and Balances with Banks and Money at Call and Short Notice (Schedule 7) with balances having original maturity of less than three months.
3. Figures in bracket indicate cash outflow.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership No: 117812

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Nitin Chugh
DIN: 01884659
Managing Director & CEO

Mahadev Lakshminarayanan
DIN: 05003710
Independent Director

Umang Bedi
DIN: 02432920
Independent Director

Nandlal Laxminarayan Sarda
DIN: 00147782
Independent Director

Upma Goel
Chief Financial Officer

Chanchal Kumar
Company Secretary

Mumbai
May 18, 2021

Bengaluru

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2021

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE -1 CAPITAL		
Authorized Capital		
2,300,000,000 Equity Shares of Rs.10 each	2,30,00,000	2,30,00,000
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of Rs 10 each	20,00,000	20,00,000
Issued, Subscribed and Called up Capital		
1,728,314,205 (Previous Year: 1,728,223,169) Equity Shares of Rs.10 each	1,72,83,142	1,72,82,232
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of Rs 10 each	20,00,000	20,00,000
	1,92,83,142	**1,92,82,232**
Paid up Capital		
1,728,314,205 (Previous Year: 1,728,223,169) Equity Shares of Rs.10 each	1,72,83,142	1,72,82,232
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of Rs 10 each	20,00,000	20,00,000
TOTAL	**1,92,83,142**	**1,92,82,232**
SCHEDULE -2 RESERVES AND SURPLUS		
I) Statutory Reserves		
Opening balance	13,90,084	5,15,287
Additions during the year	20,742	8,74,797
Deductions during the year	-	-
Closing balance	**14,10,826**	**13,90,084**
II) Share Premium		
Opening balance	72,18,328	-
Additions during the year	3,345	76,50,482
Deductions during the year	-	(4,32,154)
Closing balance	**72,21,673**	**72,18,328**
III) Capital Reserve		
Opening balance	-	-
Additions during the year	1,93,271	-
Deductions during the year	-	-
Closing balance	**1,93,271**	**-**
IV) Investment Fluctuation Reserve		
Opening balance	1,52,302	97,013
Additions during the year	52,829	55,289
Deductions during the year	-	-
Closing balance	**2,05,131**	**1,52,302**
V) Balance of Profit and Loss Account	34,36,242	36,20,115
TOTAL (I + II + III)	**1,24,67,143**	**1,23,80,829**

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2021

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE -3 DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	1,94,765	80,644
(ii) From Others	42,34,007	22,03,811
II. Savings Bank Deposits	2,25,66,494	1,23,09,920
III. Term Deposits		
(i) From Banks	4,36,27,125	3,85,64,683
(ii) From Others	6,07,35,282	5,46,45,779
TOTAL (I + II + III)	**13,13,57,673**	**10,78,04,837**
B. Deposits of branches		
I. In India	13,13,57,673	10,78,04,837
II. Outside India	-	-
TOTAL (I + II)	**13,13,57,673**	**10,78,04,837**
SCHEDULE -4 BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	13,80,000	28,20,000
(ii) Other Banks	-	41,50,000
(iii) Other Institutions and Agencies	3,10,93,167	3,25,62,659
(iv) Non-Convertible Redeemable Debenture	-	-
TOTAL	**3,24,73,167**	**3,95,32,659**
II. Borrowings Outside India	-	-
TOTAL (I + II)	**3,24,73,167**	**3,95,32,659**
Secured borrowings included in I and II above	**16,11,900**	**32,81,300**
SCHEDULE -5 OTHER LIABILITIES AND PROVISIONS		
(i) Bills payable	19,64,421	4,81,135
(ii) Inter-Office Adjustments (net)	-	-
(iii) Interest Accrued	11,73,145	14,52,901
(iv) Standard asset-General Provisions (Refer Schedule 18 (4.3))	30,85,498	12,03,283
(v) Others (including provisions)	15,63,116	17,60,369
TOTAL	**77,86,180**	**48,97,688**

UJJIVAN SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2021

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE -6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (including Cash at ATM)	18,23,476	19,82,018
II. Balances with Reserve Bank of India		
(i) In Current Account	24,71,841	19,96,657
(ii) In Other Accounts (Including Reverse Repo)	1,28,20,000	82,70,000
TOTAL (I + II)	**1,71,15,317**	**1,22,48,675**
SCHEDULE -7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with Banks		
(a) in Current Accounts	2,19,657	1,39,220
(b) in Other Deposit Accounts*	64,40,000	45,000
(ii) Money at Call and Short Notice		
(a) with Banks	20,00,000	10,00,000
(b) with Other Institutions	-	-
TOTAL	**86,59,657**	**11,84,220**
II. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
TOTAL	**-**	**-**
TOTAL (I+II)	**86,59,657**	**11,84,220**
*It includes Fixed Deposits of Current Year :Rs Nil (Previous Year: Rs.45,000 (in 000's)) held under lien.		
SCHEDULE -8 INVESTMENTS		
I. Investments in India in (Refer Schedule 18 (2))		
(i) Government Securities	2,41,90,763	2,39,60,375
(ii) Other approved Securities	-	-
(iii) Shares	1,002	1,000
(iv) Debentures and Bonds	-	-
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others	9,72,736	-
TOTAL	**2,51,64,501**	**2,39,61,375**
II. Investments Outside India in		
(i) Government Securities (Including local authorities)	-	-
(ii) Subsidiaries and/or Joint Ventures abroad	-	-
(iii) Other Investments	-	-
TOTAL	**-**	**-**
TOTAL (I+II)	**2,51,64,501**	**2,39,61,375**
III. Gross Value of Investments	**2,51,64,501**	**2,39,61,375**
Less: Provision for depreciation	-	**-**
Net value of investments	**2,51,64,501**	**2,39,61,375**

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2021

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
SCHEDULE -9 ADVANCES		
A (i) Bills Purchased and Discounted	-	-
(ii) Cash Credits, Overdrafts and Loans repayable on demand	1,11,33,593	1,25,80,396
(iii) Term Loans	13,38,05,925	12,78,56,041
TOTAL	**14,49,39,518**	**14,04,36,437**
B (i) Secured by Tangible Assets	3,96,84,726	3,06,71,278
(ii) Covered by Bank/Government Guarantees	5,64,961	-
(iii) Unsecured (Refer Schedule 18 (4.6))	10,46,89,831	10,97,65,159
TOTAL	**14,49,39,518**	**14,04,36,437**
C I. Advances in India		
(i) Priority Sectors	7,92,63,674	7,68,31,091
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	6,56,75,844	6,36,05,346
TOTAL	**14,49,39,518**	**14,04,36,437**
II. Advances Outside India	-	-
TOTAL	**-**	**-**
TOTAL (I+II)	**14,49,39,518**	**14,04,36,437**
SCHEDULE -10 FIXED ASSETS		
I. Premises	-	-
II. Other Fixed Assets (Including Furniture and Fixtures) (Refer Schedule 18 (26.4 & 26.5))		
At cost as at the beginning of the year	47,35,613	40,67,544
Additions during the year	7,40,549	7,09,370
Deductions during the year	(27,930)	(41,301)
Depreciation to date	(26,88,815)	(19,36,913)
TOTAL	**27,59,417**	**27,98,700**
III. Capital Work In Progress (Including Capital Advances)	47,872	2,06,132
TOTAL (I+II+III)	**28,07,289**	**30,04,832**

UJJIVAN SMALL FINANCE BANK LIMITED Schedules forming part of the Balance Sheet as at March 31, 2021		
		(Rs. in 000's)
Particulars	**As at March 31, 2021**	**As at March 31, 2020**
SCHEDULE -11 OTHER ASSETS		
(i) Inter Office Adjustment (net)	-	-
(ii) Interest Accrued	16,57,571	19,44,935
(iii) Tax paid in Advance / Tax Deducted at Source (Net of provision for tax) .	4,70,740	27,950
(iv) Stationery and Stamps	-	-
(v) Non-banking assets acquired in satisfaction of claims	-	-
(iv) Others (including Deferred Tax Assets)	29,89,947	13,04,014
TOTAL	**51,18,258**	**32,76,899**
SCHEDULE - 12 CONTINGENT LIABILITIES (Refer Schedule 18 (26.6))		
(i) Claims against the Bank not acknowledged as debts	2,45,825	5,533
(ii) Liability for partly paid Investments	-	-
(iii) Liability on account of Outstanding Forward Exchange Contracts	-	-
(iv) Guarantees given on behalf of Constituents		
(a) In India	2,500	47,500
(b) Outside India	-	-
(v) Acceptances, Endorsements and Other Obligations	-	-
(vi) Other items for which the Bank is contingently liable - Capital commitments not provided/Others	1,57,272	1,56,332
TOTAL	**4,05,597**	**2,09,365**

UJJIVAN SMALL FINANCE BANK LIMITED Schedules forming part of the Profit and Loss Account for the year ended March 31, 2021 *(Rs. in 000's)*		
Particulars	**For the year ended March 31 2021**	**For the year ended March 31 2020**
SCHEDULE -13 INTEREST EARNED		
(i) Interest /Discount on Advance/bills	2,60,03,790	2,55,17,143
(ii) Income on Investments	17,29,761	13,86,983
(iii) Interest on Balances With Reserve Bank of India and Other inter-bank funds	3,27,105	77,258
(iv) Others (Interest income on securitisation)	-	54,603
TOTAL	**2,80,60,656**	**2,70,35,987**
SCHEDULE- 14 OTHER INCOME		
(i) Commission, Exchange and Brokerage	15,62,547	21,27,069
(ii) Profit on Sale of Investments (net)	5,59,462	55,289
(iii) (Loss) on Revaluation of Investments	-	-
(iv) (Loss) on sale of Land, Building and Other Assets (net)	(7,691)	(1,865)
(v) Profit on Exchange Transactions (net)	-	-
(vi) Income earned by way of Dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India	-	-
(vii) Miscellaneous Income	9,93,888	10,41,656
Total	**31,08,206**	**32,22,149**
SCHEDULE- 15 INTEREST EXPENDED		
(i) Interest on Deposits	78,11,810	73,18,917
(ii) Interest on Reserve Bank of India/ Inter-Bank Borrowings	2,64,148	4,19,760
(iii) Others	26,99,182	29,61,391
TOTAL	**1,07,75,140**	**1,07,00,068**
SCHEDULE -16 OPERATING EXPENSES		
(i) Payments to and Provision for Employees	74,87,805	71,84,885
(ii) Rent, Taxes and Lighting (including operating lease rentals)	9,05,911	14,25,290
(iii) Printing and Stationery	1,31,210	2,54,226
(iv) Advertisement and Publicity	50,944	2,03,075
(v) Depreciation on Banks Property	7,68,006	7,26,290
(vi) Director's Fees, Allowances and Expenses	13,504	14,610
(vii) Auditors' Fees and Expenses (Refer Schedule 18 (32))	9,401	8,670
(viii) Law Charges	29,251	63,436
(ix) Postages, Telegrams, Telephones etc.	3,07,339	3,41,631
(x) Repairs and Maintenance	7,45,227	7,49,181
(xi) Insurance	1,06,830	69,815
(xii) Other Expenditure	17,45,342	21,44,646
TOTAL	**1,23,00,770**	**1,31,85,755**

Schedule 17

1 CORPORATE INFORMATION

Ujjivan Small Finance Bank Limited (USFB) is a mass market focused bank in India, catering to financially unserved and underserved segments and committed to building financial inclusion in the country. Ujjivan Small Finance Bank has a diversified portfolio with branches spread across 24 states and union territories. Apart from the network of branches, ATMs and Automated Cash Recyclers, Bank has phone banking unit that services customers in nine languages, a mobile banking application that is accessible in five languages as well as internet banking facility for individual and corporate customers. The Bank also has portfolio of loans to Financial Institutions.

It started its operations as Ujjivan Financial Services Limited (UFSL), a Non-Banking Financial Company in 2005 with the mission to provide a full range of financial services to the ‘economically active poor’ who were not adequately served by financial institutions. In 2015, the Reserve Bank of India (RBI) licenced the Small Finance Banks - a new category of specialised banks to serve the financially unserved and underserved population, especially the micro-enterprises, workers and small and marginal farmers.

On November 11, 2016, UFSL received a banking licence from RBI to carry out Small Finance Bank business in India. The Bank took over the business of UFSL and started its operations on February 01, 2017, Scheduled Bank status has been accorded by Reserve Bank of India vide Notification: DBR.PSBD.No. 467/16.02.006/2017-2018 published in the Gazette of India on August 25, 2017. The Bank has its Registered Office and Corporate Office in Bengaluru and Regional Offices in Noida, Kolkata, Bengaluru and Pune. The Bank operates in India and does not have a branch in any foreign country.

2 BASIS OF PREPARATION

The accompanying financial statements have been prepared under the historical cost convention and on accrual basis except where otherwise stated, and in compliance with the Generally Accepted Accounting Principles ("GAAP") in India and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) head with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India. The financial statements are presented in Indian Rupees rounded off to the nearest thousands unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liability) and the reported income and expenses during the period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and the differences between the actual results and the estimates are recognized prospectively in which the results are known/material.

3.2 PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, Plant and Equipment, Capital work in Progress are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on PPE after its purchase is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Any trade discounts and rebates are deducted in arriving at the purchase price. Such costs includes the cost of replacing the part of the plant and equipment. When significant parts of the plant and equipment are required to be replaced at intervals, the Bank depreciates them separately based on its specific useful lives. Assets under development as on the balance sheet date are shown as Capital Work in Progress. Advance paid towards such development are shown as capital advance.

Depreciable amount for PPE is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on PPE has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortised over the duration of the lease. 'Point of Sale' terminals are fully depreciated in the year of purchase.
The useful life being followed by the Bank as prescribed in Schedule II to the Companies Act, 2013 is as follows:

Asset	Estimated Useful Life as specified under Schedule II of the Companies Act, 2013 (years)
Computer	3
Furniture and Fittings	10
Office Equipment	5
Motor Vehicle	8
Server	6
Software	6

PPE purchased/sold during the year are depreciated on a pro-rata basis.
PPE costing less than Rs. 5,000 each are fully depreciated in the year of purchase.

The salvage value considered for computing depreciation is as per Schedule II of Companies Act, 2013 (i.e 5% of Cost) except for Software and Lease hold assets.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Profit and Loss Account.

Gains or losses arising from disposal or retirement of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" as Profit/(Loss) on sale of PPE, as the case maybe, in the Profit and Loss Account in the year of disposal or retirement.

PPE held for sale is valued at lower of their carrying amount and net realizable value, any write-down is recognized in the Profit and Loss Account.

3.3 INTANGIBLE ASSETS

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Bank uses a rebuttable resumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Software with perpetual license and system development expenditure, if any, is amortised over an estimated economic useful life of 5 years or license period, whichever is lower.

The amortization period and the amortization method are reviewed at least at the Balance Sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

3.4 IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at the Balance Sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case, any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account.

3.5 INVESTMENTS

Classification and Valuation of the Bank's Investments are carried out in accordance with RBI guidelines on Investment Classification and Valuation which are as follows:

Categorisation of Investments:

The Bank classifies its Investment at the time of purchase into one of the following three categories:
(i) Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.
(ii) Held for Trading (HFT) – Securities acquired with the intention to trade.
(iii) Available for Sale (AFS) – Securities which do not fall within the above two categories.
Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

Classification of Investments:

For the purpose of disclosure in the Balance Sheet, Investments in india are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures and (vi) Other Investments.

Investments outside india are classified under three groups viz., (i) Government Securities (Including local authorities), (ii) Subsidiaries and/or Joint Ventures abroad and (iii) Other Investments

Purchase and sale transactions in securities are recorded under 'Settlement Date' accounting, except in the case of equity shares where 'Trade Date' accounting is followed.

Schedule 17

Basis of Classification:
Investments that are held principally for sale within 90 days from the date of purchase are classified under HFT category.
Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in the above categories are classified under AFS category

Acquisition cost:
(i) Broken period interest on debt instruments is treated as a receivable at the time of acquisition and post acqusition broken period interest treated as a revenue item.
(ii) Brokerage, commission, etc. pertaining to Investments, paid at the time of acquisition is charged to the Profit and Loss Account.
(iii) Cost of Investments is computed based on the weighted average cost method.

Transfer between categories:
Transfer between categories is done at the lower of the acquisition cost/book value/market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

Valuation of Investments:
(i) Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on Investments (Item ii of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each Investment individually.

(ii) Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

(iii) Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

(iv) Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA).

(v) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.

(vi) Purchase and sale transaction in securities are recorded under Settlement Date method of accounting, except in the case of the equity shares where Trade Date method of accounting is followed.

(vii) Provision for non-performing Investments is made in conformity with RBI guidelines.

(viii) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

(ix) Unquoted equity shares are valued at their break-up value. If latest Balance sheet is not available then unquoted equity share is valued at Rs. 1 per share.

(x) Units of the scheme of Mutual Funds are valued at the lower of cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.

(xi) In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

Disposal of Investments:
Profit / Loss on sale of Investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of Investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines.

Repurchase and reverse repurchase transactions:

In accordance with the RBI guidelines, repurchase (Repo) and reverse repurchase (Reverse Repo) transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

Investment Fluctuation Reserve:
As per the RBI circular RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following:
a) net profit on sale of investments during the year;
b) net profit for the year less mandatory appropriations.
This reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis and where feasible this should be achieved within a period of three year.

Schedule 17

3.6 ADVANCES

Advances are classified as Performing Advances (Standard) and Non- Performing Advances (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further NPAs are classified into sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision and Inter Bank Participating Certificates (IBPC) with risk sharing issued.

The bank transfers Advances through Inter- Bank Participation with and without risk, which are accounted for in accordance with the RBI guidelines, as follows. In the case of participation with risk, the aggregate amount of participation transferred out of the Bank is reduced from Advances; and participations transferred in to the Bank are classified under Advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings; and where the bank is participating in, the aggregate amount of participation is shown as due from banks under Advances.

Provisioning:

Specific provisions for Non- Performing Advances and floating provisions are made in conformity with the RBI guidelines. In addition the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

A general provision on standard assets is made in accordance with RBI guidelines or as per provisioning policy of the bank whichever is higher. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

Floating Provisions:

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors In accordance with the RBI guidelines, floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per these guidelines or any regulatory guidance / instructions. Floating provisions, if any, are shown under "Other liabilities and Provisions" (Schedule 5).

Advances exclude derecognised securitised Advances.

Amounts recovered during the period against bad debts written off in earlier periods are credited to the Profit and Loss Account and included in Other Income.

Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss Account to the extent such provisions were charged to the Profit and Loss Account.

For restructured/rescheduled assets, provision is made in accordance with guidelines issued by RBI which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.

Recording and Presentation

Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created is netted against gross amount of Advance. Provision held against an individual account is adjusted against account balance at individual level only at the time of write-off / settlement of the account. Provision made against standard assets in accordance with the RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

Securitisation transactions and direct assignments:

The Bank transfers its loan receivables through Direct Assignment and IBPC route as well as transfer to Special Purpose Vehicle (SPV).

The Securitisation transactions are without recourse to the Bank. The transferred loans and such securitised receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains/losses are recognised only If the Bank surrenders the rights to the benefits specified in the loan contracts.

Profit / premium arising at the time of securitisation / assignment of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognised in the statement of profit and loss net of any losses when redeemed in cash.

Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio.

Priority Sector Lending Certificates (PSLCs):

The Bank enters into transactions for the sale of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income'.

Schedule 17

3.7 REVENUE RECOGNITION

Interest income on Loans, Advances and Investments (including deposits with Banks and other institutions) are recognized in the Profit and Loss Account on accrual basis, except in the case of Non- Performing Assets and minimum retention requirement (MRR) portion of Securitized loans. Interest Income on Non- Performing Assets is recognized upon realization as per the prudential norms of the RBI.

Revenues from loan documentation charges are recognized upfront when it become due, except in cases where the Bank is uncertain of its ultimate collection.

Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a constant Yield to Maturity method.

Profit / premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the Profit and Loss Account net of any losses when redeemed in cash in line with the relevant Reserve Bank of India guidelines.
Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Fees received on sale of Priority lending certificates is recognised upront in the Profit and Loss Account.

3.8 EMPLOYEE BENEFITS

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity: Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service.
The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the period is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

Compensated Absences: Provision for compensated absences is made on the basis of actuarial valuation as on the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

Short term Employee benefits:
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:
(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

Long term Employee benefits:
The Bank accrues the liability for compensated absences based on the actuarial valuation as on the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as on the Balance Sheet date. Actuarial gains / losses are recognised in the Profit and Loss Account in the period in which they arise.

Employee Stock Option Plan (ESOP)
In accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the fair value method. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Schedule 18 (33). The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity -settled employee benefits reserve.
The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to Profit & Loss Account.

Schedule 17

Employee Stock Purchase Scheme (ESPS)

ESPS is a contractual promise that permits an employee to acquire an employer's stock at a future date under the terms and conditions established on the grant date. The fair value of the entire purchase discount represents employee compensation. The compensation expense will be the difference between the value of the stock on the date of shareholder approval and the purchase/Exercise price for that offering.

3.9 LEASES

Lease arrangements where risk and rewards incidental to ownership of an assets substantially vest with the lessor are recognised as operating leases.

Lease rentals under operating lease are charged to the Profit and Loss Account on straight line basis over the lease term in accordance with AS-19, Leases.

3.10 SEGMENT REPORTING

In accordance with guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007 and Accounting Standard 17 (AS-17) on "Segment Reporting", the Banks' business has been segregated into Treasury, Retail Banking and Corporate/ Wholesale Segments.

Segment revenues consist of earnings from external customers and inter-segment revenues based on a transfer pricing mechanism. Segment expenses consist of interest expenses including allocated operating expenses and provisions. Segment results are net of segment revenues and segment expenses.

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth, proposed dividend and dividend tax thereon.

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

3.11 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as on the end of the period except when its results are anti-dilutive.

3.12 TAXES ON INCOME

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there are unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the Bank will pay normal income tax during specified period. The year in which the MAT credit becomes eligible, it is to be recognized as an asset. In accordance with the recommendation contained in the guidance note issued by the Institute of Chartered Accountants of India (the "ICAI"), said asset is created by way of credit/reversal of provisions to Profit and Loss Account and included as MAT Credit Entitlements in other assets. The bank reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that bank will pay normal Income Tax during the specified period.

3.13 PROVISIONS AND CONTINGENCIES

A provision is recognized when there is an present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

i) a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or

ii) a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets, if any, are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

3.14 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents includes cash in hand (including balance in ATM), balances with RBI, balances with other Banks and money at call and short notice. Cash and Cash Equivalents for the purpose of Cash Flow Statement comprises of Cash at Bank and in hand and short term Investments with an original maturity of less than three months.

3.15 PROPOSED DIVIDEND

Proposed dividend / declared after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is declared.

3.16 TRANSACTIONS INVOLVING FOREIGN EXCHANGE

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transfer.

Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.

Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the year in which they arise.

Schedule 18

1 Capital

1.1 Capital Infusion

During the year ended March 31, 2021, the Bank allotted 29,069 equity shares under Employee Stock Purchase Scheme (ESPS) 2019 and 61,967 equity shares pursuant to the exercise of options under the approved Employee Stock Option Plan (ESOP) 2019.

During the year ended March 31, 2020, the Bank successfully raised capital of Rs 745.94 crores through Initial Public Offer by issuing 20,27,02,702 equity shares of Rs 10/-each and Rs 250 crores through private placement by issuing 7,14,28,570 equity shares of Rs 10 each at premium ranging from Rs 25 to Rs 27. The equity shares of the Bank got listed on December 12, 2019 on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Bank has also allotted 1,40,55,097 equity shares to eligible employees (including employees of Ujjivan Financial Services Limited "holding company") under Employee Stock Purchase Scheme (ESPS) 2019 at a price of Rs 35 per equity share including premium of Rs 25.

1.2 Capital Adequacy Ratio

The Bank computes its Capital Adequacy Ratio as per New Capital Adequacy Framework- BASEL-II and Operating Guidelines for Small Finance Banks (issued by RBI on October 06, 2016)

Under New Capital Adequacy Framework and Operating Guidelines for Small Finance Bank issued on October 06, 2016, the Bank has to maintain a Minimum Total Capital of 15% of the Credit risk weighted assets (Credit RWA) on an on-going basis. Out of the Minimum Total Capital, at least 7.5% shall be from Minimum Tier I Capital of which common equity Tier I capital shall be 6% and 1.50% from additional Tier I capital and remaining Tier II Capital shall be 7.5%. Further as per RBI's directions given in the circular DBR.NBD.No. 4502/16.13.218/2017-18, dated November 8, 2017, no separate risk charge has been calculated for Market Risk and Operational Risk for capital ratios.

The capital adequacy ratio of the Bank is set out below: ***(Rs. in 000's)***

Particulars	As at March 31, 2021	As at March 31, 2020
Common Equity Tier I Capital Ratio (as a percentage of Credit RWA)	23.32%	26.16%
Tier I Capital Ratio (as a percentage of Credit RWA)	25.06%	28.01%
Tier II Capital Ratio (as a percentage of Credit RWA)	1.38%	0.80%
Total Capital to Risk weighted asset Ratio (CRAR) (as a percentage of Credit RWA)	**26.44%**	**28.82%**
Total Credit to Risk weighted assets	11,41,99,553	10,77,45,729
Amount of equity capital raised	910	28,81,864
Amount of Additional Tier -I Capital Raised; of which		
Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
Amount of Tier II Capital raised; of which		
Debt Capital Instrument	-	-

1A Reserves and Surplus

Statutory Reserve

The Bank has made an appropriation of Rs 20,742 ('000) (PY: Rs 874,797 ('000)) out of profits for the year ended March 31, 2021 to the Statutory Reserve pursuant to the requirments of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Capital Reserve

During the year ended March 31, 2021 the Bank appropriated Rs 193,271 ('000) (PY: Rs Nil), being the profit from sale of Investments under HTM category, net of taxes and transfer to statutory reserve, from the Profit and Loss Account to the Capital Reserve

Investment Fluctuation Reserve (IFR)

In accordance with RBI guidelines, Banks are required to create an IFR equivalent to 2% of their HFT and AFS invetsment portfolios, within a period of three years starting fiscal 2019. Accordingly, during the year ended March 31, 2021, the Bank has made an appropriation of Rs 52,829('000) (PY: Rs 55,289 ('000)), to the Investment Fluctuation Reserve from the Profit or Loss Account.

Draw down from reserves

Share Premium

The Bank has not undertaken any drawdawn from share premium during the year ended March 31, 2021 and March 31, 2020 except that during year ended March 31, 2020, share issue expenses of Rs 432,154 ('000), incurred for the equity raised through IPO, had been adjusted against the share premium account in terms of section 52 of the Companies Act, 2013.

2 Investments

2.1 Details of Investments

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Value of Investments		
(i) Gross Value of Investments		
(a) In India	2,51,64,501	2,39,61,375
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	2,51,64,501	2,39,61,375
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / (write-back) of excess provisions during the year	-	-
(iv) Closing balance	-	-

Schedule 18

2.2 Category wise details of Investments (Net of provision for depreciation):

(Rs. in 000's)

Particulars	As at March 31, 2021 HTM	AFS	HFT
i) Government securities	2,20,27,759	21,63,004	-
ii) Other approved securities	-	-	-
iii) Shares	-	1,002	-
iv) Debentures and bonds	-	-	-
v) Subsidiaries and /or Joint Ventures	-	-	-
vi) Others -Security receipts, pass through certificates, mutual fund etc.	-	9,72,736	-
Total	2,20,27,759	31,36,742	-

Particulars	As at March 31, 2020 HTM	AFS	HFT
i) Government securities	1,62,01,916	77,58,459	-
ii) Other approved securities	-	-	-
iii) Shares	-	1,000	-
iv) Debentures and bonds	-	-	-
v) Subsidiaries and /or Joint Ventures	-	-	-
vi) Others -Security receipts, pass through certificates, mutual fund etc.	-	-	-
Total	1,62,01,916	77,59,459	-

2.3 Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2021:

(Rs. in 000's)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as at March 31, 2021
Securities sold under repo				
i) Government Securities	13,80,000	37,84,622	22,62,338	13,80,000
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	-	1,64,50,000	71,24,355	1,28,20,000
ii) Corporate debt securities	-	-	-	-

Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2020:

(Rs. in 000's)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as at March 31, 2020
Securities sold under repo				
i) Government Securities	10,000	33,00,000	3,58,989	28,20,000
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	10,000	1,19,00,000	13,16,366	82,70,000
ii) Corporate debt securities	-	-	-	-

2.4 Non-SLR Investment Portfolio

Issuer Composition of Non-SLR Investments as at March 31, 2021 are as follows: *(Rs. in 000's)*

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted securities'
1	2	3	4	5	6
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private Corporates	1,002	-	-	-	1,002
v) Subsidiaries/Joint ventures	-	-	-	-	-
vi) Others	9,72,736	-	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
Total	9,73,738	-	-	-	1,002

Note: Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive

Issuer Composition of Non-SLR Investments as at March 31, 2020 are as follows: *(Rs. in 000's)*

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted securities'
1	2	3	4	5	6
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private Corporates	1,000	-	-	-	1,000
v) Subsidiaries/Joint Ventures	-	-	-	-	-
vi) Others	-	-	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
Total	1,000	-	-	-	1,000

Note: Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive

Schedule 18

2.5 Non-Performing Non-SLR Investments

The Bank does not have any Non-Performing Non-SLR Investments as at March 31, 2021 and March 31, 2020.

2.6 Sale and transfer of securities to/ from HTM Category

During the current and previous year, the value of sales and transfers of securities to / from HTM category excluding one time transfer of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year has not exceeded 5 per cent of the book value of investments held in HTM category at the beginning of the year. In line with RBI guidelines, specific disclosure on book value/market value and provisions if any, relating to such transfer is not required to be made.

3 Derivatives/ Exchange Traded Interest Derivatives/ Risk Exposure In Derivatives

The Bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. The Bank does not have any Forward Rate Agreement or Interest rate swaps.

4 Asset Quality

4.1 Non-Performing Assets:

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Net NPAs to Net advances (%)	**2.93%**	**0.20%**
(ii) Movement of Gross NPAs		
(a) Opening balance	13,71,410	9,78,523
(b) Additions (Fresh NPAs) during the year #*	1,03,28,031	14,51,898
Subtotal (A)	**1,16,99,441**	**24,30,421**
(c) Reductions during the year #		
(i) Upgradations	1,00,446	1,87,557
(ii) Recoveries (excluding recoveries made from upgraded accounts)	1,54,553	2,30,731
(iii) Technical/ Prudential Write-offs	-	-
(iv) Write-offs other than those under (iii) above	7,38,466	6,40,723
Subtotal (B)	**9,93,465**	**10,59,011**
(d) Closing balance (A-B)	**1,07,05,976**	**13,71,410**
(iii) Movement of Net NPAs		
(a) Opening balance	**2,74,894**	**2,75,482**
(b) Additions during the year #*	42,99,436	3,32,483
(c) Reductions during the year #	3,28,490	3,33,072
(d) Closing balance	**42,45,840**	**2,74,894**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	**10,96,516**	**7,03,041**
(b) Provisions made during the year	61,42,370	10,97,340
(c) Write-back of excess provisions	7,78,750	7,03,865
(d) Closing balance	**64,60,136**	**10,96,516**

\# additions and reductions does not include cases which have become NPA during the month and subsequently moved out of NPA in the same month.

*Outstanding balance as of March 31, 2021 has been considered in 'Additions during the year' for accounts which are classified as NPA post vacation of standstill of NPAs as per the Supreme Court judgement dated March 23, 2021 and the RBI circular dated April 07, 2021.

4.2 Technical or Prudential Write Offs:

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the product level systems, but have been written-off (fully or partially) at the financial ledger level. The financial accounting systems of the Bank are integrated and centralised at the Head Office and no books are maintained at the Branches

Movement in the stock of technically or prudentially written-off accounts given below:

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance of technical / prudential write-offs accounts	-	1,824
Add: Technical/Prudential write offs during the Year	-	
Less: Recoveries made from previously technically / prudentially written-off accounts during the Year	-	(479)
Less: Actual write off during the Year	-	(1,345)
Closing balance of technical / prudential write-offs accounts	-	-

4.3 Provisions on Standard Assets:

Bank has followed the prudential norms on income recognition, asset classification and provisions. The excess provisions over and above the same is as per the Board approved policy.

The provision on standard assets is included in 'Other Liabilities and Provisions – (iv) Standard asset-General Provisions' in Schedule 5, and is not netted off from Advances.

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Provisions towards Standard Assets	30,85,498	12,03,283

4.4 Floating provisions:

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening Balance as at beginning of the Year	-	-
Provisions made during the Year	-	-
Draw-down made during the Year	-	-
Closing Balance as at end of the Year	-	-

4.5 Provision coverage ratio:

Particulars	As at March 31, 2021	As at March 31, 2020
Provision Coverage Ratio (including technical write-offs)	60.34%	79.96%

Schedule 18

4.6 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. The Unsecured Advances as at March 31, 2021 of Rs.1,04,689,831 ('000) (March 31, 2020 of Rs. 1,09,765,159 ('000)) disclosed in Schedule 9B (iii) are without any collateral or security.

4.7 Divergence in Asset Classification and Provisioning for NPAs

RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated April 01, 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:

a) the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and

b) the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

For the financial year 2019-20, there are no Divergences in the Asset Classification and Provisioning identified.

4.8 a) Details of Financial Assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

During the current and previous year, the Bank has not sold any Financial assets to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction.

b) Details of book value of investment in Security Receipts

During the current and previous year, the Bank has not made investment in Security Receipts.

4.9 Details of NPA Purchase/Sold

During the current and previous year, there has been no purchase/ sale of non-performing financial assets from/ to other banks.

4.10 Intra-Group Exposure

During the current and previous year, the Bank does not have any Intra Group Exposure.

4.11 Disclosures Resolution of Stressed Assets

There were no accounts that have been restructured under prudential framework on resolution of stressed assets as per the circular no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019 during the year ended March 31, 2021. (March 31, 2020: Nil)

5 Business Ratios:

Particulars	As at March 31, 2021	As at March 31, 2020
Interest income as a percentage to working funds[1]	14.67%	17.09%
Non-interest income as a percentage to working funds[1]	1.62%	2.04%
Operating profit as a percentage to working funds[1,4]	4.23%	4.03%
Return on assets[2]	0.04%	2.21%
Business (deposits plus gross advances) per employee (in 000's)[3]	13,772	12,564
Profit per employee (in 000's)	4.82	214.72

Notes:

1) Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the Year.

2) Returns on assets are computed with reference to average working funds.

3) Business is defined as total of average of gross advances and deposits (net of inter-bank deposits and Certificate of Deposits).

4) Operating profit is net profit for the Year before provisions and contingencies and profit / (loss) on sale of building and other assets (net).

6 Concentration of Deposits, Advances, Exposures & NPAs

6.1 Concentration of Deposits ***(Rs. in 000's)***

Particulars	As at March 31, 2021	As at March 31, 2020
Total Deposits to twenty largest Depositors	3,84,76,328	3,13,05,177
Percentage of Deposits of twenty largest Depositors to Total Deposits of the Bank	29.29%	29.04%

6.2 Concentration of Advances*

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Advances to twenty largest Borrowers	59,30,209	45,27,059
Percentage of Advances of twenty largest Borrowers to Total Advances of the Bank	3.88%	3.20%

*Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No. Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

6.3 Concentration of Exposures*

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to twenty largest Borrowers/Customers	1,41,04,259	54,01,345
Percentage of Exposures of twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers/customers	8.70%	3.79%

*Exposures are computed based on Credit and Investment Exposure as prescribed in the Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

6.4 Concentration of NPAs

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Total Exposure to top four NPA accounts	32,632	16,976

Schedule 18

7 Sector-wise Advances and NPA:

As at March 31, 2021

(Rs. in 000's)

Sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
Priority sector:			
Agriculture and allied activities	1,58,54,646	13,34,371	8.42%
Advances to industries eligible as priority sector lending	46,75,067	4,85,661	10.39%
Services	4,50,620	46,238	10.26%
Personal loans	6,17,48,058	35,97,324	5.83%
-of which Housing Loans	*1,71,74,983*	*10,40,457*	6.06%
Sub-Total (A)	**8,27,28,391**	**54,63,594**	**6.60%**
Non-Priority sector:			
Agriculture and Allied activities	2,25,00,240	18,93,681	8.42%
Services	64,84,791	956	0.01%
-of which NBFC Loans	*64,84,791*	-	0.00%
Personal loans	3,96,86,232	33,47,745	8.44%
-of which Housing Loans	*1,03,04,792*	*2,71,485*	2.63%
Sub-Total (B)	**6,86,71,263**	**52,42,382**	**7.63%**
Total (A) + (B)	**15,13,99,654**	**1,07,05,976**	**7.07%**

As at March 31, 2020

(Rs. in 000's)

Sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
Priority sector:			
Agriculture and allied activities*	1,75,99,661	1,38,027	0.78%
Advances to industries eligible as priority sector lending	48,36,424	47,927	0.99%
Services	1,87,07,527	77,880	0.42%
Personal loans	3,65,51,733	3,34,623	0.92%
-of which Housing Loans	*1,81,10,690*	*1,40,730*	0.78%
Sub-Total (A)	**7,76,95,345**	**5,98,457**	**0.77%**
Non-Priority sector:			
Agriculture and allied activities	2,00,50,967	1,57,251	0.78%
Services	54,89,854	-	0.00%
-of which NBFC Loans	*54,89,854*	-	0.00%
Personal loans	3,82,96,787	6,15,702	1.61%
-of which Housing Loans	*57,55,993*	*43,721*	0.76%
Sub-Total (B)	**6,38,37,608**	**7,72,953**	**1.21%**
Total (A) + (B)	**14,15,32,953**	**13,71,410**	**0.97%**

* Our Bank has purchased PSLC worth Rs 200 crores in Agriculture category, which is not disclosed in the above breakup.

8 Priority Sector Lending Certificates (PSLC)

(Rs. in 000's)

Particulars	For the year ended March 31, 2021		For the year ended March 31, 2020	
	PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1) PSLC Agriculture	-	-	-	20,00,000
2) PSLC Small Farmers / Marginal Farmers	2,25,00,000	-	2,00,50,000	-
3) PSLC Micro Enterprises	1,80,00,000	-	65,95,000	-
4) PSLC General	-	-	1,60,00,000	-
Total	**4,05,00,000**	**-**	**4,26,45,000**	**20,00,000**

9 Inter- Bank participation with risk sharing

The aggregate amount of participation issued by the bank and reduced from advances as per regulatory guidelines as at March 31, 2021 and March 31, 2020 is Nil.

10 Asset Liability Management (ALM)

Maturity Pattern of certain items of Assets and Liabilities

Specified Assets and Liabilities as at March 31, 2021:

(Rs. in 000's)

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings
1 day	15,446	-	3,06,460	-
2 days to 7 days	14,79,981	-	30,76,031	-
8 days to 14 days	27,71,855	-	23,04,519	52,21,400
15 days to 30 days	43,15,983	-	34,21,202	-
31 days to 2 months	79,24,119	2,48,886	70,98,127	62,21,400
Over 2 months upto 3 months	77,01,434	-	94,86,291	15,38,000
Over 3 months upto 6 months	2,19,05,795	9,88,507	1,90,14,365	40,45,500
Over 6 months upto 12 months	3,51,59,196	29,17,289	4,87,76,103	63,20,467
Over 1 year upto 3 years	3,41,78,515	11,06,833	3,74,44,601	86,26,400
Over 3 years upto 5 years	97,10,519	15,03,046	3,62,104	5,00,000
Over 5 years	1,97,76,675	1,83,99,940	67,870	-
Total	**14,49,39,518**	**2,51,64,501**	**13,13,57,673**	**3,24,73,167**

Note:

1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.

2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.

3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2021.

4) Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

Schedule 18

Specified Assets and Liabilities as at March 31, 2020 *(Rs. in 000's)*

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings
1 day	11,701	-	2,27,258	-
2 days to 7 days	1,63,523	1,49,979	21,16,455	13,68,559
8 days to 14 days	1,50,580	5,99,451	14,14,473	9,71,400
15 days to 30 days	3,50,143	30,86,366	25,82,090	14,00,000
31 days to 2 months	7,85,880	13,90,821	37,01,141	2,21,400
Over 2 months upto 3 months	89,25,154	4,31,660	99,49,005	22,88,000
Over 3 months upto 6 months	2,58,30,416	8,19,893	1,70,44,920	38,60,500
Over 6 months upto 12 months	4,32,30,838	40,62,135	3,10,08,263	1,34,49,633
Over 1 year upto 3 years	4,17,56,051	11,42,221	3,95,49,846	1,34,98,167
Over 3 years upto 5 years	46,90,236	30,53,084	1,86,836	24,75,000
Over 5 years	1,45,41,914	92,25,767	24,549	-
Total	**14,04,36,437**	**2,39,61,375**	**10,78,04,837**	**3,95,32,659**

Note:

1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.

2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.

3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2020

4) Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

5) RBI vide its circular dated March 27, 2020 on 'COVID-19 Regulatory Package' permitted the Bank to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The Bank in line with the said circular has offered moratorium on the respective maturity buckets presented above. The Bank estimates that considerable portion of the cash flows impacted by the moratorium will be received within 1-3 years from the balance sheet date and the same has been factored in the above disclosure.

11 Exposure

11.1 Exposure to Real Estate Sector: *(Rs. in 000's)*

Particulars	As at March 31, 2021	As at March 31, 2020
A) Direct Exposure		
i) Residential Mortgages	3,37,20,696	2,47,29,812
(of which housing loans eligible for Inclusion in priority sector Advances)	1,23,32,350	1,81,09,559
ii) Commercial Real Estate	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:	-	-
- Residential	-	-
- Commercial Real Estate	-	-
Total (A)	**3,37,20,696**	**2,47,29,812**
B) Indirect Exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	10,26,042	-
Total (B)	10,26,042	-
Total Real Estate Exposure (A+B)	**3,47,46,738**	**2,47,29,812**

11.2 Exposure to Capital Market:

(Rs. in 000's)

S.No.	Particulars	As at March 31, 2021	As at March 31, 2020
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual	1,002	1,000
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for Investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the Advances;	-	-
5	Secured and Unsecured Advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
9	Financing to stockbrokers for margin trading;	-	-
10	All exposures to Venture Capital Funds (both registered and unregistered);	-	-
	Total Exposure to Capital Market	**1,002**	**1,000**

Note: During the Year, Bank has not converted any debt to equity as a part of strategic debt restructuring which is exempt from Capital Market Exposure limit.

11.3 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank:

During the current and previous year there are no instances of SBL/GBL limit exceeding the sanctioned limit or outstanding whichever is higher.

Schedule 18

12 Disclosure of penalties imposed by RBI

During the current and previous year, RBI has not imposed any penalty on the Bank.

13 Overseas Assets, NPAs and Revenue

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable.

14 Summary information on complaints received by the bank from customers and from the Offices of Banking Ombudsman (OBOs)

14.1 Customer complaints (received by the bank)

S.No.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
1	Number of complaints pending at beginning of the year	1,056	455
2	Number of complaints received during the year	26,985	36,560
3	Number of complaints disposed during the year	27,480	35,959
3.1	Of which, number of complaints rejected by the bank	370	142
4	Number of complaints pending at the end of the year	**561**	**1,056**

14.2 Maintainable complaints received by the bank from OBOs

S.No.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
5	Number of maintainable complaints received by the bank from OBOs	133	49
5.1	Of 5, number of complaints resolved in favour of the bank by Banking Ombudsman (BOs)	125	45
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	8	4
5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in BO Scheme 2006 and covered within the ambit of the Scheme.
This includes complaints pertaining to both on-us and off-us ATMs.

15 Top five grounds of complaints received by the bank from customers:

For the year ended March 31, 2021

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
Internet/Mobile/Electronic Banking	270	8,420	-24%	160	18
ATM/Debit Cards	389	6,871	-53%	181	12
Account opening/difficulty in operation of accounts	73	5,905	9%	59	-
Others	138	2,735	20%	110	34
Loans and advances	13	1,357	27%	27	2
Miscellaneous Items*	173	1,697	-18%	24	5
Total	**1,056**	**26,985**	**-26%**	**561**	**71**

**It includes levy of charges without prior notice/excessive charges/foreclosure charges, Mis-selling/ Para-banking, Staff behaviour, Non-observance of Fair Practices Code, Cheques/drafts/bills, Exchange of coins and issuance/acceptance of small denomination notes and coins.*

For the year ended March 31, 2020

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
ATM/Debit Cards	242	14,597	19%	389	129
Internet/Mobile/Electronic Banking	107	11,107	83%	270	54
Account opening/difficulty in operation of accounts	26	5,436	23%	73	1
Others	49	2,276	-33%	138	53
Levy of charges without prior notice/excessive charges/foreclosure chargesLoans and advances	17	1,386	142%	150	1
Miscellaneous Items*	14	1,758	72%	36	6
Total	**455**	**36,560**	**32%**	**1,056**	**244**

**It includes loans and advances, staff behaviour, Non-observance of Fair Practices Code and Mis-selling/Para-banking,Cheques/draft/bills.*

16 Movement in provision for frauds included under Other Liabilities: *(Rs. in 000's)*

Particulars	As at March 31, 2021	As at March 31, 2020
Opening provision	6,429	3,825
Provision during the Year	11,870	17,731
Utilisation / Write back of provision during the Year	14,305	15,127
Closing provision	**3,994**	**6,429**

17 Provisions and Contingencies *(Rs. in 000's)*

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Provision for NPA (including bad debts written off)	61,07,409	10,45,081
Provision for Standard Assets	18,82,215	6,64,129
Provision for Income tax (Net of deferred tax liability/(asset) of Rs (16,91,058) (000's) (Rs. 19,288 (000's) previous year.) refer schedule 18 (26.1)	19,006	11,63,211
Other Provisions	1,353	707
Total	**80,09,983**	**28,73,127**

18 Bancassurance Business

Commission income for the year ended March 31, 2021 includes fees of Rs. 1,98,513 (000's) (previous year: Rs. 2,03,336 (000's)) in respect of insurance business.

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2021

Schedule 18

19. Liquidity Coverage Ratio (LCR)

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio given in "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards" and "Operating Guidelines for Small Finance Banks".

LCR is the ratio of unencumbered High Quality Liquid Assets (HQLA) to Net Cash Outflows over the next 30 calendar days. LCR measures the Bank's ability to manage and survive under combined idiosyncratic and market-wide liquidity stress condition that would result in accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc. These stress conditions are captured as a part of the Net Cash Outflows. HQLA of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines and cash balance with RBI in excess of statutory cash reserve requirements.

LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA to meet its liquidity needs for a 30 calendar day liquidity stress scenario. As mentioned in the "Operating Guidelines for Small Finance Banks", the Bank has to maintain the prescribed level of LCR as follows:

Particulars	Till December 31, 2017	By January 1, 2018	By January 1, 2019	By January 1, 2020	By January 1, 2021
Minimum LCR	60%	70%	80%	90%	100%

Quantitative disclosure around LCR

(Rs. in 000's)

Particulars	Quarter ended March 31, 2021**		Quarter ended December 31, 2020**		Quarter ended September 30, 2020**		Quarter ended June 30, 2020**	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)		**2,88,73,606**		**3,12,96,181**		**3,30,00,760**		**3,03,57,704**
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:	5,04,71,834	35,49,196	4,71,05,141	33,46,889	4,48,89,327	32,03,926	4,19,98,653	29,98,280
(i) Stable deposits	2,99,59,748	14,97,987	2,72,72,508	13,63,626	2,57,00,143	12,85,007	2,40,31,706	12,01,585
(ii) Less stable deposits	2,05,12,086	20,51,209	1,98,32,633	19,83,263	1,91,89,184	19,18,919	1,79,66,947	17,96,695
3. Unsecured wholesale funding, of which:	3,62,67,427	2,74,44,723	3,15,55,771	2,35,27,722	3,47,74,533	2,56,88,646	3,28,76,871	2,53,58,890
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	97,15,356	8,92,652	88,33,239	8,05,189	1,00,21,878	9,35,991	82,86,788	7,68,807
(iii) Unsecured debt	2,65,52,071	2,65,52,071	2,27,22,532	2,27,22,533	2,47,52,655	2,47,52,655	2,45,90,083	2,45,90,083

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Notes to financial statements for the year ended March 31, 2021

Schedule 18

Particulars	Quarter ended March 31, 2021**		Quarter ended December 31, 2020**		Quarter ended September 30, 2020**		Quarter ended June 30, 2020**	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
4. Secured wholesale funding	4,88,582	41,680	3,00,773	-	12,97,135	45,112	4,72,018	-
5. Additional requirements, of which	7,77,013	38,851	5,88,376	29,419	5,10,292	25,515	5,75,887	28,794
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	7,77,013	38,851	5,88,376	29,419	5,10,292	25,515	5,75,887	28,794
6. Other contractual funding obligations	45,220	45,220	36,263	36,263	34,151	34,151	44,726	44,727
7. Other contingent funding obligations	6,47,011	2,58,804	6,22,918	2,49,167	7,16,748	2,86,699	6,87,667	2,75,067
8. Total Cash Outflows	**8,86,97,087**	**3,13,78,474**	**8,02,09,242**	**2,71,89,460**	**8,22,22,186**	**2,92,84,049**	**7,66,55,822**	**2,87,05,758**
Cash Inflows								
9. Secured lending (e.g. reverse repos)	53,94,687	-	56,00,451	-	99,94,792	-	73,91,993	-
10. Inflows from fully performing exposures	1,02,56,197	65,15,970	1,43,19,500	96,64,081	1,54,43,327	1,06,14,002	86,36,946	59,07,255
11. Other cash inflows	5,10,753	-	5,00,000	-	5,00,000	-	5,00,000	-
12. Total Cash Inflows	**1,61,61,637**	**65,15,970**	**2,04,19,951**	**96,64,081**	**2,59,38,119**	**1,06,14,002**	**1,65,28,939**	**59,07,255**
13. TOTAL HQLA		2,88,73,606		3,12,96,181		3,30,00,760		3,03,57,704
14. Total Net Cash Outflows		2,48,62,504		1,75,25,379		1,86,70,047		2,27,98,503
15. Liquidity Coverage Ratio (%)		**116.13%**		**178.58%**		**176.76%**		**133.16%**

**Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.*

*** The disclosure is based on the BLR return(BLR 1) for the respective quarter filed by the Bank with the RBI except for quarter ended March 31, 2021. Disclosure for quarter ended March 31, 2021 is based on BLR Return including the impact on disclosure due to adjustments made in books of accounts.*

Quantitative disclosure around LCR

The table sets out Quantitative Information for all four quarters of the financial year ended March 31, 2020 as follows: ***(Rs. in 000's)***

Particulars	Quarter ended March 31, 2020**		Quarter ended December 31, 2019**		Quarter ended September 30, 2019**		Quarter ended June 30, 2019**	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)		**2,32,90,385**		**2,07,69,184**		**1,66,42,947**		**1,39,71,143**
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:	4,28,97,798	33,10,807	4,69,83,817	41,29,577	4,13,48,967	36,37,906	3,44,14,170	30,09,079
(i) Stable deposits	1,95,79,454	9,78,973	1,13,76,089	5,68,804	99,39,815	4,96,991	86,46,763	4,32,338
(ii) Less stable deposits	2,33,18,344	23,31,834	3,56,07,729	35,60,773	3,14,09,152	31,40,915	2,57,67,407	25,76,741
3. Unsecured wholesale funding, of which:	2,09,99,991	1,07,96,480	76,94,039	76,94,039	61,35,298	61,35,298	52,34,395	52,34,395
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	1,12,96,325	10,92,814	-	-	-	-	-	-
(iii) Unsecured debt	97,03,666	97,03,666	76,94,039	76,94,039	61,35,298	61,35,298	52,34,395	52,34,395

UJJIVAN SMALL FINANCE BANK LIMITED
Notes forming part of the financial statements for the year ended March 31, 2021

Particulars	Quarter ended March 31, 2020**		Quarter ended December 31, 2019**		Quarter ended September 30, 2019**		Quarter ended June 30, 2019**	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
4. Secured wholesale funding	8,44,787	1,35,668	7,79,889	49,134	6,28,018	5,86,506	3,97,043	3,77,222
5. Additional requirements, of which	5,94,140	29,707	5,20,647	26,032	15,22,370	5,33,987	10,61,725	4,14,264
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	5,94,140	29,707	5,20,647	26,032	15,22,370	5,33,987	10,61,725	4,14,264
6. Other contractual funding obligations	32,317	32,317	39,355	39,355	41,570	41,570	3,80,231	3,80,231
7. Other contingent funding obligations	7,01,125	2,80,450	9,82,847	3,93,139	-	-	80,102	2,403
8. Total Cash Outflows	**6,60,70,157**	**1,45,85,429**	**5,70,00,593**	**1,23,31,275**	**4,96,76,223**	**1,09,35,267**	**4,15,67,667**	**94,17,594**
Cash Inflows								
9. Secured lending (e.g. reverse repos)	24,09,347	-	20,14,182	-	7,19,907	-	98,600	-
10. Inflows from fully performing exposures	1,00,60,315	54,13,026	1,00,39,036	54,57,023			-	-
11. Other cash inflows	5,00,000	-	-	-	1,15,95,548	71,97,940	1,60,22,902	1,19,28,651
12. Total Cash Inflows	**1,29,69,663**	**54,13,026**	**1,20,53,218**	**54,57,023**	**1,23,15,455**	**71,97,940**	**1,61,21,502**	**1,19,28,651**
13. TOTAL HQLA		2,32,90,385		2,07,69,184		1,66,42,947		1,39,71,143
14. Total Net Cash Outflows		91,72,403		68,74,252		37,37,326		(25,11,057)
15. Liquidity Coverage Ratio (%)		**253.92%**		**302.13%**		**445.32%**		**593.41%**

** Average weighted and unweighted amounts are calculated taking simple daily average for all quarters for the year ended March 31, 2020.*

*** The disclosure for the quarter ended June 30, 2019, September 30, 2019, December 31, 2019 and March 31, 2020 is based on the BLR return(BLR 1) for the respective quarter filed by the Bank with the RBI.*

Schedule 18

20. Disclosure on Restructuring

Disclosure on accounts subjected to Restructuring for the year ended March 31, 2021

(Rs. in 000's)

Sr No .	Type of Restructuring		Under CDR Mechanism					Under SME debt restructuring mechanism				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the period	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
8	**Restructured Accounts as on March 31, 2021 (closing figures)**	**No. of Borrowers**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Amount Outstanding	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sr No .	Type of Restructuring		Others					Total				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	23,670	2,226	49	-	25,945	23,670	2,226	49	-	25,945
		Amount Outstanding	3,13,166	41,870	3,718	-	3,58,754	3,13,166	41,870	3,718	-	3,58,754
		Provision thereon	20,117	32,247	3,229	-	55,593	20,117	32,247	3,229	-	55,593
2	Fresh restructuring during the year#	No. of Borrowers	4,29,312	3	-	-	4,29,315	4,29,312	3	-	-	4,29,315
		Amount Outstanding	1,01,17,680	28	-	-	1,01,17,708	1,01,17,680	28	-	-	1,01,17,708
		Provision thereon	8,20,862	9	-	-	8,20,871	8,20,862	9	-	-	8,20,871
3	Up gradation to restructured standard category during the year	No. of Borrowers	4	(4)	-	-	-	4	(4)	-	-	-
		Amount Outstanding	11	(74)	-	-	(63)	11	(74)	-	-	(63)
		Provision thereon	1	(39)	-	-	(38)	1	(39)	-	-	(38)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	(26,129)	24,886	1,224	18	(1)	(26,129)	24,886	1,224	18	(1)
		Amount Outstanding	(5,21,945)	4,48,047	21,990	1,708	(50,200)	(5,21,945)	4,48,047	21,990	1,708	(50,200)
		Provision thereon	(40,930)	2,35,306	21,802	1,708	2,17,886	(40,930)	2,35,306	21,802	1,708	2,17,886
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	1	-	-	1	-	1	-	-	1
		Amount Outstanding	(12,48,971)	(8)	(19)	-	(12,48,998)	(12,48,971)	(8)	(19)	-	(12,48,998)
		Provision thereon	(90,611)	(8)	(19)	-	(90,638)	(90,611)	(8)	(19)	-	(90,638)
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	(58,713)	(1,027)	(25)	-	(59,765)	(58,713)	(1,027)	(25)	-	(59,765)
		Amount Outstanding	(7,46,997)	(15,215)	(231)	-	(7,62,443)	(7,46,997)	(15,215)	(231)	-	(7,62,443)
		Provision thereon	(41,205)	(11,886)	(231)	-	(53,322)	(41,205)	(11,886)	(231)	-	(53,322)
8	**Restructured Accounts as on March 31, 2021 (closing figures)**	**No. of Borrowers**	**3,68,144**	**26,085**	**1,248**	**18**	**3,95,495**	**3,68,144**	**26,085**	**1,248**	**18**	**3,95,495**
		Amount Outstanding	**79,12,944**	**4,74,648**	**25,458**	**1,708**	**84,14,758**	**79,12,944**	**4,74,648**	**25,458**	**1,708**	**84,14,758**
		Provision thereon	**6,68,234**	**2,55,629**	**24,781**	**1,708**	**9,50,352**	**6,68,234**	**2,55,629**	**24,781**	**1,708**	**9,50,352**

 # The Bank has restructured accounts during the year ended March 31, 2021 including:

a) The standard MSME accounts restructured based on RBI circular dated January 01, 2019 and further extended by RBI circular dated February 11, 2020 & August 06, 2020 and

b) The Standard accounts restructured under resolution framework for COVID-19-related Stress as per RBI circular dated August 06, 2020

Schedule 18

As on March 31, 2020 *(Rs. in 000's)*

Sr No .	Type of Restructuring		Under CDR Mechanism					Under SME debt restructuring mechanism				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
	Details											
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
8	**Restructured Accounts as on March 31, 2020 (closing figures)**	**No. of Borrowers**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Amount Outstanding	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sr No .	Type of Restructuring		Others					Total				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
	Details											
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	15,619	979	91	1	16,690	15,619	979	91	1	16,690
		Amount Outstanding	2,35,846	14,732	3,790	260	2,54,628	2,35,846	14,732	3,790	260	2,54,628
		Provision thereon	11,792	4,653	3,385	260	20,091	11,792	4,653	3,385	260	20,091
2	Fresh restructuring during the year	No. of Borrowers	34,676	2	-	-	34,678	34,676	2	-	-	34,678
		Amount Outstanding	7,71,628	1,196	-	-	7,72,824	7,71,628	1,196	-	-	7,72,824
		Provision thereon	3,858	300	-	-	4,158	3,858	300	-	-	4,158
3	Up gradation to restructured standard category during the year	No. of Borrowers	5	(5)	-	-	-	5	(5)	-	-	-
		Amount Outstanding	84	(136)	-	-	(52)	84	(136)	-	-	(52)
		Provision thereon	18	(41)	-	-	(23)	18	(41)	-	-	(23)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	(2,223)	2,191	32	-	-	(2,223)	2,191	32	-	-
		Amount Outstanding	(48,606)	38,246	1,634	-	(8,726)	(48,606)	38,246	1,634	-	(8,726)
		Provision thereon	(309)	31,195	1,379	-	32,265	(309)	31,195	1,379	-	32,265
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	(3,54,317)	(44)	(274)	-	(3,54,635)	(3,54,317)	(44)	(274)	-	(3,54,635)
		Provision thereon	12,046	(11)	(104)	-	11,931	12,046	(11)	(104)	-	11,931
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	(24,407)	(941)	(74)	(1)	(25,423)	(24,407)	(941)	(74)	(1)	(25,423)
		Amount Outstanding	(2,91,469)	(12,124)	(1,432)	(260)	(3,05,285)	(2,91,469)	(12,124)	(1,432)	(260)	(3,05,285)
		Provision thereon	(7,288)	(3,849)	(1,432)	(260)	(12,829)	(7,288)	(3,849)	(1,432)	(260)	(12,829)
8	**Restructured Accounts as on March 31, 2020 (closing figures)**	**No. of Borrowers**	**23,670**	**2,226**	**49**	**-**	**25,945**	**23,670**	**2,226**	**49**	**-**	**25,945**
		Amount Outstanding	**3,13,166**	**41,870**	**3,718**	**-**	**3,58,755**	**3,13,166**	**41,870**	**3,718**	**-**	**3,58,754**
		Provision thereon	**20,117**	**32,247**	**3,229**	**-**	**55,593**	**20,117**	**32,247**	**3,229**	**-**	**55,593**

Schedule 18

21 Employee Benefits (AS-15) revised

21.1 Gratuity:

Gratuity is a defined benefits plan. The Bank has obtained qualifying insurance policies from Insurance Company. The following table summarises the components of net expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet on the basis of actuarial Valuation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise.

Details of defined benefit plan of gratuity are given below:

(Rs. in 000's)

Changes in the present value of the obligation	As at March 31, 2021	As at March 31, 2020
Opening balance of Present Value of Obligation	4,44,552	3,10,438
Interest Cost	27,885	19,393
Current Service Cost	1,17,997	1,09,778
Benefits Paid	(23,097)	(23,242)
Actuarial loss / (gain) on Obligation	(5,799)	28,184
Acquisitions/Divestures/Transfers	-	-
Closing balance of Present Value of Obligation	5,61,538	4,44,552
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
Opening balance of Fair value of Plan Assets	2,94,783	2,32,305
Adjustment to Opening Balance	-	35
Expected Return on Plan assets	23,064	16,858
Contributions	1,49,796	78,134
Other charges (Service tax, FMC, Mortality charges, etc)	-	-
Benefits Paid	(23,097)	(23,242)
Actuarial Gain/(loss) Return on Plan Assets	14,857	(9,306)
Closing balance of Fair Value of Plan Assets	4,59,403	2,94,783
Actual Return on Plan Assets	37,921	7,586

Profit and Loss – Expenses	Year ended March 31, 2021	Year ended March 31, 2020
Current Service Cost	1,17,997	1,09,778
Interest Cost	27,885	19,393
Expected Return on Plan assets	(23,064)	(16,858)
Net Actuarial loss/(gain) recognized in the year	(20,656)	37,456
Expenses recognized in the Profit and Loss Account	1,02,162	1,49,769

Funded status *(100% Insurance managed funds)*	As at March 31, 2021	As at March 31, 2020
Actuarial Assumptions		
Discount Rate	6.44%	6.40%
Expected Rate of Return on Plan Assets	6.44%	6.40%
Expected Rate of Salary Increase	9.00%	9.00%
Employee Attrition Rate	19.69%	20.84%

Experience Adjustments ***(Rs. in 000's)***

Particulars	As at March 31, 2021	As at March 31, 2020	As on March 31, 2019
Plan Assets	4,59,403	2,94,783	2,32,305
Defined benefit obligation	5,61,538	4,44,552	3,10,438
Surplus/ (Deficit)	(1,02,162)	(1,49,769)	(78,133)
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	(8,681)	(8,038)	3,788

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

Category of Plan Assets	As at March 31, 2021	As at March 31, 2020
Assets Under Insurance Schemes	100%	100%

(a) The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

(b) During the current and previous year the Bank does not have unamortised gratuity and pension liability.

(c) Discount rate is based on the prevailing market yields of Indian Government Bonds as on the Balance Sheet date for the estimated term of the obligation.

21.2 Compensated Absences

The Actuarial liability of compensated absences of accumulated privileged leaves of the employees is given below:

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Privileged Leave Actuarial Liability	4,28,875	3,16,818
Assumptions		
Discount Rate	6.44%	6.40%
Salary Escalation Rate	9.00%	9.00%

21.3 Defined Contribution Plans

(Rs. in 000's)

Amount recognised in the Statement of Profit and Loss	As at March 31, 2021	As at March 31, 2020
(i) Provident fund Contributed to the Authorities	1,55,454	1,59,772
(ii) Pension fund Contributed to the Authorities	2,40,398	2,25,868

22 Segment Reporting

In accordance with the guidelines issued by RBI & AS-17, the Bank has adopted Segment Reporting as under:

A) Treasury :

The Treasury Segment primarily consists of net interest earnings from the Bank's Investment portfolio, money market borrowing and lending, gains or losses on Investment operations and income from sale of PSLC.

B) Retail Banking:

The Retail Banking Segment serves retail customers through a branch network and other delivery channels. Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment. This segment raises deposits from customers and provides loans and other services to customers. Revenues of the retail banking segment are derived from interest earned on retail loans, processing fees earned and other related incomes. Expenses of this segment primarily comprise interest expense on deposits & Borrowings, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

C) Corporate/ Whole Sale Banking:

The Wholesale Banking Segment provides loans to Corporates and Financial Institutions. Revenues of the wholesale banking segment consist of interest earned on loans made to customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(Rs. in 000's)

SR.NO	Part A: Business segments				
	Business Segments →	**Treasury**	**Retail Banking**	**Corporate/ Wholesale Banking**	**Total**
	Particulars ↓	**March 31, 2021**	**March 31, 2021**	**March 31, 2021**	**March 31, 2021**
1	Revenue	**31,93,116**	**2,74,08,339**	**5,67,407**	**3,11,68,862**
2	Unallocated Revenue	-	-	-	-
3	***(less)*** Inter Segment Revenue	-	-	-	-
4	**Total Income (1+2-3)**	31,93,116	2,74,08,339	5,67,407	3,11,68,862
5	**Segment Result**	**10,29,285**	**(4,81,699)**	**2,97,429**	**8,45,015**
6	Unallocated Expenses	-	-	-	7,43,040
7	Operating Profit	-	-	-	1,01,975
8	Tax Expenses (including deferred tax)	-	-	-	19,006
9	Extraordinary Profit/ Loss	-	-	-	-
10	**Net Profit (5-6-8-9)**	-	-	-	**82,969**
	Other Information:				
11	Segment Assets	4,93,03,326	14,54,52,429	64,86,523	20,12,42,278
12	Unallocated Assets	-	-	-	25,62,262
13	**Total Assets**	-	-	-	**20,38,04,540**
14	Segment Liabilities	4,93,03,326	11,75,42,489	47,71,205	17,16,17,020
15	Unallocated Liabilities	-	-	-	-
16	**Total Liabilities**	-	-	-	**20,38,04,540**

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

UJJIVAN SMALL FINANCE BANK LIMITED

Notes to financial statements for the year ended March 31, 2021

(Rs. in 000's)

SR.NO	Part A: Business segments				
	Business Segments →	**Treasury**	**Retail Banking**	**Corporate/ Wholesale Banking**	**Total**
	Particulars ↓	**March 31, 2020**	**March 31, 2020**	**March 31, 2020**	**March 31, 2020**
1	Revenue	**19,78,149**	**2,77,26,765**	**5,53,222**	**3,02,58,136**
2	Unallocated Revenue	-	-	-	-
3	***(less)*** Inter Segment Revenue	-	-	-	-
4	**Total Income (1+2-3)**	**19,78,149**	**2,77,26,765**	**5,53,222**	**3,02,58,136**
5	**Segment Result**	4,24,083	48,84,498	15,323	53,23,904
6	Unallocated Expenses	-	-	-	6,61,507
7	Operating Profit	-	-	-	46,62,396
8	Tax Expenses (including deferred tax)	-	-	-	11,63,211
9	Extraordinary Profit/ Loss	-	-	-	-
10	**Net Profit (5-6-8-9)**	-	-	-	**34,99,186**
	Other Information:				
11	Segment Assets	3,55,48,903	14,26,43,549	54,91,565	18,36,84,017
12	Unallocated Assets	-	-	-	4,28,421
13	**Total Assets**	-	-	-	**18,41,12,438**
14	Segment Liabilities	3,55,48,903	11,27,77,174	39,09,107	15,22,35,184
15	Unallocated Liabilities	-	-	-	-
16	**Total Liabilities**	-	-	-	**18,41,12,438**

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

23 Related Party Disclosures (AS-18)

As per AS 18 Related Party Disclosures notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014 and Companies (Accounting Standards) Amendment Rules 2016, the Banks' related parties during the year ended March 31, 2021 are disclosed below:

Holding company :

Ujjivan Financial Services limited (UFSL)

Key Management Personnel (KMP) :

Mr. Nitin Chugh (Managing Director and CEO) (From December 01, 2019)

Mr. Samit Ghosh (Managing Director and CEO) (Retired on November 30, 2019)

Ms Upma Goel (Chief Financial Officer)

Mr. Chanchal Kumar (Company Secretary)

Enterprise in which relatives of KMP are members :

Parinaam Foundation (Upto November 30, 2019)

Enterprise in which KMP are members :

Ujjivan Welfare and Relief Trust

USFB Employee's Gratuity Trust

UFSL Employee's Gratuity Trust

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives of Key Management Personnel as they are in the nature of banker-customer relationship.

Transactions with Related Parties for the year ended March 31, 2021 *(Rs. in 000's)*

Items/Related Party	Holding Company	Key Management Personnel	Enterprise in which relatives of Key Management Personnel are members	Enterprise in which KMP are members	Total
Deposit*	(12,92,983)	(2,23,742)	-	(5,291)	(15,22,016)
	9,15,040	2,23,651	-	4,086	11,42,777
Reimbursement of expenses - Amount Paid	3,571	-	-	-	3,571
Reimbursement of expenses - Amount Received	4,401	-	-	-	4,401
Inter Company Transfer- Amount Received	38	-	-	-	38
Inter Company Transfer- Amount paid	-	-	-	13,485	13,485
Bank Contribution to Related parties under CSR/Donation	-	-	-	1,430	1,430
Interest on Deposits	79,348	12,169	-	500	92,017
Payment of Remuneration **	-	26,847	-	-	26,847

*Figures in bracket indicate maximum balance outstanding during the period based on comparison of the total outstanding balances at each quarter-end.

**The above Remuneration excludes Bonus and Gratuity.

Note: An amount of Rs 1036(000's) received by UFSL is towards employees perquisite tax

Transactions with Related Parties for the year ended March 31, 2020 ***(Rs. in 000's)***

Items/Related Party	Holding Company	Key Management Personnel	Enterprise in which relatives of Key Management Personnel are members	Enterprise in which KMP are members	Total
Deposit*	(13,14,581)	(3,83,670)	(84,079)	(7,427)	(17,89,758)
	13,14,581	1,48,242	84,079	7,427	15,54,329
Reimbursement of expenses - Amount Paid	443	-	-	-	443
Reimbursement of expenses - Amount Received	5,034	-	57	-	5,091
Inter Company Transfer- Amount Received**	-	-	-	-	-
Inter Company Transfer- Amount paid***	-	-	-	2,486	2,486
Interim Preference Dividend	1,10,000				1,10,000
Bank Contribution to Parinaam Foundation & USFB Welfare and Relief Trust**	-	-	5,000	5,273	10,273
Interest on Deposits	1,02,813	5,730	7,213	253	1,16,009
Payment of Remuneration ****	-	56,405	-	-	56,405
Rendering of services	-	-	5,072	-	5,072

*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.
** Employee Contribution to USFB Relief Fund through Payroll recovery of Rs.2,486 (000's) & Quantum of Donation by Bank is restricted to 1% of PY Net Profit as per RBI Regulation - Rs.5,273 (000's)
***The above Remuneration excludes Bonus and Gratuity.
Note: An amount of Rs 21,391 (000's) received by UFSL and an amount of Rs. 435 (000's) is paid by USFB towards employees perquisite tax

Balances with Related Parties for the year

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Enterprise in which KMP are members		
Ujjivan Welfare and Relief Trust	(8,360)	(7,427)
	4,175	7,535
Outstanding Balance with enterprise in which relative of Key Management Personnel are Members		
Parinaam Foundation	-	(84,079)
	-	85,626
Holding Company		
Ujjivan Financial Services limited	(12,92,983)	(13,14,581)
	9,17,472	13,14,568

Figures in bracket indicates maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

24 Operating leases (AS-19)

The future minimum lease payments under non-cancellable operating leases are as follows:

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
i) Not later than one year	7,01,292	7,19,148
ii) Later than one year but not later than five years	29,49,350	22,50,725
iii) Later than five years	8,43,697	23,66,272

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
The total of minimum lease payments recognized in the Profit and Loss Account for the year	7,04,964	6,85,028

There are no provisions relating to contingent rent.

25 Earnings per Share

The Bank reports basic and diluted earnings per Equity share in accordance with Accounting Standard-20 Earnings Per Share.

(Rs. in 000's)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit available to equity share holders (in 000's) - (A)	82,969	33,66,575
Weighted average shares outstanding – Basic (Nos. in 000's) - (B)	17,28,244	15,35,395
Weighted average shares outstanding – Diluted (Nos. in 000's) - (C)	17,28,743	15,42,085
Nominal Value of Equity Shares (Rs.)	10	10
Earnings per share – Basic (Rs.) - (A/B)	0.05	2.19
Earnings per share – Diluted (Rs.) - (A/C)	0.05	2.18

Schedule 18

26 Miscellaneous

26.1 Provisions for taxation during the year:

(Rs. in 000's)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Income Tax	16,25,457	11,43,922
Income Tax - Prior Period	84,607	-
Deferred tax Liability/ (Asset) - (Refer Schedule 18(27))	(16,91,058)	19,288
Total	**19,006**	**11,63,211**

26.2 Disclosure relating to Depositor Education and Awareness Fund (DEAF):

The details of amount transferred to Depositor Education and Awareness Fund during the current and previous year.

(Rs. in 000's)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Opening balance of amounts transferred to DEAF	2,037	424
Add: Amounts transferred to DEAF during the year	151	1,613
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	**2,188**	**2,037**

As per RBI circular DBR. No. DEA Fund Cell. BC. 67/3-.01.002/2014-15 dated February 02, 2015, the details of unclaimed Security Deposits has been displayed on our website with respect to amount transferred to DEAF.

26.3 Drawdown from Reserves

The Bank has not undertaken any drawdown from reserves during the financial year ended March 31, 2021 and March 31, 2020.

26.4 Fixed Assets

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Fixed Assets excluding Computer Software		
Opening balance (cost)	33,46,166	29,15,563
Additions during the year	2,13,704	4,71,904
Deduction during the year	(27,930)	(41,301)
Depreciation to date	(17,98,200)	(13,21,681)
Balance at the end of the year	**17,33,740**	**20,24,485**

26.5 Computer Software

The movement in fixed assets capitalized as computer software is given below:

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance (cost)	13,89,447	11,51,981
Additions during the year	5,26,845	2,37,466
Deduction during the year	-	-
Depreciation to date	(8,90,615)	(6,15,232)
Balance at the end of the year	**10,25,677**	**7,74,215**

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2021

Schedule 18

26.6 Description of Contingent Liabilities:

(Rs. in 000's)

Particulars	As at March 31, 2021	As at March 31, 2020
i) Claims against the Bank not acknowledged as debt		
- Taxation	17,106	4,226
- Other Legal cases	2,28,719	1,307
ii) Guarantees given on behalf of Constituents	2,500	47,500
iii) Other items for which the Bank is contingently liable		
- Capital commitments not provided	1,55,084	1,54,295
- Amount transferred to Depositor Education and Awareness Fund (DEAF)	2,188	2,037
Total	**4,05,597**	**2,09,365**

Contingent liability	Brief description
Claims against the Bank not acknowledged as debts - taxation	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favourable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of Income Tax Act, 1961.
Claims against the Bank not acknowledged as debts - Other legal cases	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows. It includes Rs 227,040 ('000) notice received by Bank in March'21 regarding non-remittance of statutory provident fund dues on the applicable wages components.
Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.
Other items for which the Bank is contingently liable	These include: a) Capital commitments; b) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

26.7 Disclosure of Letters of Comfort issued by the Bank:
The Bank has not issued any Letter of Comfort during the current and previous year.

26.8 Investor education and protection fund
There is no amount required to be transferred to Investor Education and Protection Fund by the bank during the current and previous year.

26.9 Other Expenditure:

Other expenditure includes Local Conveyance of Rs Nil (PY: Rs.3,04,859 (000's)) and National Financial Switch (NFS) Expenses of Rs Nil (PY: Rs 3,09,690 (000')) exceeding 1% of the total income of the Bank.

26.10 The Bank has a process whereby periodically all long term contract are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that no provision is required under any law / accounting standards on such long term contracts as on March 31, 2021 and March 31, 2020.

26.11 Credit default Swaps
The Bank has not entered into any credit default swap transactions during the current and previous year.

26.12 Credit card and debit card reward points
The Bank does not have credit card products, hence reward points are not applicable. Also, the Bank does not provide any reward points on debit card.

26.13 Off balance sheet SPVs sponsored
There are no off-balance sheet SPVs sponsored by the bank as at March 31, 2021 and as at March 31, 2020.

26.14 Details of factoring exposure
The factoring exposure of the Bank as at March 31, 2021 and as at March 31, 2020 is Nil.

26.15 Country wise risk exposure
The Bank does not have any country wise Risk Exposure as at March 31, 2021 and as at March 31, 2020.

26.16 Unhedged foreign currency exposure
The Bank does not have any unhedged foreign country exposure as at March 31, 2021 and as at March 31, 2020.

27 Deferred Tax

In accordance with Accounting Standard -22 “Accounting for Taxes on Income”, the company has recognized deferred tax (asset)/Liability as detailed below:

As at March 31, 2021 *(Rs. in 000's)*

Particulars	Deferred Tax (Assets) / Liabilities as at April 01, 2020	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as at March 31, 2021
Difference between book and tax depreciation	1,01,325	722	1,02,047
Provision for Employee benefits	(1,06,520)	(92,978)	(1,99,498)
Provision for doubtful assets/standard assets	(2,38,387)	(16,46,801)	(18,85,188)
Others	(1,56,889)	47,999	(1,08,890)
Net Deferred Tax (Asset) / Liability	**(4,00,471)**	**(16,91,058)**	**(20,91,529)**

As at March 31, 2020 *(Rs. in 000's)*

Particulars	Deferred Tax (Assets) / Liabilities as at April 01, 2019	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2020
Difference between book and tax depreciation	1,61,493	(60,168)	1,01,325
Provision for Employee benefits	(52,507)	(54,013)	(1,06,520)
Provision for doubtful assets/standard assets	(4,02,992)	1,64,605	(2,38,387)
Others	(1,25,753)	(31,135)	(1,56,889)
Net Deferred Tax (Asset) / Liability	**(4,19,759)**	**19,288**	**(4,00,471)**

28 Disclosures On Remuneration:

28.1 Qualitative Disclosures

(A) Information relating to the composition and mandate of the Remuneration Committee.

Bank has constituted a Nomination and Remuneration Committee (NRC). The NRC comprises of five members out of which three are Independent Directors. Mandate of the Nomination and Remuneration Committee, inter-alia, is to oversee the framing, review and implementation of the Banks's Compensation policy & Nomination & Remuneration Policy for Whole Time Director/Chief Executive Officers/Risk Takers, control function staff and other employees of the Bank for ensuring effective alignment between remuneration and risks. The Committee also ensures that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Nomination and Remuneration Committee reviews Compensation policy and Nomination & Remuneration Policy of the Bank with a view to attract, retain and motivate employees.

(B) Information relating to the design and structure of remuneration processes and the key features and objectives of Compensation Policy and Nomination & Remuneration Policy

The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations:

(a) Our Compensation principles should support us in achieving our mission of providing a full range of financial services to the economically active poor of India who are not adequately served (unserved and underserved) by financial institutions. Therein, this policy should support us to attract and retain talent and skills required to further the organizations purpose and ideology.

(b) The pay structure and amounts confirms and shall always conform to applicable Income Tax and other similar statutes.

(c) All practices of Ujjivan SFB shall comply with applicable labour laws.

(d) The pay structure should be standardized for a level of employees.

(e) Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to certain benefits may undergo change due to change in grade/ roles/ function/ state/ region in the organization.

(f) The compensation structure shall be easy to understand for all levels of employees.

(g) The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

(h) The Bank pays the Independent Directors remuneration by way of sitting fees for attending meetings of the Board and its Committees as may be decided by the Board and, if required, approved by the Shareholders from time to time.

(C) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

(a) Structurally, the Control functions such as Credit, Risk and Vigilance are independent of the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.

(b) The Bank ensures that staff engaged in financial and risk control are independent, have appropriate authority, and are compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the firm.

(c) The Bank is in the process of comprehensively measuring and reviewing material risks to which Bank is exposed to under ICAAP. The Bank also complies with Basel II requirements.

(D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

(a) The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

(b) Ujjivan shall, from time to time benchmark its compensation against identified market participants to define its pay structure and pay levels.

(c) The merit increments will be finalized and approved by the NHRC year on year, basis organization’s budgets and accomplishments as well as market reality.

(d) Ujjivan believes in paying its employees in an equitable and fair manner basis the incumbent’s Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.

(e) Employees rated “Below Expectations” shall not be provided any increments, unless statutorily required.

(E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

The Bank shall announce payment of cash variable pay as suitable. Discretion is typically applied related to staggered payout in case large payouts, particularly for functions like Credit and Risk. Payment is prorated for employees who have worked for part of the year at Ujjivan.

If there are significant developments in the year of payment (internal or external), management shall have leeway to announce a decision about payouts.

Ujjivan believes in the philosophy of collective ownership by its employees. Thus, Employee Stock Options of the Bank are distributed amongst employees basis their criticality and performance from time to time, at the discretion of the management.Ujjivan believes in the philosophy of collective ownership by its employees. Thus, Employee Stock Options of the Bank are distributed amongst employees basis their criticality and performance.

Stock option schemes at Ujjivan vest in a staggered manner. Besides the statutory requirement of grant and 1 year vesting, the total set of options vest in various tranches for up to a period of 5 years.

Malus/ Clawback: In the event of negative contributions of the individual towards the achievements of the Banks objectives in any year, the deferred compensation should be subjected to Malus/Clawback arrangements. Similar provisions shall apply in case the individual is found guilty of any major non-compliance or misconduct issues.

Directors, if appointed/ Material Risk Takers/ other employees, as planned by the Bank/ or the relevant line of business, towards achievements of the Banks objectives in any year, the deferred compensation shall be subjected to Malus/Clawback arrangements.

(F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Variable Compensation at Ujjivan has the following distinct forms:

I) Cash Variable Pay

1. Statutory Bonus
2. Performance Pay:
    a. Performance Bonus
    b. Monthly Variable Pay
3. Rewards & Recognition

The policy has been laid out keeping the following perspectives into considerations:

The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.

It is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

Statutory Bonus: Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.

Monthly Variable Pay: Employees in the Sales function, directly responsible for revenue generation shall be covered under the Monthly Variable Pay if meeting the criteria of the respective scheme. Typically some of the entry level roles and upto two or three levels of supervision thereof shall be covered.

Performance Bonus: All employees who are not a part of any Monthy Variable Pay but part of the year end performance review will be covered under the Performance Bonus Plan of Ujjivan Small Finance Bank. However, the actual payout of performance bonus shall be paid only to employees who have met our performance criteria.

The Bank shall announce the payment of bonus, as suitable year on year. If there are significant developments in the year of payment (internal or external), management shall have leeway to announce a decision about bonus payment.

Rewards & Recognition: Ujjivan shall design schemes and practices from time to time to celebrate employees / departmental / organizational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five , seven and ten yrs. of completion of service with Ujjivan), Functional R&R Schemes; Organizational Rewards Schemes such as: Service Champion; Process Excellence; Customer Connect Awards; Above and Beyond; etc.

II) Non-cash Variable Pay

Ujjivan believes in the philosophy of collective ownership by its employees. Thus, Employee Stock Options of the Bank are distributed amongst employees basis their criticality and performance from time to time, at the discretion of the management. Stock options are granted based on a combination of parameters such as tenure and/or employees' performance.

28.2 Quantitative Disclosures

The quantitative disclosures cover the Bank's Whole Time Director (WTD) and Material Risk Takers (MRT). The Bank's MRT includes Managing Director and Chief Executive Officer (MD & CEO), Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.

(Rs. in 000's)

Particulars	Year ended March 31, 2021[1]	Year ended March 31, 2020[1]
Number of meetings held by Nomination & Remuneration Committee (NRC) and remuneration paid to its members	8 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2020 to March 31, 2021. NRC members were paid total sitting fees of Rs.1,370 (000's) for Eight meetings. Human Resource and Compensation Committee (HRC) was merged with NRC on Feb 03, 2021. No meeting of HRC was held during Financial Year 2020-21.	9 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2019 to March 31, 2020. Further, 2 meetings of Human Resource and Compensation Committee (HRC) was held during April 01, 2019 to March 31, 2020. The members of the NRC were paid total sitting fees of Rs.1,620 (000's) for Nine meetings while members of HRC were paid total sitting fees of Rs 130 (000's) for 2 meetings.
Number of employees having received a variable remuneration award.	6 employees MD & CEO, Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.	8 employees (Current MD&CEO/ Ex-MD&CEO/ CFO /CRO /CBO / Current Head of Treasury / Ex-Head of Treasury / CS)
Number and total amount of 'sign on' awards	Nil	*3,798,697 options
Details of guaranteed bonus if any paid as sign on bonus.	Nil	Nil
Details of severance pay in addition to the accrued benefits.#	Rs 7,409 (000's)	Nil
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms.	Cash : Nil[2] ESPS shares : Nil ESOP grants : 2,54,874*** MD & CEO, Head- Treasury, Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.	Cash : Rs. 5,268 (000') **ESPS shares : 28,84,837 ***ESOP grants : 4,38,190 (Current MD&CEO/ Ex-MD&CEO/ CFO /CRO /CBO / Current Head of Treasury / Ex-Head of Treasury / CS)
Total amount of deferred remuneration paid.	Nil	Rs. 1,816 ('000) (Current MD&CEO/ Ex-MD&CEO/ CFO /CRO /CBO / Current Head of Treasury / Ex-Head of Treasury / CS)
Breakdown of amount of remuneration awards for the financial Period to show fixed and variable, deferred and non-deferred	Fixed gross : Rs. 49,198 ('000) Variable deferred : Rs. NIL Fixed gross of the following employees : MD & CEO, Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.	Fixed gross : Rs. 81,520 ('000) Variable deferred : Rs. 1,817 ('000) (Current MD&CEO/ Ex-MD&CEO/ CFO /CRO /CBO / Current Head of Treasury / Ex-Head of Treasury / CS)
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments.	Nil	Nil
Total amount of reductions during the FY due to ex – post explicit adjustments	Nil	Nil
Total amount of reductions during the FY due to ex – post implicit adjustments	Nil	Nil
Number of cases where malus has been exercised[3]	Nil	
Number of cases where clawback has been exercised[3]	Nil	
Number of cases where both malus and clawback have been exercised[3]	Nil	
General Quantitative Disclosure[3]		
The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	Rs 372 ('000) (excluding MD & CEO) 39.48 X	

Note:

#The amount includes the following paid to Ex-MD&CEO who retired on November 30, 2019.
*ESOPs basis RBI approval as sign-on grant for MD&CEO; vesting due over 2 years - FY 2020 and FY 2021.
** Including 26,90,000 shares alloted to Ex-MD&CEO.
*** Exluding ESOPs of Current MD&CEO since it was granted as sign-on grant. ESOPs are granted not exercised.
1. Current year disclosure is for WTD and MRTs. Previous year disclosure is for WTD and Key Risk Takers (KRTs).
2. For cash component - payment to be made as per guidance and approval of regulatory authority.
3. As per RBI circular 2019-20/89 DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 04, 2019, new disclosure have been presented for current year only.

29 Disclosure on remuneration to Non-Executive Directors:

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board and its Committees. Duirng the year, From April 01, 2020 Till July 01, 2020, the sitting fees was paid at the rate of Rs. 75 (000's) per Board meeting and at the rate of Rs. 50 (000's) per Board Committee Meetings. In the Board meeting held on July 31, 2020 (W.e.f from July 01, 2020), due to Covid-19 pandemic and to set the tone at the top to indicate that the Bank wants to be frugal and stand behind the management, directors had decided to reduce, on voluntary basis, the sitting fee for attending Board and Board Committee Meetings. Accordingly the sitting fees was reduced from Rs. 75 ('000) to Rs. 60 ('000) for attending Board Meeting from Rs. 50 ('000) to Rs. 40 ('000) per Board Committee meetings, further no sitting fees was paid for attending the Business Continuity Monitoring Committee Meeting during the said period.

Further, the earlier sitting fees were reinstasted w.e.f December 01, 2020 as resolved in the Board Meeting held on November 07, 2020. The Bank has paid total Rs. 12,345 (000's)

(Rs. in 000's)

Name of Directors	Year ended March 31, 2021	Year ended March 31, 2020
Mr. Biswamohan Mahapatra[1]	1,605	1,410
Mr. Sunil Vinayak Patel[2]	-	1,940
Ms. Vandana Viswanathan[3]	835	1,450
Mr. Nandlal Sarada	1,615	1,685
Mr. Luis Miranda[4]	-	1,005
Mr. Prabal Kumar Sen	1,455	1,260
Ms. Mona Kachhwaha	1,465	690
Mr. Jayanta Kumar Basu[5]	1,470	700
Ms. Chitra K Alai (SIDBI)	270	200
Mr. Sachin Bansal[6]	-	525
Mr. Mahadev Lakshminarayanan	1,845	775
Mr. Umang Bedi[7]	1,135	-
Ms. Rajni Mishra[8]	425	-
Mr. Ittira Davis[9]	75	-
Mr. Rajesh Kumar Jogi[10]	75	-
Mr. Harish Devarajan[11]	75	-
Mr. Umesh Bellur[12]	-	-
Total	**12,345**	**11,640**

1) Mr. Biswamohan Mahapatra resigned on February 19, 2021 (close of business hours).
2) Mr. Sunil Vinayak Patel resigned w.e.f. February 1, 2020.
3) Ms. Vandana Viswanathan resigned w.e.f. November 15, 2020.
4) Mr. Luis Miranda resigned w.e.f. March 22, 2020.
5) Mr. Jayanta Kumar Basu resigned w.e.f. January 20, 2021 (End of Business Hours)
6) Mr. Sachin Bansal resigned w.e.f. January 27, 2020.
7) Mr. Umang Bedi was appointed as Additional Director (Independent) w.e.f. April 01, 2020 and was subsequently appointed as the Independent Director in the Annual General Meeting held on September 02, 2020.
8) Mrs. Rajni Anil Mishra was appointed as an Additional Director (Independent) w.e.f December 16, 2020.
9) Mr. Ittira Davis was appointed as an Additional Director (Non- Executive, Non-Independent) and Part-Time chairman (subject to approval of RBI) w.e.f. March 13, 2021.
10) Mr. Rajesh Kumar Jogi was appointed as an Additional Director (Non-Executive, Non- Independent) w.e.f March 13, 2021.
11) Mr. Harish Devarajan was appointed as an Additional Director (Independent) of the Bank w.e.f. March 13, 2021.
12) Mr. Umesh Bellur was appointed as an Additional Director (Independent) of the Bank w.e.f. March 13, 2021.

30 The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. An amount of Rs 49 ('000) was outstanding for payment for more than 45 days to MSME creditors as of March 31, 2021 and Rs 1,145 ('000) as of March 31, 2020.

31 Corporate Social Responsibility

As per Sec 135 (1) of the Companies Act “Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director”. Pursuant to this, Bank has duly constituted a Corporate Social Responsibility Committee.

Further, the section stipulates that the company should spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years and in pursuance of its Corporate Social Responsibility Policy . Bank's CSR Strategy was aproved by the CSR Committee & by the Board of Directors in the meeting held on July 30, 2020 & July 31, 2020 respectively. Bank is committed to meet its CSR obligation for the Financial Year 2020-21.

Gross amount required to be spent by the Bank during the financial year ended March 31, 2021 is Rs. 49,567 ('000) (PY -Rs 18,544)

(Rs. in 000's)

Particulars	**Year ended March 31, 2021**		
	Amount Spent	**Amount unpaid/provision***	**Total**
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	55,338	-	55,338

Particulars	**Year ended March 31, 2020**		
	Amount Spent	**Amount unpaid/provision***	**Total**
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	12,467	-	12,467

*The Bank was required to spend Rs 55,644 ('000) for the financial year 2020-21, which includes Rs. 49,567 ('000) two per cent of the average net profit for preceding 3 years and Rs. 6,077 ('000) unspent amount carry forwarded from previous financial year. The Bank as per proviso to section 135(5) of Companies Act 2013, has transferred an amount of Rs. 305 ('000) to PM CARES fund specified under Schedule VII.

32 Payments to Auditor's (Schedule -16 Auditor's Fees And Expenses) ***(Rs. in 000's)***

Particulars	**Year ended March 31, 2021**	**Year ended March 31, 2020**
Audit Fees	4,088	3,706
Tax Audit Fees	194	109
Certification and other attest services (including Out of Pocket Expense)	5,119	4,855
Total	**9,401**	**8,670**

33 Share-based payments

33(A) Employee Share Option Plan(ESOP)

33(A)(1) Details of the employee share option plan of the Bank

The Bank has share option scheme for employees (which includes the employees of the Holding Company) , being ESOP 2019.

ESOP 2019

The ESOP 2019 is the scheme under which the Bank has issued options to the employees (which includes the employees of the Holding Company). The Bank has approved its ESOP Plan, 2019 in the Shareholders meeting held on March 29, 2019. On August 08, 2019, the Nomination & Remuneration Committee of the Bank has granted 3,70,00,403 ESOPs at Rs 35 per shares to eligible employees of the Bank (which includes the employees of the Holding Company).Further, pursuant to the resolution passed by Nomination & Remuneration Committee on December 4, 2019, 3,798,697 additional options were granted under ESOP 2019 scheme.
During the Financial Year 2020-21, 3,04,549 number options were granted on November 02, 2020 at the rate of Rs 30.75 per shares to selected employees of the Bank.

The vesting period for the options granted under ESOP 2019 is as under:

Particulars	Options Granted	Year 1	Year 2	Year 3	Year 4	Year 5
ESOP 2019 - Original	3,70,00,403	20%	20%	20%	20%	20%
ESOP 2019 - Additional	37,98,697	52%	48%	-	-	-
ESOP 2019 - Senior Hire	3,04,549	20%	20%	20%	20%	20%
Total	4,11,03,649					

The following share-based payment arrangements were in existence during the current year:

Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
ESOP 2019 - Original	3,70,00,403	August 08, 2019	August 07, 2020	August 07, 2025	35.00	17.25
		August 08, 2019	August 07, 2021	August 07, 2026	35.00	19.31
		August 08, 2019	August 07, 2022	August 07, 2027	35.00	21.13
		August 08, 2019	August 07, 2023	August 07, 2028	35.00	22.77
		August 08, 2019	August 07, 2024	August 07, 2029	35.00	24.24
ESOP 2019 - Additional	37,98,697	December 4, 2019	December 12, 2020	December 12, 2025	35.00	17.25
		December 4, 2019	December 12, 2021	December 12, 2026	35.00	19.31
ESOP 2019 - Senior Hire	3,04,549	November 02, 2020	November 02, 2021	November 01, 2026	30.75	11.78
		November 02, 2020	November 02, 2022	November 01, 2027	30.75	13.08
		November 02, 2020	November 02, 2023	November 01, 2028	30.75	14.81
		November 02, 2020	November 02, 2024	November 01, 2029	30.75	16.03
		November 02, 2020	November 02, 2025	November 01, 2030	30.75	16.83

33(A)(2) Fair value of share options granted in the year

The weighted average fair value of the share options granted during the FY 2020-21 is 14.51 and for FY 2019-20 is Rs 20.69. Options were calculated using Black and Scholes Model. Vested ESOPs can be exercised within five years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date.The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. Volatility of comparable Banks have been considered for the purposes of valuation.

Inputs considered for calculating options fair value are as follows:

Particulars	ESOP 2019				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	40.76	40.76	40.76	40.76	40.76
Exercise price	35	35	35	35	35
Expected volatility	40.08%	40.08%	40.08%	40.08%	40.08%
Option life	3.5	4.5	5.5	6.5	7.5
Risk-free interest rate	5.75%	5.90%	6.03%	6.13%	6.22%

Particulars	ESOP 2019 - Senior Hire				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	30.75	30.75	30.75	30.75	30.75
Exercise price	30.75	30.75	30.75	30.75	30.75
Expected volatility	43.50%	41.93%	43.29%	43.12%	41.66%
Option life	3.5	4.5	5.5	6.5	7.5
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%

33(A)(3) Movements in share options issued

During the year ended March 31, 2021

Particulars (Nos.)	Options granted and outstanding as at beginning of year	Granted during the year	Exercised during the year	Forfeited/Expired during the year	Option exercisable at the end of the year
ESOP 2019 - Original	3,42,77,160	-	61,967	32,67,883	3,09,47,310
ESOP 2019 - Additional	37,98,697	-	-	-	37,98,697
ESOP 2019 - Senior Hire	-	3,04,549	-	-	3,04,549
Total	3,80,75,857	3,04,549	61,967	32,67,883	3,50,50,556
Weighted average exercise price	35.00	30.75	35.00	35.00	34.96

During the year ended March 31, 2020

Particulars (Nos.)	Options granted and outstanding as at beginning of year	Granted during the year	Exercised during the year	Forfeited/Expired during the year	Option exercisable at the year end
ESOP 2019 - Original	-	3,70,00,403	-	27,23,243	3,42,77,160
ESOP 2019 - Additional	-	37,98,697	-	-	37,98,697
Total	-	4,07,99,100	-	27,23,243	3,80,75,857
Weighted average exercise price	-	35.00	-	35.00	35.00

33(A)(4) Share options exercised during the year

61,967 options has been exercised out of the ESOPs granted under the ESOP Plan 2019.

33(A)(5) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of Rs 35 for ESOP 2019 scheme and Rs 30.75 for ESOP 2019 - Senior Hire and a weighted average remaining contractual life of 6.24 Years (PY - 7.24 Years).

33(A)(6) Expense arising from share based payment transaction recognized in Statement of profit or loss as employee benefit expense are as follows:

(Rs. in 000's)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Employee benefit expense	2,24,465	2,11,464

33(A)(7) ESOP arrangement with the Holding company (Ujjivan Financial Services Limited)

As per guidance note issued by ICAI on Share-based Payment , stock options have to be fair valued on the grant date and expense has to recognised over the vesting period. The Bank has accordingly determined the cost of the employee share-based payments considering the fair value principles, recognised the share based payment expense for all the unvested options as on date for the period starting from the grant date. Total 473,240 options granted to Holding Company employees for which Bank has decided to cross charge the stock compenation expense through related party transaction. Accordingly, Rs 2,374 (000's) has been booked as recoverable from Holding Company as on March 31, 2021.

33(B) Employee Stock Purchase Scheme 2019 (ESPS):

The ESPS Scheme was approved by the Shareholders in the Extra-Ordinary General Meeting held on August 03, 2019. Under the ESPS 2019 scheme the employees of the Bank and of Ujjivan Financial Services Limited (UFSL) subscribed to 1,40,55,097 number of equity shares at a price of Rs 35 per equity share. During the year ended March 31, 2021, the Bank allotted 29,069 equity shares under ESPS 2019 on November 07, 2020 at price of Rs 35 per equity share.

33(B)(1) ESPS is issued in three phases timelines of which are detailed below:

Phase	Subscription Start Date	Subscription End Date
I	August 09, 2019	September 09, 2019
II	September 10, 2019	September 26, 2019
III	October 07, 2019	October 16, 2019

33(B)(2) Expense arising from share based payment transaction recognized in Statement of profit or loss as employee benefit expense are as follows:

(Rs. in 000's)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Expense on ESPS	-	79,741

Consequent to the outbreak of COVID-19 pandemic, the Indian government announced a lockdown in March 2020. Subsequently, the national lockdown was lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases.

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 activities, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The slowdown during the

34 year has led to a decrease in loan originations and in collection efforts' efficiency. This may lead to a rise in the number of customers defaults and consequently an increase in provisions there against.

The extent to which the COVID-19 pandemic, including the current "second wave" that has significantly increased the number of cases in India, will continue to impact the Bank's operations and financial results will depend on ongoing as well as future developments, which are highly uncertain, 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.

In order to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses, the RBI through its circulars dated March 27, 2020 and April 17, 2020, permitted Banks to grant a moratorium, on the payment of all instalments and/ or interest, falling due between March 01, 2020 and May 31, 2020 to their borrowers. This period was extended by RBI till August 31, 2020 through its circular dated May 23, 2020. The Bank accordingly extended the moratorium option to its borrowers in accordance with its Board approved policies. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

The quantitative disclosures as required by the above referred RBI circular dated April 17, 2020 are given below:

(Rs. in 000's)

Particulars	Amount
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular* Term Loan Instalments: Rs 1,199,636 ('000) Cash Credit / Overdraft :Rs 2,377 ('000)	12,02,034
Respective amount where asset classification benefits is extended* Term Loan Instalments: Rs 1,199,636 ('000) Cash Credit / Overdraft : Rs 2,377 ('000)	12,02,034
Provisions made in terms of para 5 of the circular during the year ended March 31, 2021:	1,14,718
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular	92,901
Residual provisions in terms of paragraph 6 of the circular	21,817

*represents outstanding balance as on March 31, 2021 in respect of such accounts.

Above disclosure includes all the accounts which were standard but overdue as on February 29, 2020 and remained overdue as on June 30, 2020.

35 Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 are given below:

(A) Details of resolution plan implemented under the Resolution Framework for COVID-19 related stress as per RBI circular dated August 6, 2020 are given below:

(Rs in '000, except number of accounts)

	(A)	(B)	(C)	(D)	(E)
Type of borrower	**Number of accounts where resolution plan has been implemented under this window***	**exposure to accounts mentioned at (A) before implementation of the plan**	**Of (B), aggregate amount of debt that was converted into other securities**	**Additional funding sanctioned, if any, including between invocation of the plan and implementation**	**Increase in provisions on account of the implementation of the resolution plan****
Personal Loans	36,412	10,09,904	0	0	1,00,990
Corporate persons	0	0	0	0	0
Of which, MSMEs	0	0	0	0	0
Others	2,26,664	50,35,675	0	0	5,03,568
Total	**2,63,076**	**60,45,579**	**0**	**0**	**6,04,558**

* represents accounts which were restructured and active as on March 31, 2021.

** Provisions held as on March 31, 2021.

(B) The Bank has restructured accounts in accordance with RBI Circular on 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' - DBR.No.BP.BC.100/21.04.048/2017-18 dated February 07, 2018, DBR.No.BP.BC.108/21.04.048/2017-18 dated June 06, 2018, DBR.No.BP.BC.18/21.04.048/2018-19 January 01, 2019, DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 dated August 6, 2020.

(Rs in '000 except number of accounts)

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
No. of Accounts Restructured	91,308	-
Amount	23,51,802	-

36 Refund / adjustment of 'Interest on Interest'

In accordance with the instructions in the aforesaid RBI circular dated April 07, 2021, the Bank shall refund/ adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been circulated by the Indian Banks Association ('IBA'). Based on the methodology recommended by the IBA, the Bank has calculated the said amount to be refunded and accordingly reduced Rs 3.50 lacs from the interest income for the year ended March 31, 2021.

37 The Bank received notice on March 16, 2021, regarding non-remittance of statutory Provident Fund (PF) dues on the applicable wage components from February 2017 till March 2019 amounting to Rs. 227,040 ('000). Bank have filed the initial responses to PF commissioner and contented that said notice doesn't have a stand based on definition of basic wages under EPF ACT, and various case laws. However, due to ongoing pandemic the hearing have been adjourned until further notice. Since the possibility of liability is remote and Bank may challenge the same before appropriate authority, therefore no provision has been made in the books. The said amount has been disclosed as contingent liability under Schedule 12.

38 Securitization Transaction

The details of Securitization deals outstanding as at March 31, 2021 and as at March 31, 2020 as below.

(Rs. in 000's)

Particulars			As at March 31, 2021	As at March 31, 2020
No. of SPVs sponsored by the Bank for securitization transactions			-	-
Total amount of securitized assets as per books of the SPVs sponsored by the Bank			-	-
Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet			-	-
a)	Off balance sheet exposures		-	-
	First loss		-	-
	Others		-	-
b)	On-balance sheet exposures		-	-
	First loss		-	-
	Others		-	-
Amount of exposures to securitization transactions other than MRR			-	-
a)	Off balance sheet exposures		-	-
	i)	Exposure to own securitizations	-	-
		First loss	-	-
		Loss	-	-
	ii)	Exposure to third party securitizations	-	-
		First loss	-	-
		Others	-	-
b)	On balance sheet exposures		-	-
	i)	Exposure to own securitizations	-	-
		First loss	-	-
		Others	-	-
	ii)	Exposure to third party securitizations	-	-
		First loss	-	-
		Others	-	-

39 Dividend:

The RBI, vide notification dated December 04, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity/preference shares from the profits pertaining to the financial year ended March 31, 2020. The Bank did not declare final equity/preference dividend for the financial year ended March 31, 2020.
Given that the current "second wave" has significantly increased the number of COVID-19 cases in India and uncertainty remains, the Board of Directors of the Bank, at its meeting held on May 18, 2021, have considered it prudent to currently not propose any dividend for the financial year ended March 31, 2021.

The Bank with the approval of Directors through resolution passed on July 30, 2019 declared an Interim Preference Dividend of 5.5% i.e. Rs 0.55 per preference Share of Rs 10 each (within the maximum permissible coupon rate of 11%) amounting to Rs 110,000 (000's) (excluding Dividend Distribution Tax) on 200,000,000 11% Perpetual Non-Cumulative Preference Shareholders.

(Rs. in 000's)

Particulars	As at March 31, 2021	Year ended March 31, 2020
First Interim Preference Dividend of Rs. Nil (Previous year-Rs 0.55) per preference share (exclusive of dividend distribution tax of Rs. 22,611)	-	1,10,000
Second Interim Preference Dividend of Rs. Nil (Previous year-Rs Nil) per preference share (exclusive of dividend distribution tax)	-	-

40 Comparative Figures

Figures of the previous period/ year have been regrouped/ reclassified wherever necessary to confirm to the current period's/ year's presentation.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership No: 117812

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Nitin Chugh
DIN: 01884659
Managing Director & CEO

Mahadev Lakshminarayanan
DIN: 05003710
Independent Director

Umang Bedi
DIN: 02432920
Independent Director

Nandlal Laxminarayan Sarda
DIN: 00147782
Independent Director

Upma Goel
Chief Financial Officer

Chanchal Kumar
Company Secretary

Mumbai
May 18, 2021

Bengaluru

MSKA & Associates
Chartered Accountants

Floor 3, Enterprise Centre,
Nehru Road, Near Domestic Airport,
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Tel: +91 22 3358 9800

INDEPENDENT AUDITOR'S REPORT

To the Members of Ujjivan Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Ujjivan Small Finance Bank Limited** ("the Bank"), which comprise the Balance sheet as at March 31, 2020, the Profit and Loss Account, Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required by the Banking Companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2020, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 34 to the financial statements which describes that the extent to which the COVID-19 Pandemic will impact the Bank's financial statement will depend on future developments, which are incapable of assessment at this point in time.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Identification of Non-Performing Assets ('NPA') and Provisioning on Advances Total Loans and Advances (Net of Provision) as at March 31, 2020: Rs 14,043.64 Crores Gross NPA as at March 31, 2020: Rs. 137.14 Crores Provision for NPA as at March 31, 2020: Rs. 109.65 Crores Refer Schedule (9) and Schedule 18(4.1) to the financial statement

Key Audit Matter	How our audit addressed the key audit matter
Identification of NPA and measurement of provision on account of NPA is made based on the assessment of various criteria stipulated in the Reserve Bank of India ('RBI') guidelines on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ('IRACP'). The Bank is required to prepare a Board approved policy as per the IRACP guidelines for NPA identification and provision. The IRACP guidelines stipulate the requirement to identify NPA through defined criteria such as past due status, out of order status etc. Provisions in respect of such NPAs and restructured advances are made based on minimum provisioning levels prescribed under the IRACP and Bank's internal credit policy. The provision on NPAs are also based on the valuation of the security available. In case of restructured accounts, provision is made for erosion/ diminution in fair value of restructured loans, in accordance with the RBI guidelines. Further, NPA classification is made borrower wise whereby if one facility to the borrower becomes an NPA then all facilities to such a borrower will be treated as an NPA. The Bank has framed policies in line with the RBI's guidelines vide 'COVID-19 – Regulatory Package' and 'COVID19 Regulatory Package - Asset Classification and Provisioning' thereby providing moratorium as a relief measure to the borrowers and creating required provisions against these reliefs. Additionally, the Bank makes provisions on exposures that are not classified as NPAs for identified advances that can potentially slip into NPA. We have identified 'Identification of NPA and Provisioning on Advances' as a key audit matter in view of the significant level of estimation involved, as well as the stringent compliances laid down by the RBI in this regard.	Tested the design and operating effectiveness of key controls (including application controls) over approval, recording, monitoring and recovery of loans, monitoring overdue / stressed accounts, identification of NPA, provision for NPA and valuation of security and collateral. Testing of Application controls include testing of automated controls, reports and system reconciliations. Evaluated the governance process and review controls over calculations of provision of non-performing advances, basis of provisioning approved in accordance with the Board approved policy. An inclusive list of substantive procedures performed is mentioned below: • For sample borrowers, assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per IRACP norms and Bank's Policy; • Selected samples of performing loans to assess whether they should be classified as NPA; • For selected samples, reviewed the collateral valuation performed by the Bank; • Performed inquiries with the Management of the Bank to ascertain if there were indicators of stress, perceived credit risk or occurrence of an event of default in any particular class of borrowers, product category or loan account that warrants NPA assessment;

	• Selected samples for standard and overdue accounts to assess compliance with the RBI guidelines vide its circulars 'COVID-19 – Regulatory Package' and 'COVID19 Regulatory Package - Asset Classification and Provisioning'. • Reviewed the adequacy and accuracy of disclosures against the relevant accounting standards and RBI requirements relating to NPA.

Information Other than the Financial Statements and Auditor's Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report and Annual Report, but does not include the financial statements and our auditor's reports thereon, which we obtained prior to the date of this auditor's Report, and Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

Responsibilities of Management and Those charged with Governance for Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India from time to time as applicable to Bank. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

MSKA & Associates
Chartered Accountants

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

2. As required by Section sub-section 3 of Section 30 of the Banking Regulation Act, 1949, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

   b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;

   c) During the course of our audit we have visited 5 branches to examine the books of account and other records maintained at branch and performed other relevant audit procedures. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein

3. As required by Section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

   c) The Balance Sheet, the Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India;

   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended.

      The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under section 197 of the Companies Act, 2013 do not apply; and

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12 and Schedule 18 (26.6) to the financial statements;

      ii. The Bank has made provision as at March 31, 2020, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts - Refer Schedule 18 (26.6) to the financial statements. The Bank did not have any derivative contracts as at March 31, 2020;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Swapnil Kale
Partner
Membership No.117812
UDIN: 20117812AAAAGA5061

Mumbai
May 19, 2020

UJJIVAN SMALL FINANCE BANK LIMITED
Balance Sheet as at March 31, 2020

(Rs. in 000's)

Particulars	Schedule	As at March 31, 2020	As at March 31, 2019
CAPITAL AND LIABILITIES			
Capital	1	1,92,82,232	1,64,00,368
Employees Stock Options and Purchase Outstanding	18(33)	2,14,193	-
Reserves and Surplus	2	1,23,80,829	17,95,926
Deposits	3	10,78,04,837	7,37,94,408
Borrowings	4	3,95,32,659	4,16,60,900
Other Liabilities and Provisions	5	48,97,579	37,70,545
TOTAL		**18,41,12,329**	**13,74,22,147**
ASSETS			
Cash and Balances with Reserve Bank of India	6	1,22,48,675	44,64,641
Balances with Banks and Money at Call and Short Notice	7	11,84,220	64,79,961
Investments	8	2,39,61,375	1,52,66,222
Advances	9	14,04,36,437	10,55,24,549
Fixed Assets	10	30,04,832	28,44,495
Other Assets	11	32,76,790	28,42,279
TOTAL		**18,41,12,329**	**13,74,22,147**
Contingent Liabilities	12	2,07,328	3,08,533
Bill for collection		-	-
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

The schedules referred to above form an integral part of the Balance sheet

The Balance Sheet has been prepared in conformity with Form A of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership No: 117812

Mumbai
May 19, 2020

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Nitin Chugh
DIN: 01884659
Managing Director & CEO

Mahadev Lakshminarayanan
DIN: 05003710
Independent Director

Vandana Viswanathan
DIN: 05192578
Independent Director

Nandlal Laxminarayan Sarda
DIN: 00147782
Independent Director

Upma Goel
Chief Financial Officer

Chanchal Kumar
Company Secretary

Bengaluru
May 19, 2020

UJJIVAN SMALL FINANCE BANK LIMITED
Profit and Loss Account for the year ended March 31, 2020

(Rs. in 000's)

Particulars	Schedule	Year ended March 31, 2020	Year ended March 31, 2019
I. INCOME			
Interest Earned	13	2,70,35,987	1,83,16,099
Other Income	14	32,22,149	20,59,641
Total		**3,02,58,136**	**2,03,75,740**
II. EXPENDITURE			
Interest Expended	15	1,07,00,068	72,51,992
Operating Expenses	16	1,31,85,755	1,00,33,539
Provisions and Contingencies (Refer Schedule 18 (17))		28,73,127	10,98,038
Total		**2,67,58,950**	**1,83,83,569**
III. PROFIT			
Net profit for the year		34,99,186	19,92,171
Profit brought forward		11,83,626	51,733
Total		**46,82,812**	**20,43,904**
IV. APPROPRIATIONS			
Transfer to			
a) Statutory Reserves		8,74,797	4,98,043
b) Investment Reserve		-	-
c) Interim Preference Dividend paid (includes tax on dividends)		1,32,611	2,65,222
d) Investment Fluctuation Reserve		55,289	97,013
e) Balance Carried over to Balance Sheet		36,20,115	11,83,626
Total		**46,82,812**	**20,43,904**
V. Earnings per Equity Share (Face value of Rs.10 per share)			
Basic (Rs) (Refer Schedule 18 (25))		2.19	1.20
Diluted (Rs) (Refer Schedule 18 (25))		2.18	1.20
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

The schedules referred to above form an integral part of the Profit and Loss Account.
The Profit and Loss Account has been prepared in conformity with Form B of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership No: 117812

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Nitin Chugh
DIN: 01884659
Managing Director & CEO

Mahadev Lakshminarayanan
DIN: 05003710
Independent Director

Vandana Viswanathan
DIN: 05192578
Independent Director

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DIN: 00147782
Independent Director

Upma Goel
Chief Financial Officer

Chanchal Kumar
Company Secretary

Mumbai
May 19, 2020

Bengaluru
May 19, 2020

UJJIVAN SMALL FINANCE BANK LIMITED

Cash Flow Statement for the year ended March 31, 2020

(Rs. in 000's)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash Flow from Operating Activities		
Net Profit/(Loss) before taxation	**46,62,397**	**26,84,230**
Adjustments for :		
Depreciation on Bank's Property	7,26,290	6,05,977
Loss on sale of Land, Building & Other assets (net)	1,865	11,429
Expense on employee stock option	2,14,193	-
Expense on employee stock purchase	79,740	-
Fixed Assets Written off	879	141
Provision for Non Performing Assets	10,45,081	2,31,718
Provision for Standard Assets	6,64,129	1,74,167
Amortisation of premium on HTM investments	45,566	24,836
Operating Profit/(Loss) before Working Capital changes	**74,40,140**	**37,32,498**
Adjustments for :		
(Increase) /Decrease in Advances	(3,59,56,968)	(3,23,94,153)
(Increase)/Decrease in Investments	(87,40,719)	(29,66,269)
(Increase)/Decrease in Other Assets	(3,59,550)	(8,62,087)
Increase/ (Decrease) in Deposits	3,40,10,429	3,60,69,234
Increase/ (Decrease) in Other Liabilities	4,62,905	15,87,586
Cash generated from/(used in) Operations	**(31,43,763)**	**51,66,809**
Direct Taxes paid (net of funds)	(11,15,047)	(3,89,649)
Net Cash Flow generated from/(used in) Operating Activities (A)	**(42,58,810)**	**47,77,160**
B. Cash Flow from Investing Activities		
Proceeds from sale of Fixed Assets	5,906	11,333
Purchase of Fixed Assets including WIP	(8,95,277)	(14,89,926)
Net Cash Flow used in Investing Activities (B)	**(8,89,371)**	**(14,78,593)**
C. Cash Flow from Financing Activities		
Proceeds from issue of equity shares (net of issue expenses)	1,00,20,451	-
Proceeds from share application money pending allotment	-	
Increase/(Decrease) in Borrowings (Net)	(21,28,241)	31,32,450
Preference dividend paid during the year	(1,10,000)	(2,20,000)
Dividend distribution tax paid during the year	(22,611)	(45,222)
Net Cash Flow generated from Financing Activities (C)	**77,59,599**	**28,67,228**
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**26,11,418**	**61,65,795**
Cash and Cash Equivalents at the beginning of the year	1,07,76,478	46,10,683
Cash and Cash Equivalents at the end of the year	**1,33,87,896**	**1,07,76,478**

Notes:

1 The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Sec.133 of the Companies act, 2013 read with rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.

2 Cash and cash equivalents comprises of Cash & Balances with RBI (Schedule 6) and Balances with Banks and Money at Call and Short Notice (Schedule 7) with balances having original maturity of less than three months.

3 Figures in bracket indicate cash outflow.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership No: 117812

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Nitin Chugh
DIN: 01884659
Managing Director & CEO

Mahadev Lakshminarayanan
DIN: 05003710
Independent Director

Vandana Viswanathan
DIN: 05192578
Independent Director

Nandlal Laxminarayan Sarda
DIN: 00147782
Independent Director

Upma Goel
Chief Financial Officer

Chanchal Kumar
Company Secretary

Mumbai
May 19, 2020

Bengaluru
May 19, 2020

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2020

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE -1 CAPITAL		
Authorized Capital		
2,300,000,000 Equity Shares of Rs.10 each	2,30,00,000	1,50,00,000
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of Rs 10 each	20,00,000	20,00,000
Issued, Subscribed and Called up Capital		
1,728,223,169 Equity Shares of Rs.10 each	1,72,82,232	1,44,00,368
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of Rs 10 each	20,00,000	20,00,000
	1,92,82,232	**1,64,00,368**
Paid up Capital		
1,728,223,169 Equity Shares of Rs.10 each	1,72,82,232	1,44,00,368
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of Rs 10 each	20,00,000	20,00,000
TOTAL	**1,92,82,232**	**1,64,00,368**
SCHEDULE -2 RESERVES AND SURPLUS		
I) Statutory Reserves		
Opening balance	5,15,287	17,244
Additions during the year	8,74,797	4,98,043
Deductions during the year	-	-
Closing balance	**13,90,084**	**5,15,287**
II) Share Premium		
Opening balance	-	-
Additions during the year	76,50,482	-
Deductions during the year	(4,32,154)	-
Closing balance	**72,18,328**	-
III) Investment Fluctuation Reserve		
Opening balance	97,013	-
Additions during the year	55,289	97,013
Deductions during the year	-	-
Closing balance	**1,52,302**	**97,013**
IV) Balance of Profit and Loss Account	36,20,115	11,83,626
TOTAL (I + II + III)	**1,23,80,829**	**17,95,926**

UJJIVAN SMALL FINANCE BANK LIMITED

Schedules forming part of the Balance Sheet as at March 31, 2020

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE -3 DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	80,644	24,930
(ii) From Others	22,03,811	7,80,611
II. Savings Bank Deposits	1,23,09,920	70,35,374
III. Term Deposits		
(i) From Banks	3,85,64,683	2,61,51,491
(ii) From Others	5,46,45,779	3,98,02,002
TOTAL (I + II + III)	**10,78,04,837**	**7,37,94,408**
B. Deposits of branches		
I. In India	10,78,04,837	7,37,94,408
II. Outside India	-	-
TOTAL (I + II)	**10,78,04,837**	**7,37,94,408**
SCHEDULE -4 BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	28,20,000	-
(ii) Other Banks	41,50,000	25,00,000
(iii) Other Institutions and Agencies	3,25,62,659	3,81,60,900
(iv) Non-Convertible Redeemable Debenture	-	10,00,000
TOTAL	**3,95,32,659**	**4,16,60,900**
II. Borrowings Outside India	-	-
TOTAL (I + II)	**3,95,32,659**	**4,16,60,900**
Secured borrowings included in I and II above	**32,81,300**	**31,05,900**
SCHEDULE -5 OTHER LIABILITIES AND PROVISIONS		
(i) Bills payable	4,81,135	8,74,043
(ii) Inter-Office Adjustments (net)	-	-
(iii) Interest Accrued	14,52,901	10,22,560
(iv) Standard asset-General Provisions (Refer Schedule 18 (4.3))	12,03,283	5,39,154
(v) Others (including provisions)	17,60,260	13,34,788
TOTAL	**48,97,579**	**37,70,545**

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2020

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE -6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (including Cash at ATM)	19,82,018	8,98,871
II. Balances with Reserve Bank of India		
(i) In Current Account	19,96,657	14,15,770
(ii) In Other Accounts (Including Reverse Repo)	82,70,000	21,50,000
TOTAL (I + II)	**1,22,48,675**	**44,64,641**
SCHEDULE -7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with Banks		
(a) in Current Accounts	1,39,220	1,12,531
(b) in Other Deposit Accounts*	45,000	1,68,124
(ii) Money at Call and Short Notice		
(a) with Banks	10,00,000	51,00,000
(b) with Other Institutions	-	10,99,306
TOTAL	**11,84,220**	**64,79,961**
II. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
TOTAL	**-**	**-**
TOTAL (I+II)	**11,84,220**	**64,79,961**
*It includes Fixed Deposits of Rs.45,000 (Previous year Rs.168,124) (in 000's) held under lien.		
SCHEDULE -8 INVESTMENTS		
I. Investments in India in (Refer Schedule 18 (2))		
(i) Government Securities	2,39,60,375	1,52,65,222
(ii) Other approved Securities	-	-
(iii) Shares	1,000	1,000
(iv) Debentures and Bonds	-	-
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others (Investment in Units)	-	-
TOTAL	**2,39,61,375**	**1,52,66,222**
II. Investments Outside India in		
(i) Government Securities (Including local authorities)	-	-
(ii) Subsidiaries and/or Joint Ventures abroad	-	-
(iii) Other Investments	-	-
TOTAL	**-**	**-**
TOTAL (I+II)	**2,39,61,375**	**1,52,66,222**
III. Gross Value of Investments	**2,39,61,375**	**1,52,66,222**
Less: Provision for depreciation	**-**	**-**
Net value of investments	**2,39,61,375**	**1,52,66,222**

UJJIVAN SMALL FINANCE BANK LIMITED Schedules forming part of the Balance Sheet as at March 31, 2020		
		(Rs. in 000's)
Particulars	**As at March 31, 2020**	**As at March 31, 2019**
SCHEDULE -9 ADVANCES		
A (i) Bills Purchased and Discounted	-	-
(ii) Cash Credits, Overdrafts and Loans repayable on demand	1,25,80,396	1,26,95,531
(iii) Term Loans	12,78,56,041	9,28,29,018
TOTAL	**14,04,36,437**	**10,55,24,549**
B (i) Secured by Tangible Assets	3,06,71,278	1,49,91,441
(ii) Covered by Bank/Government Guarantees	-	-
(iii) Unsecured (Refer Schedule 18 (4.6))	10,97,65,159	9,05,33,108
TOTAL	**14,04,36,437**	**10,55,24,549**
C I. Advances in India		
(i) Priority Sectors	7,68,31,091	6,15,76,390
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	6,36,05,346	4,39,48,159
TOTAL	**14,04,36,437**	**10,55,24,549**
II. Advances Outside India	-	-
TOTAL	**-**	**-**
TOTAL (I+II)	**14,04,36,437**	**10,55,24,549**
SCHEDULE -10 FIXED ASSETS		
I. Premises	-	-
II. Other Fixed Assets (Including Furniture and Fixtures) (Refer Schedule 18 (26.4 & 26.5))		
At cost as at the beginning of the year	40,67,544	26,69,283
Additions during the year	7,09,370	15,11,041
Deductions during the year	(41,301)	(1,12,780)
Depreciation to date	(19,36,913)	(12,44,075)
TOTAL	**27,98,700**	**28,23,469**
III. Capital Work In Progress (Including Capital Advances)	2,06,132	21,026
TOTAL (I+II+III)	**30,04,832**	**28,44,495**

UJJIVAN SMALL FINANCE BANK LIMITED
Schedules forming part of the Balance Sheet as at March 31, 2020

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
SCHEDULE -11 OTHER ASSETS		
(i) Inter Office Adjustment (net)	-	-
(ii) Interest Accrued	19,44,826	13,19,808
(iii) Tax paid in Advance / Tax Deducted at Source (Net of provision for tax) .	27,950	56,826
(iv) Stationery and Stamps	-	-
(v) Non-banking assets acquired in satisfaction of claims	-	-
(iv) Others (including Deferred Tax Assets)	13,04,014	14,65,645
TOTAL	**32,76,790**	**28,42,279**
SCHEDULE - 12 CONTINGENT LIABILITIES (Refer Schedule 18 (26.6))		
(i) Claims against the Bank not acknowledged as debts	5,533	6,102
(ii) Liability for partly paid Investments	-	-
(iii) Liability on account of Outstanding Forward Exchange Contracts	-	-
(iv) Guarantees given on behalf of Constituents		
(a) In India	47,500	2,500
(b) Outside India	-	-
(v) Acceptances, Endorsements and Other Obligations	-	-
(vi) Other items for which the Bank is contingently liable - Capital commitments not provided/Others	1,54,295	2,99,931
TOTAL	**2,07,328**	**3,08,533**

UJJIVAN SMALL FINANCE BANK LIMITED

Schedules forming part of the Profit and Loss Account for the year ended March 31, 2020

(Rs. in 000's)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
SCHEDULE -13 INTEREST EARNED		
(i) Interest /Discount on Advance/bills	2,55,17,143	1,72,84,885
(ii) Income on Investments	13,86,983	9,30,979
(iii) Interest on Balances With Reserve Bank of India and Other inter-bank funds	77,258	24,359
(iv) Others (Interest income on securitisation)	54,603	75,876
TOTAL	**2,70,35,987**	**1,83,16,099**
SCHEDULE- 14 OTHER INCOME		
(i) Commission, Exchange and Brokerage	21,27,069	13,94,566
(ii) Profit on Sale of Investments (net)	55,289	97,013
(iii) Profit on Revaluation of Investments	-	-
(iv) (Loss) on sale of Land, Building and Other Assets (net)	(1,865)	(11,429)
(v) Profit on Exchange Transactions (net)	-	-
(vi) Income earned by way of Dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India	-	-
(vii) Miscellaneous Income*	10,41,656	5,79,491
(*Includes Net PSLC income of Rs 453,036 (000's) (Previous year - Rs 278,238 (000's))		
Total	**32,22,149**	**20,59,641**
SCHEDULE- 15 INTEREST EXPENDED		
(i) Interest on Deposits	73,18,917	35,70,815
(ii) Interest on Reserve Bank of India/ Inter-Bank Borrowings	4,19,760	4,50,776
(iii) Others (including interest on Subordinated Debts)	29,61,391	32,30,401
TOTAL	**1,07,00,068**	**72,51,992**
SCHEDULE -16 OPERATING EXPENSES		
(i) Payments to and Provision for Employees	71,84,885	51,87,976
(ii) Rent, Taxes and Lighting (including operating lease rentals)	14,25,290	9,14,556
(iii) Printing and Stationery	2,54,226	2,36,674
(iv) Advertisement and Publicity	2,03,075	3,43,895
(v) Depreciation on Banks Property	7,26,290	6,05,977
(vi) Director's Fees, Allowances and Expenses	14,610	8,914
(vii) Auditors' Fees and Expenses (Refer Schedule 18 (32))	8,670	7,072
(viii) Law Charges	63,436	40,148
(ix) Postages, Telegrams, Telephones etc.	3,41,631	2,88,787
(x) Repairs and Maintenance	7,49,181	7,13,671
(xi) Insurance	69,815	41,678
(xii) Other Expenditure	21,44,646	16,44,191
TOTAL	**1,31,85,755**	**1,00,33,539**

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1 CORPORATE INFORMATION

Ujjivan Small Finance Bank Limited (USFB) is a mass market focused bank in India, catering to financially unserved and underserved segments and committed to building financial inclusion in the country. Ujjivan Small Finance Bank has a diversified portfolio with branches spread across 24 states and union. Apart from the network of branches, ATMs and Automated Cash Recyclers, Bank has phone banking unit that services customers in nine languages, a mobile banking application that is accessible in five languages as well as internet banking facility for individual and corporate customers. The Bank also has portfolio of loans to Financial Institutions.

It started its operations as Ujjivan Financial Services Limited (UFSL), a Non-Banking Financial Company in 2005 with the mission to provide a full range of financial services to the 'economically active poor' who were not adequately served by financial institutions. In 2015, the Reserve Bank of India licenced the Small Finance Banks - a new category of specialised banks to serve the financially unserved and underserved population, especially the micro-enterprises, workers and small and marginal farmers.

On November 11, 2016, UFSL received a banking licence from RBI to carry out Small Finance Bank business in India. The Bank took over the business of UFSL and started its operations on February 01, 2017, Scheduled Bank status has been accorded by Reserve Bank of India vide Notification: DBR.PSBD.No. 467/16.02.006/2017-2018 published in the Gazette of India on August 25, 2017. The Bank has its Registered Office in Delhi, Corporate Office in Bengaluru and Regional Offices in Noida, Kolkata, Bengaluru and Pune. The Bank operates in India and does not have a branch in any foreign country.

2 BASIS OF PREPARATION

The accompanying financial statements have been prepared under the historical cost convention and on accrual basis except where otherwise stated, and in compliance with the Generally Accepted Accounting Principles ("GAAP") in India and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) head with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India. The financial statements are presented in Indian Rupees rounded off to the nearest thousands unless otherwise stated.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liability) and the reported income and expenses during the period. The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from estimates and the differences between the actual results and the estimates are recognized prospectively in which the results are known/material.

3.2 PROPERTY, PLANT AND EQUIPMENT (PPE)

Property, Plant and Equipment, Capital work in Progress are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on PPE after its purchase is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Any trade discounts and rebates are deducted in arriving at the purchase price. Such costs includes the cost of replacing the part of the plant and equipment. When significant parts of the plant and equipment are required to be replaced at intervals, the Bank depreciates them separately based on its specific useful lives. Assets under development as on the balance sheet date are shown as Capital Work in Progress. Advance paid towards such development are shown as capital advance.

Depreciable amount for PPE is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on PPE has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortised over the duration of the lease. 'Point of Sale' terminals are fully depreciated in the year of purchase.

The useful life being followed by the Bank as prescribed in Schedule II to the Companies Act, 2013 is as follows:

Asset	Estimated Useful Life as specified under Schedule II of the Companies Act, 2013 (years)
Computer	3
Furniture and Fittings	10
Office Equipment	5
Motor Vehicle	8
Server	6
Software	6

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PPE purchased/sold during the year are depreciated on a pro-rata basis.

PPE costing less than Rs. 5,000 each are fully depreciated in the year of purchase.

The salvage value considered for computing depreciation is as per Schedule II of Companies Act, 2013 (i.e 5% of Cost) except for Software and Lease hold assets.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Profit and Loss Account.

Gains or losses arising from disposal or retirement of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within “Other Income” as Profit/(Loss) on sale of PPE, as the case maybe, in the Profit and Loss Account in the year of disposal or retirement.

PPE held for sale is valued at lower of their carrying amount and net realizable value, any write-down is recognized in the Profit and Loss Account.

3.3 INTANGIBLE ASSETS

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Bank uses a rebuttable resumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Software with perpetual license and system development expenditure, if any, is amortised over an estimated economic useful life of 5 years or license period, whichever is lower.

The amortization period and the amortization method are reviewed at least at the Balance Sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

3.4 IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at the Balance Sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued amount, in which case, any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account.

3.5 INVESTMENTS

Classification and Valuation of the Bank's Investments are carried out in accordance with RBI guidelines on Investment Classification and Valuation which are as follows:

Categorisation of Investments:
The Bank classifies its Investment at the time of purchase into one of the following three categories:
(i) Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.
(ii) Held for Trading (HFT) – Securities acquired with the intention to trade.
(iii) Available for Sale (AFS) – Securities which do not fall within the above two categories.
Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

Classification of Investments:
For the purpose of disclosure in the Balance Sheet, Investments in india are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures and (vi) Other Investments.
Investments outside india are classified under three groups viz., (i) Government Securities (Including local authorities), (ii) Subsidiaries and/or Joint Ventures abroad and (iii) Other Investments

Purchase and sale transactions in securities are recorded under 'Settlement Date' accounting, except in the case of equity shares where 'Trade Date' accounting is followed.

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Basis of Classification:

Investments that are held principally for sale within 90 days from the date of purchase are classified under HFT category.
Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in the above categories are classified under AFS category

Acquisition cost:

(i) Broken period interest on debt instruments is treated as a receivable at the time of acquisition and post acqusition broken period interest treated as a revenue item.
(ii) Brokerage, commission, etc. pertaining to Investments, paid at the time of acquisition is charged to the Profit and Loss Account.
(iii) Cost of Investments is computed based on the weighted average cost method.

Transfer between categories:

Transfer between categories is done at the lower of the acquisition cost/book value/market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

Valuation of Investments:

(i) Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on Investments (Item ii of Schedule 13). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each Investment individually.

(ii) Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.

(iii) Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

(iv) Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA).

(v) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.

(vi) Purchase and sale transaction in securities are recorded under Settlement Date method of accounting, except in the case of the equity shares where Trade Date method of accounting is followed.

(vii) Provision for non-performing Investments is made in conformity with RBI guidelines.

(viii) Profit in respect of Investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account.

(ix) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

(x) Unquoted equity shares are valued at their break-up value. If latest Balance sheet is not available then unquoted equity share is valued at Rs. 1 per share.

(xi) Units of the scheme of Mutual Funds are valued at the lower of cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.

(xii) In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

Disposal of Investments:

Profit / Loss on sale of Investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of Investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines.

3.6 ADVANCES

Advances are classified as Performing Advances (Standard) and Non- Performing Advances (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further NPAs are classified into sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision and Inter Bank Participating Certificates (IBPC) with risk sharing issued.

The bank transfers Advances through Inter- Bank Participation with and without risk, which are accounted for in accordance with the RBI guidelines, as follows. In the case of participation with risk, the aggregate amount of participation transferred out of the Bank is reduced from Advances; and participations transferred in to the Bank are classified under Advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings; and where the bank is participating in, the aggregate amount of participation is shown as due from banks under Advances.

Provisioning:

Specific provisions for Non- Performing Advances and floating provisions are made in conformity with the RBI guidelines. In addition the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

A general provision on standard assets is made in accordance with RBI guidelines or as per provisioning policy of the bank whichever is higher. Provision made against standard assets is included in ‘Other Liabilities and Provisions’. Provisions made in excess of the Bank’s policy for specific loan loss provisions for Non- Performing Assets and regulatory general provisions are categorised as Floating Provision. Creation of Floating Provision is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, Floating Provisions are utilised up to a level approved by the Board with prior permission of RBI, only for contingencies under extraordinary circumstances for making specific provisions for impaired accounts. Floating Provisions have been included under ‘Other Liabilities’.

Advances exclude derecognised securitised Advances.

Amounts recovered during the period against bad debts written off in earlier periods are credited to the Profit and Loss Account and included in Other Income

Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss Account to the extent such provisions were charged to the Profit and Loss Account.

For restructured/rescheduled assets, provision is made in accordance with guidelines issued by RBI which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.

Recording and Presentation

Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created is netted against gross amount of Advance. Provision held against an individual account is adjusted against account balance at individual level only at the time of write-off / settlement of the account. Provision made against standard assets in accordance with the RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

Securitisation transactions and direct assignments:

The Bank transfers its loan receivables through Direct Assignment and IBPC route as well as transfer to Special Purpose Vehicle (SPV).

The Securitisation transactions are without recourse to the Bank. The transferred loans and such securitised receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains/losses are recognised only If the Bank surrenders the rights to the benefits specified in the loan contracts.

Profit / premium arising at the time of securitisation / assignment of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognised in the statement of profit and loss net of any losses when redeemed in cash.

Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio.

Priority Sector Lending Certificates (PSLCs):

The Bank enters into transactions for the sale of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as ‘Miscellaneous Income’.

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3.7 REVENUE RECOGNITION

Interest income on Loans, Advances and Investments (including deposits with Banks and other institutions) are recognized in the Profit and Loss Account on accrual basis, except in the case of Non- Performing Assets and minimum retention requirement (MRR) portion of Securitized loans. Interest Income on Non- Performing Assets is recognized upon realization as per the prudential norms of the RBI.

Revenues from loan documentation charges are recognized upfront when it become due, except in cases where the Bank is uncertain of its ultimate collection.

Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a constant Yield to Maturity method.

Profit / premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the Profit and Loss Account net of any losses when redeemed in cash in line with the relevant Reserve Bank of India guidelines.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Recoveries from bad debts written off are recognized in the Profit & Loss account and included under Other Income.

Fees received on sale of Priority lending certificates is recognised upront in the Profit and Loss Account.

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3.8 EMPLOYEE BENEFITS

Provident Fund: Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Bank has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity: Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service.
The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the period is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

Compensated Absences: Provision for compensated absences is made on the basis of actuarial valuation as on the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

Short term Employee benefits:
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:
(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

Long term Employee benefits:
The Bank accrues the liability for compensated absences based on the actuarial valuation as on the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as on the Balance Sheet date. Actuarial gains / losses are recognised in the Profit and Loss Account in the period in which they arise.

Employee Stock Option Plan (ESOPs)
In accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the fair value method. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Schedule 18 (33). The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity -settled employee benefits reserve.
The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to Profit & Loss Account.

Employee Stock Purchase Scheme (ESPS)

ESPS is a contractual promise that permits an employee to acquire an employer's stock at a future date under the terms and conditions established on the grant date. The fair value of the entire purchase discount represents employee compensation. The compensation expense will be the difference between the value of the stock on the date of shareholder approval and the purchase/Exercise price for that offering.

3.9 LEASES

Lease arrangements where risk and rewards incidental to ownership of an assets substantially vest with the lessor are recognised as operating leases.

Lease rentals under operating lease are charged to the Profit and Loss Account on straight line basis over the lease term in accordance with AS-19, Leases.

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3.10 SEGMENT REPORTING

In accordance with guidelines issued by RBI vide DBOD.No.BP.BC.81/21.01.018/2006-07 dated April 18, 2007 and Accounting Standard 17 (AS-17) on "Segment Reporting", the Banks' business has been segregated into Treasury, Retail Banking and Corporate/ Wholesale Segments.

Segment revenues consist of earnings from external customers and inter-segment revenues based on a transfer pricing mechanism. Segment expenses consist of interest expenses including allocated operating expenses and provisions. Segment results are net of segment revenues and segment expenses.

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth, proposed dividend and dividend tax thereon.

Since the business operations of the Bank are primarily concentrated in India, the Bank is considered to operate only in the domestic segment.

3.11 EARNINGS PER SHARE

Earnings per share is calculated by dividing the Net Profit or Loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding as on the end of the period except when its results are anti-dilutive.

3.12 TAXES ON INCOME

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized; where there are unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realized against future taxable income.

Current tax assets and liabilities and deferred tax assets and liabilities are off-set when they relate to income taxes levied by the same taxation authority, when the Bank has a legal right to off-set and when the Bank intends to settle on a net basis.

Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the Bank will pay normal income tax during specified period. The year in which the MAT credit becomes eligible, it is to be recognized as an asset. In accordance with the recommendation contained in the guidance note issued by the Institute of Chartered Accountants of India (the "ICAI"), said asset is created by way of credit/reversal of provisions to Profit and Loss Account and included as MAT Credit Entitlements in other assets. The bank reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that bank will pay normal Income Tax during the specified period.

3.13 PROVISIONS AND CONTINGENCIES

A provision is recognized when there is an present obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:
i) a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or

ii) a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets, if any, are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

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3.14 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents includes cash in hand (including balance in ATM), balances with RBI, balances with other Banks and money at call and short notice. Cash and Cash Equivalents for the purpose of Cash Flow Statement comprises of Cash at Bank and in hand and short term Investments with an original maturity of less than three months.

3.15 PROPOSED DIVIDEND

Proposed dividend / declared after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is declared.

3.16 TRANSACTIONS INVOLVING FOREIGN EXCHANGE

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transfer.

Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.

Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the year in which they arise.

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2020

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1 Capital

1.1 Capital Infusion

During the year ended March 31, 2020, the Bank successfully raised capital of Rs 745.94 crores through Initial Public Offer by issuing 20,27,02,702 equity shares of Rs 10/-each and Rs 250 crores through private placement by issuing 7,14,28,570 equity shares of Rs 10 each at premium ranging from Rs 25 to Rs 27. The equity shares of the Bank got listed on December 12, 2019 on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). Bank has also allotted 1,40,55,097 equity shares to eligible employees (including employees of Ujjivan Financial Services Limited "holding company") under Employee Stock Purchase Scheme (ESPS) 2019 at a price of Rs 35 per equity share including premium of Rs 25.

No capital infusion has happened during the previous year ended March 31, 2019.

The Authorised Capital of the Bank has been increased from Rs.17,000,000,000 (Rupees One Thousand Seven Hundred Crores) divided into 1,500,000,000 (One Hundred Fifty Crores) equity shares of Rs. 10 (Rupees Ten) each and 200,000,000 (Twenty Crores) 11% Perpetual Non - Cumulative Preference Shares of Rs. 10 (Rupees Ten) each to 25,000,000,000 (Rupees Two Thousand Five Hundred Crores) divided into 2,300,000,000 (Two Hundred Thirty Crores) equity shares of Rs. 10 (Rupees Ten) each and 200,000,000 (Twenty Crores) 11% Perpetual Non- Cumulative Preference Shares of Rs. 10 (Rupees Ten) each vide shareholder's resolution dated April 26, 2019.

1.2 Capital Adequacy Ratio

The Bank computes its Capital Adequacy Ratio as per New Capital Adequacy Framework- BASEL-II and Operating Guidelines for Small Finance Banks (issued by RBI on October 06, 2016)

Under New Capital Adequacy Framework and Operating Guidelines for Small Finance Bank issued on October 06, 2016, the Bank has to maintain a Minimum Total Capital of 15% of the Credit risk weighted assets (Credit RWA) on an on-going basis. Out of the Minimum Total Capital, at least 7.5% shall be from Minimum Tier I Capital of which common equity Tier I capital shall be 6% and 1.50% from additional Tier I capital and remaining Tier II Capital shall be 7.5%. Further as per RBI's directions given in the circular DBR.NBD.No. 4502/16.13.218/2017-18, dated November 8, 2017, no separate risk charge has been calculated for Market Risk and Operational Risk for capital ratios.

The capital adequacy ratio of the Bank is set out below: ***(Rs. in 000's)***

Particulars	As at March 31, 2020	As at March 31, 2019
Common Equity Tier I Capital Ratio (as a percentage of Credit RWA)	26.16%	16.17%
Tier I Capital Ratio (as a percentage of Credit RWA)	28.01%	18.39%
Tier II Capital Ratio (as a percentage of Credit RWA)	0.80%	0.55%
Total Capital to Risk weighted asset Ratio (CRAR) (as a percentage of Credit RWA)	**28.82%**	**18.95%**
Total Credit to Risk weighted assets	10,77,45,729	8,98,96,780
Amount of equity capital raised	28,81,864	-
Amount of Additional Tier -I Capital Raised; of which	-	-
Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
Amount of Tier II Capital raised; of which	-	-
Debt Capital Instrument	-	-

2 Investments

2.1 Details of Investments

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Value of Investments		
(i) Gross Value of Investments		
(a) In India	2,39,61,375	1,52,66,222
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	2,39,61,375	1,52,66,222
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / (write-back) of excess provisions during the year	-	-
(iv) Closing balance	-	-

2.2 Category wise details of Investments (Net of provision for depreciation):

(Rs. in 000's)

As at March 31, 2020			
Particulars	**HTM**	**AFS**	**HFT**
i) Government securities	1,62,01,916	77,58,459	-
ii) Other approved securities	-	-	-
iii) Shares	-	1,000	-
iv) Debentures and bonds	-	-	-
v) Subsidiaries and /or Joint Ventures	-	-	-
vi) Others -Security receipts, pass through certificates, mutual fund etc.	-	-	-
Total	1,62,01,916	77,59,459	-

As at March 31, 2019			
Particulars	**HTM**	**AFS**	**HFT**
i) Government securities	95,85,418	56,79,804	-
ii) Other approved securities	-	-	-
iii) Shares	1,000	-	-
iv) Debentures and bonds	-	-	-
v) Subsidiaries and /or Joint Ventures	-	-	-
vi) Others -Security receipts, pass through certificates, mutual fund etc.	-	-	-
Total	95,86,418	56,79,804	-

Schedule 18

2.3 Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2020:

(Rs. in 000's)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as at March 31, 2020
Securities sold under repo				
i) Government Securities	10,000	33,00,000	3,58,989	28,20,000
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	10,000	1,19,00,000	13,16,366	82,70,000
ii) Corporate debt securities	-	-	-	-

Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31,2019:

(Rs. in 000's)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as at March 31,2019
Securities sold under repo				
i) Government Securities	-	4,70,000	10,027	-
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	-	24,20,000	81,178	21,50,000
ii) Corporate debt securities	-	-	-	-

2.4 Non-SLR Investment Portfolio

Issuer Composition of Non-SLR Investments as at March 31, 2020 are as follows: *(Rs. in 000's)*

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted securities'
1	2	3	4	5	6
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private Corporates	1,000	-	-	-	1,000
v) Subsidiaries/Joint ventures	-	-	-	-	-
vi) Others	-	-	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
Total	1,000	-	-	-	1,000

Note: Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive

Issuer Composition of Non-SLR Investments as at March 31,2019 are as follows: *(Rs. in 000's)*

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted securities'
1	2	3	4	5	6
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private Corporates	1,000	-	-	-	1,000
v) Subsidiaries/Joint Ventures	-	-	-	-	-
vi) Others	-	-	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
Total	1,000	-	-	-	1,000

Note: Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive

Schedule 18

2.5 Non-Performing Non-SLR Investments

The Bank does not have any Non-Performing Non-SLR Investments as at March 31, 2020 and March 31,2019.

2.6 Sale and transfer of securities to/ from HTM Category

During the current year and previous year, the value of sales and transfers of securities to / from HTM category excluding one time transfer of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year has not exceeded 5 per cent of the book value of investments held in HTM category at the beginning of the year. In line with RBI guidelines, specific disclosure on book value/market value and provisions if any, relating to such transfer is not required to be made.

3 Derivatives/ Exchange Traded Interest Derivatives/ Risk Exposure In Derivatives

The Bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. The Bank does not have any Forward Rate Agreement or Interest rate swaps.

4 Asset Quality

4.1 Non-Performing Assets:

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Net NPAs to Net advances (%)	**0.20%**	**0.26%**
(ii) Movement of Gross NPAs		
(a) Opening balance	9,78,523	27,59,204
(b) Additions (Fresh NPAs) during the year #	14,51,898	8,35,392
Subtotal (A)	**24,30,421**	**35,94,596**
(c) Reductions during the year #		
(i) Upgradations	1,87,557	28,436
(ii) Recoveries (excluding recoveries made from upgraded accounts)	2,30,731	8,09,087
(iii) Technical/ Prudential Write-offs		-
(iv) Write-offs other than those under (iii) above	6,40,723	17,78,550
Subtotal (B)	**10,59,011**	**26,16,073**
(d) Closing balance (A-B)	**13,71,410**	**9,78,523**
(iii) Movement of Net NPAs		
(a) Opening balance	**2,75,482**	**5,09,337**
(b) Additions during the year #	3,32,483	3,82,702
(c) Reductions during the year #	3,33,072	6,16,557
(d) Closing balance	**2,74,893**	**2,75,482**
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	**7,03,041**	**22,49,866**
(b) Provisions made during the year	10,97,340	5,25,124
(c) Write-back of excess provisions	7,03,864	20,71,949
(d) Closing balance	**10,96,517**	**7,03,041**

additions and deletions does not include cases which have become NPA during the month and subsequently moved out of NPA in the same month.

4.2 Technical or Prudential Write Offs:

Technical or prudential write-offs refer to the amount of non-performing assets which are outstanding in the product level systems, but have been written-off (fully or partially) at the financial ledger level. The financial accounting systems of the Bank are integrated and centralised at the Head Office and no books are maintained at the Branches

Movement in the stock of technically or prudentially written-off accounts given below:

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance of technical / prudential write-offs accounts	1,824	48,206
Add: Technical/Prudential write offs during the Year		-
Less: Recoveries made from previously technically / prudentially written-off accounts during the Year	(479)	(11,772)
Less: Actual write off during the Year	(1,345)	(34,610)
Closing balance of technical / prudential write-offs accounts	-	1,824

4.3 Provisions on Standard Assets:

Bank has followed the prudential norms on income recognition, asset classification and provisions. The excess provisions over and above the same is as per the Board approved policy.

The provision on standard assets is included in 'Other Liabilities and Provisions – (iv) Standard asset-General Provisions' in Schedule 5, and is not netted off from Advances.

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Provisions towards Standard Assets	12,03,283	5,39,154

4.4 Floating provisions:

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance as at beginning of the Year	-	-
Provisions made during the Year	-	-
Draw-down made during the Year	-	-
Closing Balance as at end of the Year	-	-

4.5 Provision coverage ratio:

Particulars	As at March 31, 2020	As at March 31, 2019
Provision Coverage Ratio (including technical write-offs)	80.00%	71.90%

Schedule 18

4.6 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. The Unsecured Advances as at March 31, 2020 of Rs.1,09,765,159 ('000) (March 31, 2019 of Rs. 90,533,108 ('000)) disclosed in Schedule 9B (iii) are without any collateral or security.

4.7 Divergence in Asset Classification and Provisioning for NPAs

As per the RBI notification-RBI/2016-17/283 DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 an additional disclosure by way of notes to accounts regarding Divergence in the Asset Classification and Provisioning needs to be provided. For the financial year 2017-18, there are no Divergences in the Asset Classification and Provisioning identified.

4.8 a) Details of Financial Assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

During the current and previous year, the Bank has not sold any Financial assets to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

b) Details of book value of investment in security receipts (SR)

During the current and previous year, the Bank has not made investment in Security Receipts.

4.9 Details of NPA Purchase/Sold

During the current and previous year, there has been no purchase/ sale of non-performing financial assets from/ to other banks.

4.10 Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A)

During the current and previous year, the Bank does not have any accounts under the Scheme for Sustainable Structuring of Stressed Assets (S4A).

4.11 Disclosures on Flexible Structuring of Existing Loans

During the current and previous year, the Bank does not have any accounts of Flexible Structuring of Existing Loans.

4.12 Intra-Group Exposure

During the current and previous year, the Bank does not have any Intra Group Exposure.

4.13 Disclosures on Strategic Debt Restructuring Scheme (SDR).

The Bank does not have any SDR during the current and previous year.

4.14 Disclosures on Change in Ownership outside SDR Scheme.

The Bank has not made any change in Ownership outside SDR Scheme during the current and previous year.

4.15 Disclosures on Change in Ownership of Projects Under Implementation.

The Bank has not made any change in Ownership Change in Ownership of Projects Under Implementation during the current and previous year.

5 Business Ratios:

Particulars	As at March 31, 2020	As at March 31, 2019
Interest income as a percentage to working funds[1]	17.09%	17.28%
Non-interest income as a percentage to working funds[1]	2.04%	1.94%
Operating profit as a percentage to working funds[1,4]	4.03%	2.93%
Return on assets[2]	2.21%	1.88%
Business (deposits plus gross advances) per employee (in 000's)[3]	12,564	11,344
Profit per employee (in 000's)	214.72	153.00

Notes:

1) Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the Year.

2) Returns on assets are computed with reference to average working funds.

3) Business is defined as total of average of gross advances and deposits (net of inter-bank deposits and Certificate of Deposits).

4) Operating profit is net profit for the Year before provisions and contingencies and profit / (loss) on sale of building and other assets (net).

UJJIVAN SMALL FINANCE BANK LIMITED

Notes to financial statements for the year ended March 31, 2020

Schedule 18

6 Concentration of Deposits, Advances, Exposures & NPAs

6.1 Concentration of Deposits

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Deposits to twenty largest Depositors	3,13,05,177	3,08,72,335
Percentage of Deposits of twenty largest Depositors to Total Deposits of the Bank	29.04%	41.84%

6.2 Concentration of Advances*

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Advances to twenty largest Borrowers	45,27,059	25,13,001
Percentage of Advances to twenty largest Borrowers to Total Advances of the Bank	3.20%	2.37%

*Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No. Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

6.3 Concentration of Exposures*

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest Borrowers/Customers	54,01,345	86,79,309
Percentage of Exposures to twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers/customers	3.77%	7.61%

*Exposures are computed based on Credit and Investment Exposure as prescribed in the Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

6.4 Concentration of NPAs

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top four NPA accounts	16,976	10,009

7 Sector-wise Advances and NPA:

As at March 31, 2020

(Rs. in 000's)

Sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
Priority sector:			
Agriculture and allied activities*	1,75,99,661	1,38,027	0.78%
Advances to industries eligible as priority sector lending	48,36,424	47,927	0.99%
Services	1,87,07,527	77,880	0.42%
Personal loans	3,65,51,733	3,34,623	0.92%
-of which Housing Loans	*1,81,10,690*	*1,40,730*	0.78%
Sub-Total (A)	**7,76,95,345**	**5,98,457**	**0.77%**
Non-Priority sector:			
Agriculture and Allied activities	2,00,50,967	1,57,251	0.78%
Services	54,89,854	-	0.00%
-of which NBFC Loans	*54,89,854*	-	0.00%
Personal loans	3,82,96,787	6,15,702	1.61%
-of which Housing Loans	*57,55,993*	*43,721*	0.76%
Sub-Total (B)	**6,38,37,608**	**7,72,953**	**1.21%**
Total (A) + (B)	**14,15,32,953**	**13,71,410**	**0.97%**

* Our Bank has purchased PSLC worth Rs 200 crores in Agriculture category, which is not disclosed in the above breakup

As at March 31, 2019

(Rs. in 000's)

Sector	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
Priority sector:			
Agriculture and allied activities	1,41,18,815	67,707	0.48%
Advances to industries eligible as priority sector lending	21,48,032	6,095	0.28%
Services	58,51,469	42,929	0.73%
Personal loans	3,97,10,486	3,00,836	0.76%
-of which Housing Loans	*1,28,76,856*	*64,628*	0.50%
Sub-Total (A)	**6,18,28,802**	**4,17,567**	**0.68%**
Non-Priority sector:			
Agriculture and allied activities	1,55,29,381	59,256	0.38%
Industry	23,83,201	28,694	1.20%
Services	96,45,025	3,42,073	3.55%
-of which NBFC Loans	*22,49,702*	-	0.00%
Personal loans	1,68,41,181	1,30,933	0.78%
-of which Housing Loans	*39,73,135*	*81,582*	2.05%
Sub-Total (B)	**4,43,98,788**	**5,60,956**	**1.26%**
Total (A) + (B)	**10,62,27,590**	**9,78,523**	**0.92%**

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2020

Schedule 18

8 Priority Sector Lending Certificates (PSLC)

(Rs. in 000's)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1) PSLC Agriculture	-	20,00,000	-	-
2) PSLC Small Farmers / Marginal Farmers	2,00,50,000	-	1,54,40,000	-
3) PSLC Micro Enterprises	65,95,000	-	25,00,000	-
4) PSLC General	1,60,00,000	-	60,00,000	-
Total	**4,26,45,000**	**20,00,000**	**2,39,40,000**	-

9 Inter- Bank participation with risk sharing

The aggregate amount of participation issued by the bank and reduced from advances as per regulatory guidelines as at March 31, 2020 is Nil and as at March 31, 2019 is Rs.3,350,000 (000's).

10 Asset Liability Management (ALM)

Maturity Pattern of certain items of Assets and Liabilities

Specified Assets and Liabilities as at March 31, 2020:

(Rs. in 000's)

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings
1 day	11,701	-	2,27,258	-
2 days to 7 days	1,63,523	1,49,979	21,16,455	13,68,559
8 days to 14 days	1,50,580	5,99,451	14,14,473	9,71,400
15 days to 30 days	3,50,143	30,86,366	25,82,090	14,00,000
31 days to 2 months	7,85,880	13,90,821	37,01,141	2,21,400
Over 2 months upto 3 months	89,25,154	4,31,660	99,49,005	22,88,000
Over 3 months upto 6 months	2,58,30,416	8,19,893	1,70,44,920	38,60,500
Over 6 months upto 12 months	4,32,30,838	40,62,135	3,10,08,263	1,34,49,633
Over 1 year upto 3 years	4,17,56,051	11,42,221	3,95,49,846	1,34,98,167
Over 3 years upto 5 years	46,90,236	30,53,084	1,86,836	24,75,000
Over 5 years	1,45,41,914	92,25,767	24,549	-
Total	**14,04,36,437**	**2,39,61,375**	**10,78,04,837**	**3,95,32,659**

Note:

1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.

2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.

3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2020.

Specified Assets and Liabilities as at March 31,2019

(Rs. in 000's)

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings
1 day	237	-	75,722	-
2 days to 7 days	10,32,963	7,08,860	8,93,485	-
8 days to 14 days	21,10,548	9,76,490	8,97,905	9,16,700
15 days to 30 days	32,72,713	11,08,248	32,75,312	-
31 days to 2 months	67,82,923	13,64,932	42,92,269	7,66,700
Over 2 months upto 3 months	70,42,477	10,37,238	1,13,74,743	9,16,700
Over 3 months upto 6 months	1,64,36,271	1,50,138	83,81,891	54,75,100
Over 6 months upto 12 months	3,17,25,304	13,17,458	2,03,61,064	87,62,067
Over 1 year upto 3 years	2,74,33,143	24,43,567	2,40,90,480	1,85,58,633
Over 3 years upto 5 years	24,16,593	3,01,042	98,448	57,65,000
Over 5 years	72,71,377	58,58,249	53,089	5,00,000
Total	**10,55,24,549**	**1,52,66,222**	**7,37,94,408**	**4,16,60,900**

Note:

1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.

2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.

3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2019

Schedule 18

11 Exposure

11.1 Exposure to Real Estate Sector:

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
A) Direct Exposure		
i) Residential Mortgages	2,47,29,812	1,28,64,797
(of which housing loans eligible for Inclusion in priority sector Advances)	1,81,09,559	61,52,195
ii) Commercial Real Estate	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:	-	-
- Residential	-	-
- Commercial Real Estate	-	-
Total (A)	**2,47,29,812**	**1,28,64,797**
B) Indirect Exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total (B)	-	-
Total Real Estate Exposure (A+B)	**2,47,29,812**	**1,28,64,797**

11.2 Exposure to Capital Market:

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,000	1,000
Advances against shares / bonds / debentures or other securities or on clean basis to individuals for Investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the Advances;	-	-
Secured and Unsecured Advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
Bridge loans to companies against expected equity flows / issues;	-	-
Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
Financing to stockbrokers for margin trading;	-	-
All exposures to Venture Capital Funds (both registered and unregistered);	-	-
Total Exposure to Capital Market	**1,000**	**1,000**

Note: During the Year, Bank has not converted any debt to equity as a part of strategic debt restructuring which is exempt from Capital Market Exposure limit.

11.3 Details of Single Borrower Limit (SBL) / Group Borrower Limit (CBL) exceeded by the Bank:

During the current and previous year there are no instances of Single Borrower Limit/Group Borrower Limit exceeding the sanctioned limit or outstanding whichever is higher.

Schedule 18

12 Disclosure of penalties imposed by RBI

During the current and previous year, RBI has not imposed any penalty on the Bank.

13 Overseas Assets, NPAs and Revenue

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable.

14 Disclosure of Customer/Borrower Complaints

14.1 Customer complaints other than ATM transaction disputes

Particulars	Year ended March 31, 2020	Year ended March 31,2019
No. of complaints pending at the beginning of the year	247	118
No. of complaints received during the year	23,721	19,704
No. of complaints redressed during the year	23,301	19,575
No. of complaints pending at the end of the year	**667**	**247**

14.2 Customer complaints relating to ATM transaction disputes*

Particulars	Year ended March 31, 2020	Year ended March 31,2019
No. of complaints pending at the beginning of the year	208	27
No. of complaints received during the year	12,839	8,034
No. of complaints redressed during the year	12,658	7,853
No. of complaints pending at the end of the year	**389**	**208**

* This includes ATM transaction disputes relating to Banks' customers on the Banks' ATMs and Banks' customers on other Banks' ATMs.

15 Awards passed by the Banking Ombudsman:

Particulars	Year ended March 31, 2020	Year ended March 31,2019
No. of unimplemented Awards at the beginning of the Year	NIL	NIL
No. of Awards passed by the Banking Ombudsman during the Year	NIL	NIL
No. of Awards implemented during the Year	NIL	NIL
No. of unimplemented Awards at the end of the Year	NIL	NIL

16 Movement in provision for frauds included under Other Liabilities: ***(Rs. in 000's)***

Particulars	As at March 31, 2020	As at March 31, 2019
Opening provision	3,825	10,814
Provision during the Year	17,731	23,376
Utilisation / Write back of provision during the Year	15,127	30,365
Closing provision	**6,429**	**3,825**

17 Provisions and Contingencies ***(Rs. in 000's)***

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Provision for NPA (including bad debts written off)	10,45,081	2,31,718
Provision for Standard Assets	6,64,129	1,74,167
Provision for Income tax (Net of deferred tax liability/(asset) of Rs 19,288 (000's) (Rs.3,42,941 (000's) previous year.) refer schedule 18 (26.1)	11,63,211	6,92,059
Provisions for Depreciation on Investments	-	-
Provision for claims against the Bank not acknowledged as debts	707	94
Total	**28,72,420**	**10,98,038**

18 Bancassurance Business

Commission income from insurance business for the financial year ended March 31, 2020 includes fees of Rs. 2,03,336 (000's) (previous year: Rs. 1,39,431 (000's)) in respect of insurance business.

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2020

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19. Liquidity Coverage Ratio (LCR)

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio given in "Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards" and "Operating Guidelines for Small Finance Banks".

LCR is the ratio of unencumbered High Quality Liquid Assets (HQLA) to Net Cash Outflows over the next 30 calendar days. LCR measures the Bank's ability to manage and survive under combined idiosyncratic and market-wide liquidity stress condition that would result in accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc. These stress conditions are captured as a part of the Net Cash Outflows. HQLA of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines and cash balance with RBI in excess of statutory cash reserve requirements.

LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA to meet its liquidity needs for a 30 calendar day liquidity stress scenario. As mentioned in the "Operating Guidelines for Small Finance Banks", the Bank has to maintain the prescribed level of LCR as follows:

Particulars	Till December 31, 2017	By January 1, 2018	By January 1, 2019	By January 1, 2020	By January 1, 2021
Minimum LCR	60%	70%	80%	90%	100%

Quantitative disclosure around LCR

(Rs. in 000's)

Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)		**2,32,90,385**		**2,07,69,184**		**1,66,42,947**		**1,39,71,143**
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:	4,28,97,798	33,10,807	4,69,83,817	41,29,577	4,13,48,967	36,37,906	3,44,14,170	30,09,079
(i) Stable deposits	1,95,79,454	9,78,973	1,13,76,089	5,68,804	99,39,815	4,96,991	86,46,763	4,32,338
(ii) Less stable deposits	2,33,18,344	23,31,834	3,56,07,729	35,60,773	3,14,09,152	31,40,915	2,57,67,407	25,76,741
3. Unsecured wholesale funding, of which:	2,09,99,991	1,07,96,480	76,94,039	76,94,039	61,35,298	61,35,298	52,34,395	52,34,395
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all	1,12,96,325	10,92,814	-	-	-	-	-	-
(iii) Unsecured debt	97,03,666	97,03,666	76,94,039	76,94,039	61,35,298	61,35,298	52,34,395	52,34,395

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2020

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Particulars	Quarter ended March 31, 2020		Quarter ended December 31, 2019		Quarter ended September 30, 2019		Quarter ended June 30, 2019	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
4. Secured wholesale funding	8,44,787	1,35,668	7,79,889	49,134	6,28,018	5,86,506	3,97,043	3,77,222
5. Additional requirements, of which	5,94,140	29,707	5,20,647	26,032	15,22,370	5,33,987	10,61,725	4,14,264
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	5,94,140	29,707	5,20,647	26,032	15,22,370	5,33,987	10,61,725	4,14,264
6. Other contractual funding obligations	32,317	32,317	39,355	39,355	41,570	41,570	3,80,231	3,80,231
7. Other contingent funding obligations	7,01,125	2,80,450	9,82,847	3,93,139	-	-	80,102	2,403
8. Total Cash Outflows	**6,60,70,157**	**1,45,85,429**	**5,70,00,593**	**1,23,31,275**	**4,96,76,223**	**1,09,35,267**	**4,15,67,667**	**94,17,594**
Cash Inflows								
9. Secured lending (e.g. reverse repos)	24,09,347	-	20,14,182	-	7,19,907	-	98,600	-
10. Inflows from fully performing exposures	1,05,59,518	56,62,628	1,00,39,036	54,57,023			-	-
11. Other cash inflows	5,00,000	-	-	-	1,15,95,548	71,97,940	1,60,22,902	1,19,28,651
12. Total Cash Inflows	**1,34,68,866**	**56,62,628**	**1,20,53,218**	**54,57,023**	**1,23,15,455**	**71,97,940**	**1,61,21,502**	**1,19,28,651**
13. TOTAL HQLA		2,32,90,385		2,07,69,184		1,66,42,947		1,39,71,143
14. Total Net Cash Outflows		89,22,801		68,74,252		37,37,326		(25,11,057)
15. Liquidity Coverage Ratio (%)		**261.02%**		**302.13%**		**445.32%**		**593.41%**

**Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.*

UJJIVAN SMALL FINANCE BANK LIMITED

Notes forming part of the financial statements for the year ended March 31, 2020

Quantitative disclosure around LCR

The table sets out Quantitative Information for all four quarters of the financial year ended March 31, 2019 as follows: ***(Rs. in 000's)***

Particulars	**Quarter ended March 31, 2019**		**Quarter ended December 31, 2018**		**Quarter ended September 30, 2018**		**Quarter ended June 30, 2018**	
	Total Unweighted Value (average)*	**Total Weighted Value (average)***	**Total Unweighted Value (average)***	**Total Weighted Value (average)***	**Total Unweighted Value (average)***	**Total Weighted Value (average)***	**Total Unweighted Value (average)***	**Total Weighted Value (average)***
High Quality Liquid Assets								
1. Total High Quality Liquid Assets (HQLA)		**1,15,07,515**		**89,88,088**		**88,64,904**		**83,94,793**
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:	2,78,36,977	24,14,390	1,75,84,120	14,94,314	1,01,89,448	8,38,297	55,04,347	4,46,913
(i) Stable deposits	73,86,155	3,69,308	52,81,965	2,64,098	36,12,958	1,80,648	20,70,428	1,03,521
(ii) Less stable deposits	2,04,50,822	20,45,082	1,23,02,155	12,30,216	65,76,490	6,57,649	34,33,919	3,43,392
3. Unsecured wholesale funding, of which:	1,01,13,733	1,01,13,733	64,27,487	64,27,487	80,32,495	80,32,495	81,66,641	81,66,641
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	32,87,770	32,87,770	16,02,967	16,02,967	11,14,057	11,14,057	13,14,642	13,14,642
(iii) Unsecured debt	68,25,963	68,25,963	48,24,520	48,24,520	69,18,438	69,18,438	68,51,999	68,51,999

UJJIVAN SMALL FINANCE BANK LIMITED
Notes forming part of the financial statements for the year ended March 31, 2020

Particulars	Quarter ended March 31, 2019		Quarter ended December 31, 2018		Quarter ended September 30, 2018		Quarter ended June 30, 2018	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
4. Secured wholesale funding	5,49,895	5,49,895	9,37,102	9,37,102	17,25,427	17,25,427	11,09,696	11,09,696
5. Additional requirements, of which	6,43,244	2,44,237	11,57,529	4,46,299	2,66,609	72,567	1,65,870	8,293
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	6,43,244	2,44,237	11,57,529	4,46,299	2,66,609	72,567	1,65,870	8,293
6. Other contractual funding obligations	9,25,575	9,25,575	9,53,000	9,53,000	9,83,386	9,83,386	8,00,522	8,00,522
7. Other contingent funding obligations	2,27,895	6,837	-	-	-	-	-	-
8. Total Cash Outflows	**4,02,97,319**	**1,42,54,667**	**2,70,59,238**	**1,02,58,202**	**2,11,97,365**	**1,16,52,172**	**1,57,47,076**	**1,05,32,065**
Cash Inflows								
9. Secured lending (e.g. reverse repos)	49,758	-	35,042	-	63,054	-	80,031	-
10. Inflows from fully performing exposures	1,16,95,249	80,90,213	88,30,595	56,98,556	86,66,088	54,17,520	90,86,472	60,48,143
12. Total Cash Inflows	**1,17,45,007**	**80,90,213**	**88,65,637**	**56,98,556**	**87,29,142**	**54,17,520**	**91,66,503**	**60,48,143**
13. TOTAL HQLA		1,15,07,515		89,88,088		88,64,904		83,94,793
14. Total Net Cash Outflows		61,64,454		45,59,646		62,34,652		44,83,922
15. Liquidity Coverage Ratio (%)		**186.68%**		**197.12%**		**142.19%**		**187.22%**

** Average weighted and unweighted amounts are calculated taking simple daily average for all quarters for the year ended March 31, 2019 except for quarter ended June 30, 2017 where in simple average for the month-ends in the quarter are taken.*

UJJIVAN SMALL FINANCE BANK LIMITED

Notes to financial statements for the year ended March 31, 2020

Schedule 18

20. Disclosure on Restructuring

Disclosure on accounts subjected to Restructuring for the year ended March 31, 2020

(Rs. in 000's)

Sr No .	Type of Restructuring		Under CDR Mechanism					Under SME debt restructuring mechanism				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
8	**Restructured Accounts as on March 31, 2020 (closing figures)**	**No. of Borrowers**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Amount Outstanding	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sr No .	Type of Restructuring		Others					Total				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	15,619	979	91	1	16,690	15,619	979	91	1	16,690
		Amount Outstanding	2,35,846	14,732	3,790	260	2,54,628	2,35,846	14,732	3,790	260	2,54,628
		Provision thereon	11,792	4,654	3,385	260	20,091	11,792	4,654	3,385	260	20,091
2	Fresh restructuring during the year	No. of Borrowers	34,676	2	-	-	34,678	34,676	2	-	-	34,678
		Amount Outstanding	7,71,628	1,196	-	-	7,72,824	7,71,628	1,196	-	-	7,72,824
		Provision thereon	3,858	300	-	-	4,158	3,858	300	-	-	4,158
3	Up gradation to restructured standard category during the year	No. of Borrowers	5	(5)	-	-	-	5	(5)	-	-	-
		Amount Outstanding	84	(136)	-	-	(52)	84	(136)	-	-	(52)
		Provision thereon	18	(41)	-	-	(23)	18	(41)	-	-	(23)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	(2,223)	2,191	32	-	-	(2,223)	2,191	32	-	-
		Amount Outstanding	(48,606)	38,246	1,634	-	(8,726)	(48,606)	38,246	1,634	-	(8,726)
		Provision thereon	(309)	31,195	1,379	-	32,265	(309)	31,195	1,379	-	32,265
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	(3,54,317)	(44)	(274)	-	(3,54,635)	(3,54,317)	(44)	(274)	-	(3,54,635)
		Provision thereon	12,046	(11)	(104)	-	11,930	12,046	(11)	(104)	-	11,930
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	(24,407)	(941)	(74)	(1)	(25,423)	(24,407)	(941)	(74)	(1)	(25,423)
		Amount Outstanding	(2,91,469)	(12,124)	(1,432)	(260)	(3,05,285)	(2,91,469)	(12,124)	(1,432)	(260)	(3,05,285)
		Provision thereon	(7,288)	(3,849)	(1,432)	(260)	(12,829)	(7,288)	(3,849)	(1,432)	(260)	(12,829)
8	**Restructured Accounts as on March 31, 2020 (closing figures)**	**No. of Borrowers**	**23,670**	**2,226**	**49**	**-**	**25,945**	**23,670**	**2,226**	**49**	**-**	**25,945**
		Amount Outstanding	**3,13,166**	**41,870**	**3,718**	**-**	**3,58,755**	**3,13,166**	**41,870**	**3,718**	**-**	**3,58,755**
		Provision thereon	**20,117**	**32,247**	**3,229**	**-**	**55,593**	**20,117**	**32,247**	**3,229**	**-**	**55,593**

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As on March 31, 2019 ***(Rs. in 000's)***

Sr No .	**Type of Restructuring**		**Under CDR Mechanism**					**Under SME debt restructuring mechanism**				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
	Details											
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
8	**Restructured Accounts as on March 31, 2019 (closing figures)**	**No. of Borrowers**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Amount Outstanding	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		Provision thereon	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Sr No .	**Type of Restructuring**		**Others**					**Total**				
	Asset Classification		**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**	**Standard**	**Substandard**	**Doubtful**	**Loss**	**Total**
	Details											
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers	-	232	-	1	233	-	232	-	1	233
		Amount Outstanding	-	6,742	-	39	6,781	-	6,742	-	39	6,781
		Provision thereon	-	2,626	-	39	2,665	-	2,626	-	39	2,665
2	Fresh restructuring during the year	No. of Borrowers	22,103	1,724	3	1	23,831	22,103	1,724	3	1	23,831
		Amount Outstanding	4,07,534	28,830	148	260	4,36,772	4,07,534	28,830	148	260	4,36,772
		Provision thereon	20,377	8,630	119	260	29,386	20,377	8,630	119	260	29,386
3	Up gradation to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	(117)	29	88	-	-	(117)	29	88	-	-
		Amount Outstanding	(1,632)	(2,762)	3,642	-	(752)	(1,632)	(2,762)	3,642	-	(752)
		Provision thereon	(82)	(560)	3,266	-	2,624	(82)	(560)	3,266	-	2,624
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-	-	-
		Amount Outstanding	(1,28,453)	(8,104)	-	-	(1,36,557)	(1,28,453)	(8,104)	-	-	(1,36,557)
		Provision thereon	(6,423)	(2,468)	-	-	(8,891)	(6,423)	(2,468)	-	-	(8,891)
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	(6,367)	(1,006)	-	(1)	(7,374)	(6,367)	(1,006)	-	(1)	(7,374)
		Amount Outstanding	(41,603)	(9,974)	-	(39)	(51,616)	(41,603)	(9,974)	-	(39)	(51,616)
		Provision thereon	(2,080)	(3,575)	-	(39)	(5,694)	(2,080)	(3,575)	-	(39)	(5,694)
8	**Restructured Accounts as on March 31, 2019 (closing figures)**	**No. of Borrowers**	**15,619**	**979**	**91**	**1**	**16,690**	**15,619**	**979**	**91**	**1**	**16,690**
		Amount Outstanding	**2,35,846**	**14,732**	**3,790**	**260**	**2,54,628**	**2,35,846**	**14,732**	**3,790**	**260**	**2,54,628**
		Provision thereon	**11,792**	**4,653**	**3,385**	**260**	**20,090**	**11,792**	**4,653**	**3,385**	**260**	**20,090**

UJJIVAN SMALL FINANCE BANK LIMITED
Notes to financial statements for the year ended March 31, 2020

Schedule 18

21 Employee Benefits (AS-15) revised

21.1 Gratuity:

Gratuity is a defined benefits plan. The Bank has obtained qualifying insurance policies from Insurance Company. The following table summarises the components of net expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet on the basis of actuarial Valuation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise.

Details of defined benefit plan of gratuity are given below:

(Rs. in 000's)

Changes in the present value of the obligation	As at March 31, 2020	As at March 31, 2019
Opening balance of Present Value of Obligation	3,10,438	2,27,763
Interest Cost	19,393	16,571
Current Service Cost	1,09,778	66,627
Benefits Paid	(23,242)	(14,810)
Actuarial loss / (gain) on Obligation	28,184	14,287
Acquisitions/Divestures/Transfers	-	-
Closing balance of Present Value of Obligation	4,44,552	3,10,438
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
Opening balance of Fair value of Plan Assets	2,32,305	1,71,565
Adjustment to Opening Balance	35	3,127
Expected Return on Plan assets	16,858	14,459
Contributions	78,134	56,221
Other charges (Service tax, FMC, Mortality charges, etc)	-	-
Benefits Paid	(23,242)	(14,810)
Actuarial Gain/(loss) Return on Plan Assets	(9,306)	1,743
Closing balance of Fair Value of Plan Assets	2,94,783	2,32,305
Actual Return on Plan Assets	7,586	19,329

Profit and Loss – Expenses	Year ended March 31, 2020	Year ended March 31, 2019
Current Service Cost	1,09,778	66,627
Interest Cost	19,393	16,571
Expected Return on Plan assets	(16,858)	(14,459)
Net Actuarial loss/(gain) recognized in the year	37,456	9,417
Expenses recognized in the Profit and Loss Account	1,49,769	78,156

Funded status *(100% Insurance managed funds)*	As at March 31, 2020	As at March 31, 2019
Actuarial Assumptions		
Discount Rate	6.40%	7.52%
Expected Rate of Return on Plan Assets	6.40%	7.52%
Expected Rate of Salary Increase	9.00%	9.00%
Employee Attrition Rate	20.84%	20.26%

Experience Adjustments

(Rs. in 000's)

Particulars	As at March 31, 2020	As on March 31, 2019	As on March 31, 2018
Plan Assets	2,94,783	2,32,305	1,71,565
Defined benefit obligation	4,44,552	3,10,438	2,27,763
Surplus/ (Deficit)	(1,49,769)	(78,133)	(56,198)
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	(8,038)	3,788	13,670

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

Category of Plan Assets	As at March 31, 2020	As at March 31, 2019
Assets Under Insurance Schemes	100%	100%

(a) The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

(b) During the current and previous year the Bank does not have unamortised gratuity and pension liability.

(c) Discount rate is based on the prevailing market yields of Indian Government Bonds as on the Balance Sheet date for the estimated term of the obligation.

21.2 Compensated Absences

The Actuarial liability of compensated absences of accumulated privileged leaves of the employees is given below:

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Privileged Leave Actuarial Liability	3,16,818	2,59,978
Assumptions		
Discount Rate	6.40%	7.52%
Salary Escalation Rate	9.00%	9.00%

21.3 Defined Contribution Plans

(Rs. in 000's)

Amount recognised in the Statement of Profit and Loss	As at March 31, 2020	As at March 31, 2019
(i) Provident fund Contributed to the Authorities	1,59,772	1,19,866
(ii) Pension fund Contributed to the Authorities	2,25,868	1,34,140

22 Segment Reporting

In accordance with the guidelines issued by RBI & AS-17, the Bank has adopted Segment Reporting as under:

A) Treasury :

The Treasury Segment primarily consists of net interest earnings from the Bank's Investment portfolio, money market borrowing and lending, gains or losses on Investment operations and income from sale of PSLC.

B) Retail Banking:

The Retail Banking Segment serves retail customers through a branch network and other delivery channels. Retail Banking includes lending to and deposits from retail customers and identified earnings and expenses of the segment. This segment raises deposits from customers and provides loans and other services to customers. Revenues of the retail banking segment are derived from interest earned on retail loans, processing fees earned and other related incomes. Expenses of this segment primarily comprise interest expense on deposits & Borrowings, infrastructure and premises expenses for operating the branch network and other delivery channels, personnel costs, other direct overheads and allocated expenses.

C) Corporate/ Whole Sale Banking:

The Wholesale Banking Segment provides loans to Corporates and Financial Institutions. Revenues of the wholesale banking segment consist of interest earned on loans made to customers. The principal expenses of the segment consist of interest expense on funds borrowed from external sources and other internal segments, premises expenses, personnel costs, other direct overheads and allocated expenses of delivery channels, specialist product groups, processing units and support groups.

(Rs. in 000's)

SR.NO	Part A: Business segments				
	Business Segments →	**Treasury**	**Retail Banking**	**Corporate/ Wholesale Banking**	**Total**
	Particulars ↓	**March 31, 2020**	**March 31, 2020**	**March 31, 2020**	**March 31, 2020**
1	Revenue	**19,78,149**	**2,77,26,765**	**5,53,222**	**3,02,58,136**
2	Unallocated Revenue	-	-	-	-
3	***(less)*** Inter Segment Revenue	-	-	-	-
4	**Total Income (1+2-3)**	19,78,149	2,77,26,765	5,53,222	3,02,58,136
5	**Segment Result**	**4,24,083**	**48,84,498**	**15,323**	**53,23,904**
6	Unallocated Expenses	-	-	-	6,61,507
7	Operating Profit	-	-	-	46,62,396
8	Tax Expenses (including deferred tax)	-	-	-	11,63,211
9	Extraordinary Profit/ Loss	-	-	-	-
10	**Net Profit (5-6-8-9)**	-	-	-	**34,99,186**
	Other Information:				
11	Segment Assets	3,55,48,903	14,26,43,440	54,91,565	18,36,83,908
12	Unallocated Assets	-	-	-	4,28,421
13	**Total Assets**	-	-	-	**18,41,12,329**
14	Segment Liabilities	3,55,48,903	11,27,77,064	39,09,107	15,22,35,074
15	Unallocated Liabilities	-	-	-	-
16	**Total Liabilities**	-	-	-	**18,41,12,329**

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

UJJIVAN SMALL FINANCE BANK LIMITED

Notes to financial statements for the year ended March 31, 2020

(Rs. in 000's)

SR.NO	Part A: Business segments				
	Business Segments →	**Treasury**	**Retail Banking**	**Corporate/ Wholesale Banking**	**Total**
	Particulars ↓	**March 31, 2019**	**March 31, 2019**	**March 31, 2019**	**March 31, 2019**
1	Revenue	**13,11,306**	**1,90,00,589**	**63,845**	**2,03,75,740**
2	Unallocated Revenue	-	-	-	-
3	***(less)*** Inter Segment Revenue	-	-	-	-
4	**Total Income (1+2-3)**	**13,11,306**	**1,90,00,589**	**63,845**	**2,03,75,740**
5	**Segment Result**	2,61,241	30,08,065	1,211	32,70,517
6	Unallocated Expenses	-	-	-	5,86,287
7	Operating Profit	-	-	-	26,84,231
8	Tax Expenses (including deferred tax)	-	-	-	6,92,059
9	Extraordinary Profit/ Loss	-	-	-	-
10	**Net Profit (5-6-8-9)**	-	-	-	**19,92,172**
	Other Information:				
11	Segment Assets	2,52,35,393	10,94,59,617	22,50,552	13,69,45,562
12	Unallocated Assets	-	-	-	4,76,585
13	**Total Assets**	-	-	-	**13,74,22,147**
14	Segment Liabilities	2,52,35,393	9,17,39,908	22,50,552	11,92,25,853
15	Unallocated Liabilities	-	-	-	-
16	**Total Liabilities**	-	-	-	**13,74,22,147**

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

23 Related Party Disclosures (AS-18)

As per AS 18 Related Party Disclosures notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014 and Companies (Accounting Standards) Amendment Rules 2016, the Banks' related parties during the year April 01, 2019 to March 31, 2020 are disclosed below:

Holding company :
Ujjivan Financial Services limited (UFSL)
Key Management Personnel (KMP) :
Mr. Nitin Chugh (Managing Director and CEO) (From December 01, 2019)
Mr. Samit Ghosh (Managing Director and CEO) (Retired on November 30, 2019)
Ms Upma Goel (Chief Financial Officer)
Mr. Chanchal Kumar (Company Secretary)
Enterprise in which relatives of KMP are members :
Parinaam Foundation (Upto November 30, 2019)
Enterprise in which KMP are members :
Ujjivan Welfare and Relief Trust
USFB Employee's Gratuity Trust
UFSL Employee's Gratuity Trust

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives of Key Management Personnel as they are in the nature of banker-customer relationship.

Transactions with Related Parties for the year ended March 31, 2020 ***(Rs. in 000's)***

Items/Related Party	Holding Company	Key Management Personnel	Enterprise in which relatives of Key Management Personnel are members	Enterprise in which KMP are members	Total
Deposit*	(13,14,581)	(3,83,670)	(84,079)	(11,384)	(17,93,715)
	13,14,581	1,48,242	84,079	7,427	15,54,329
Reimbursement of expenses - Amount Paid	443	-	-	-	443
Reimbursement of expenses - Amount Received	5,034	-	57	-	5,091
Inter Company Transfer- Amount Received	-	-	-	-	-
Inter Company Transfer- Amount paid	-	-	-	-	-
Interim Dividend - Paid	1,10,000				1,10,000
Bank Contribution to Parinaam Foundation & USFB Welfare and Relief Trust	-	-	5,000	5,273	10,273
Interest on Deposits	1,02,813	5,730	7,213	253	1,16,009
Payment of Remuneration ***	-	56,405	-	-	56,405
Rendering of services	-	-	5,072	-	5,072

*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.
**The above Remuneration excludes Bonus and Gratuity.
Note: An amount of Rs 21,391 (000's) received by UFSL and an amount of Rs. 435 (000's) is paid by USFB towards employees perquisite tax

Transactions and balances with Related Parties for the period ended March 31, 2019 *(Rs. in 000's)*

Items/Related Party	Holding Company	Key Management Personnel	Enterprise in which relatives of Key Management Personnel are members	Enterprise in which KMP are members	Total
Deposit*	(12,15,440)	(34,224)	(80,066)	(4,245)	(13,33,975)
	12,15,440	30,842	80,066	4,245	13,30,593
Reimbursement of expenses - Amount Paid	943	-	-	-	943
Reimbursement of expenses - Amount Received	938	-	748	-	1,686
Inter Company Transfer- Amount Received**	838	-	-	-	838
Inter Company Transfer- Amount paid***	1,092	-	-	3,418	4,510
Bank Contribution to USFB Welfare and Relief Trust***	-	-	-	686	686
Interim Preference Dividend	2,20,000				2,20,000
Interest on Deposits	48,033	2,742	3,083	132	53,990
Payment of Remuneration ****	-	20,313	-	-	20,313
Rendering of services	-	-	2,989	-	2,989

* Figures in bracket indicates maximum balance of outstanding deposits including interest accrued but not due during the year based on comparison of the total
Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.
** Excludes amount of Rs 14,715 (000's) received by UFSL towards employees perquisite tax.
*** Employee Contribution to USFB Relief Fund through Payroll recovery of Rs.3,418 (000's) & Quantum of Donation by Bank is restricted to 1% of PY Net Profit as per RBI Regulation - Rs.686 (000's)
****The above Remuneration excludes Bonus 2017-18 of MD & CEO and Gratuity.

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Enterprise in which KMP are members		
Ujjivan Welfare and Relief Trust	(11,384)	(4,245)
	7,427	4,245
Outstanding Balance with enterprise in which relative of Key Management Personnel are Members		
Parinaam Foundation	(84,079)	(80,066)
	84,079	80,066
Holding Company		
Ujjivan Financial Services limited	(13,14,581)	(12,15,440)
	13,14,581	12,15,440

Figures in bracket indicates maximum balance of outstanding deposits including interest accrued but not due during the year based on comparison of the total outstanding deposit balances at each quarter-end.

24 Operating leases (AS-19)

The future minimum lease payments under non-cancellable operating leases are as follows:

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
i) Not later than one year	7,19,148	5,15,659
ii) Later than one year but not later than five years	22,50,725	11,45,723
iii) Later than five years	23,66,272	1,44,363

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
The total of minimum lease payments recognized in the Profit and Loss Account for the year	6,85,028	5,32,425

There are no provisions relating to contingent rent.

25 Earnings per Share

The Bank reports basic and diluted earnings per Equity share in accordance with Accounting Standard-20 Earnings Per Share.

(Rs. in 000's)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit available to equity share holders (in 000's) - (A)	33,66,575	17,26,950
Weighted average shares outstanding – Basic (Nos. in 000's) - (B)	15,35,395	14,40,037
Weighted average shares outstanding – Diluted (Nos. in 000's) - (C)	15,42,085	14,40,037
Nominal Value of Equity Shares (Rs.)	10	10
Earnings per share – Basic (Rs.) - (A/B)	2.19	1.20
Earnings per share – Diluted (Rs.) - (A/C)	2.18	1.20

Schedule 18

26 Miscellaneous

26.1 Provisions for taxation during the year:

(Rs. in 000's)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income Tax	11,43,922	3,49,118
Deferred tax Liability/ (Asset) - (Refer Schedule 18(27))	19,288	3,42,941
Total	**11,63,211**	**6,92,059**

26.2 Disclosure relating to Depositor Education and Awareness Fund (DEAF):

The details of amount transferred to Depositor Education and Awareness Fund during the current and previous year.

(Rs. in 000's)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Opening balance of amounts transferred to DEAF	424	-
Add: Amounts transferred to DEAF during the year	1,613	424
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	**2,037**	**424**

* Amount transferred to DEAF during the year 2018-19 pertains to Additional Security Deposits transferred to the Bank from the Holding Company, Ujjivan Financial Services Limited (UFSL) , as part of the Business Transfer Agreement. As per RBI circular DBR. No. DEA Fund Cell. BC. 67/3-.01.002/2014-15 dated February 02, 2015, the details of unclaimed Additional Security Deposits has been displayed in our website with respect to amount transferred to DEAF. There has been no delays in transferring the amount to DEAF.

26.3 Drawdown from Reserves

The Bank has not undertaken any drawdown from reserves during the financial year ended March 31, 2020 and March 31, 2019.

26.4 Fixed Assets

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed Assets excluding Computer Software		
Opening balance (cost)	29,15,563	16,81,717
Additions during the year	4,71,904	13,46,626
Deduction during the year	(41,301)	(1,12,780)
Depreciation to date	(13,21,681)	(8,44,593)
Balance at the end of the year	**20,24,485**	**20,70,970**

26.5 Computer Software

The movement in fixed assets capitalized as computer software is given below:

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance (cost)	11,51,981	9,87,566
Additions during the year	2,37,466	1,64,415
Deduction during the year	-	-
Depreciation to date	(6,15,232)	(3,99,482)
Balance at the end of the year	**7,74,215**	**7,52,499**

Schedule 18

26.6 Description of Contingent Liabilities:

(Rs. in 000's)

Particulars	As at March 31, 2020	As at March 31, 2019
i) Claims against the Bank not acknowledged as debt		
- Taxation (Service Tax)	4,226	4,226
- Other Legal cases	1,307	1,876
ii) Guarantees given on behalf of Constituents	47,500	2,500
iii) Other items for which the Bank is contingently liable		
- Capital commitments not provided	1,54,295	2,31,807
- Others - Cash Collateral - Securitization	-	68,124
- Amount transferred to Depositor Education and Awareness Fund (DEAF)		
Total	**2,07,328**	**3,08,533**

Contingent liability	Brief description
Claims against the Bank not acknowledged as debts - taxation	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favourable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of Income Tax Act, 1961.
Claims against the Bank not acknowledged as debts - Other legal cases	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.
Other items for which the Bank is contingently liable	These include: a) Credit enhancements in respect of securitised-outstanding loans; b) Bills rediscounted by the Bank; c) Capital commitments; d) Underwriting commitments; e) Investment purchases pending settlement; f) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

26.7 Disclosure of Letters of Comfort (LoC) issued by the Bank:
The Bank has not issued any Letter of Comfort during the current and previous year.

26.8 Investor education and protection fund
There is no amount required to be transferred to Investor Education and Protection Fund by the bank during the current and previous year.

26.9 Other Expenditure:

Other expenditure includes Local Conveyance and NFS Expenses amounting to Rs.3,04,859 (000's) and Rs 3,09,690 (000') for the financial year ended March 31, 2020 exceeding 1% of the total income of the Bank. In Previous year, other expenditure include Local Coveyance amounting to Rs.2,51,310 (000's) exceeding 1% of the total income of the Bank.

26.10 The Bank has a process whereby periodically all long term contract are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that no provision is required under any law / accounting standards on such long term contracts as on March 31, 2020 and March 31, 2019.

26.11 Credit default Swaps
The Bank has not entered into any credit default swap transactions during the current and previous year.

26.12 Credit card and debit card reward points
The Bank does not have credit card products hence reward points are not applicable and the bank is not providing any reward points on debit cards during the current and previous year.

26.13 Off balance sheet SPVs sponsored
There are no Off-Balance sheet SPVs sponsored by the bank as at March 31, 2020 and as at March 31,2019

26.14 Details of factoring exposure
The factoring exposure of the Bank as at March 31, 2020 and as at March 31,2019 is Nil.

26.15 Country wise risk exposure
Bank does not have any country wise Risk Exposure as at March 31, 2020 and as at March 31, 2019.

26.16 Unhedged foreign currency exposure
Bank does not have any unhedged foreign country exposure as at March 31, 2020 and as at March 31,2019

27 Deferred Tax

In accordance with Accounting Standard -22 "Accounting for Taxes on Income", the company has recognized deferred tax (asset)/Liability as detailed below:

As at March 31, 2020 ***(Rs. in 000's)***

Particulars	Deferred Tax (Assets) / Liabilities as at April 01, 2019	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as at March 31, 2020
Difference between book and tax depreciation	1,61,493	(60,168)	1,01,325
Provision for Employee benefits	(52,507)	(54,013)	(1,06,520)
Provision for doubtful assets/standard assets	(4,02,992)	1,64,605	(2,38,387)
Others	(1,25,753)	(31,136)	(1,56,889)
Net Deferred Tax (Asset) / Liability	**(4,19,759)**	**19,289**	**(4,00,471)**

As at March 31, 2019 ***(Rs. in 000's)***

Particulars	Deferred Tax (Assets) / Liabilities as at April 01, 2018	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2019
Difference between book and tax depreciation	1,44,383	17,110	1,61,493
Provision for Employee benefits	(26,701)	(25,806)	(52,507)
Provision for doubtful assets/standard assets	(8,82,656)	4,79,664	(4,02,992)
Others	2,274	(1,28,027)	(1,25,753)
Net Deferred Tax (Asset) / Liability	**(7,62,700)**	**3,42,941**	**(4,19,759)**

28 Disclosures On Remuneration:

28.1 Qualitative Disclosures

(A) Information relating to the composition and mandate of the Remuneration Committee.

Bank has constituted a Nomination and Remuneration Committee (NRC). The NRC comprises of four members consisting of 3 Independent Directors and one Non- Executive, Non Independent Director. Mandate of the Nomination and Remuneration Committee is to oversee the framing, review and implementation of the Banks's Compensation policy & Nomination & Remuneration Policy for Whole Time Director/Chief Executive Officers/Risk Takers and control function staff for ensuring effective alignment between remuneration and risks. The Committee also ensures that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Nomination and Remuneration Committee reviews Compensation policy and Nomination & Remuneration Policy of the Bank with a view to attract, retain and motivate employees.

(B) Information relating to the design and structure of remuneration processes and the key features and objectives of Compensation Policy and Nomination & Remuneration Policy

The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations:

(a) Our Compensation principles should support us in achieving our mission of providing a full range of financial services to the economically active poor of India who are not adequately served (unserved and underserved) by financial institutions. Therein, this policy should support us to attract and retain talent and skills required to further the organizations purpose and ideology.

(b) The pay structure and amounts confirms and shall always conform to applicable Income Tax and other similar statutes.

(c) All practices of Ujjivan SFB shall comply with applicable labour laws.

(d) The pay structure should be standardized for a level of employees.

(e) Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to benefits may undergo change with change in grade in the organization.

(f) The compensation structure shall be easy to understand for all levels of employees.

(g) The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

(h) The directors are paid sitting fees as approved by the Board for attending the Board and Board Committee Meetings.

(C) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.

(a) Structurally, the Control functions such as Credit, Risk and Vigilance are independent of the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.

(b) The Bank is in the process of comprehensively measuring and reviewing material risks to which Bank is exposed to under ICAAP. The Bank also complies with Basel II requirements.

(D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.

(a) The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
(b) Ujjivan shall, from time to time benchmark its compensation against identified market participants to define its pay structure and pay levels.

(c) The merit increments will be finalized and approved by the NHRC year on year, basis organization's budgets and accomplishments as well as market reality.

(d) Ujjivan believes in paying its employees in an equitable and fair manner basis the incumbent's Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.
(e) Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.

(E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.

The performance bonus payout shall be Annual. Discretion is typically applied related to staggered payout in case large payouts, particularly for functions like Credit and Risk. Bonus is to be prorated for employees who have worked for part of the year at Ujjivan.

Ujjivan believes in the philosophy of collective ownership by its employees. Thus, Employee Stock Options of the Bank are distributed amongst employees basis their criticality and performance.

Typically, all Stock option schemes at Ujjivan vest in a staggered manner. Besides the statutory requirement of grant and 1 year vesting, the total set of options vest in various tranches for up to a period of 5 years.

Malus/ Clawback: In the event of negative contributions of the individual towards the achievements of the Banks objectives in any year, the deferred compensation should be subjected to Malus/Clawback arrangements. Similar provisions shall apply in case the individual is found guilty of any major non-compliance or misconduct issues.

(F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.

Variable Compensation at Ujjivan has the following distinct forms:

1. Statutory Bonus
2. Performance Pay:
   a. Performance Bonus
   b. Monthly Variable Pay
3. Rewards & Recognition

The policy has been laid out keeping the following perspectives into considerations:

The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.

It is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

Statutory Bonus: Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.

Performance Bonus: All employees who are not a part of any Monthy Variable Pay but part of the year end performance review will be covered under the Performance Bonus Plan of Ujjivan Small Finance Bank. However, the actual payout of performance bonus shall be paid only to employees who have met our performance criteria.

Monthly Variable Pay : Employees in the Sales function, directly responsible for revenue generation shall be covered under the Monthly Variable Pay if meeting the criteria of the respetive scheme. Typically some of the entry level roles and upto two levels of supervision thereof shall be covered.

Rewards & Recognition: Ujjivan shall design schemes and practices from time to time to celebrate employees / departmental / organizational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five , seven and ten yrs. of completion of service with Ujjivan), Portfolio Improvement Reward Scheme; Functional R&R Schemes; Organizational Rewards Schemes such as: Service Champion; Process Excellence; Customer Connect Awards; Above and Beyond; Recognition program for Liabilities Branches for Retail Deposits; Recognition program for Asset growth in Branches

28.2 Quantitative Disclosures

The quantitative disclosures cover the Bank's Whole Time Director and Key Risk Takers. Key Risk Takers are individuals who can materially set, commit or control significant amounts of the Bank's resources, and / or exert significant influence over its risk profile. The Bank's Key Risk Takers include MD & CEO, Chief Business Officer (CBO), Head-Treasury, Chief Risk Officer (CRO), Chief Financial Officer (CFO) and Company Secretary (CS).

(Rs. in 000's)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Number of meetings held by Nomination & Remuneration Committee (NRC) and remuneration paid to its members	9 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2019 to March 31, 2020. Further, 2 meetings of Human Resource and Compensation Committee (HRC) was held during April 01, 2019 to March 31, 2020. The members of the NRC were paid total sitting fees of Rs.1,620 (000's) for Nine meetings while members of HRC were paid total sitting fees of Rs 130 (000's) for 2 meetings.	2 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2018 to September 30, 2018. Further, 2 meetings of Human Resource and Compensation Committee (HRC) was held during April 01, 2018 to September 30, 2018. The members of the NRC were paid total sitting fees of Rs.320 (000's) for two meetings while members of HRC were paid total sitting fees of Rs 160 (000's) for two meetings.
Number of employees having received a variable remuneration award.	8 employees (Current MD&CEO/ Ex-MD&CEO/ CFO /CRO /CBO / Current Head of Treasury / Ex-Head of Treasury / CS)	4 employees (CFO/CRO/Head Treasury/ CS)
Number and total amount of 'sign on' awards.	* Rs 3,799 (000')	Nil
Details of guaranteed bonus if any paid as sign on bonus.	Nil	Nil
Details of severance pay in addition to the accrued benefits.	Nil	Nil
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms.	** Cash : Rs. 5,268 (000') *** ESPS shares : 28,84,837 **** ESOP grants : 4,38,190 (Current MD&CEO/ Ex-MD&CEO/ CFO /CRO /CBO / Current Head of Treasury / Ex-Head of Treasury / CS)	Rs. 1500 (000's) - (MD&CEO/CFO/CRO/Head Treasury/ CS)
Total amount of deferred remuneration paid.	Rs. 1,816 (000') (Current MD&CEO/ Ex-MD&CEO/ CFO /CRO /CBO / Current Head of Treasury / Ex-Head of Treasury / CS)	*** Rs. 721 (000's) -(MD&CEO/CFO/CRO/Head Treasury/ CS)
Breakdown of amount of remuneration awards for the financial Period to show fixed and variable, deferred and non-deferred	Fixed gross : Rs. 81,520 (000') Variable deferred : Rs. 1,817 (000') (Current MD&CEO/ Ex-MD&CEO/ CFO /CRO /CBO / Current Head of Treasury / Ex-Head of Treasury / CS)	Fixed Gross - Rs. 39,063 (000's) (MD&CEO/CBO/Head of Treasury/ CFO/CRO/ CS) **** Variable/deferred - Rs. 721 (000's) - (MD&CEO/CFO/CRO/Head Treasury/ CS)
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments.	Nil	Nil
Total amount of reductions during the FY due to ex – post explicit adjustments	Nil	Nil
Total amount of reductions during the FY due to ex – post implicit adjustments	Nil	Nil

Note:

Note: *ESOPs basis RBI approval as sign-on grant; vesting due over 2 years - 2020 and 2021.

** For Current-MD&CEO and Ex-MD&CEO, Target Variable Pay provisioned and notional amount has been provisioned. The actual amount will be decided post closure of Annual Performance reviews. It will be planned based on NRC guidance and paid basis RBI approval.For all 8 employees, amount is proviosed for variable pay for 50% of total target variable pay due for payment in FY 20-21. Actual payment willl be subject to Bank and Individual performance.

*** Including 26,90,000 shares alloted to Ex-MD&CEO.

**** Exluding ESOPs of Current MD&CEO since it was granted as sign-on grant. ESOPs are granted not exercised.

29 Disclosure on remuneration to Non-Executive Directors:

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board and its Committees. Till May 31, 2019, the sitting fees was paid at the rate of Rs. 50 (000's) per Board meeting and at the rate of Rs. 40 (000's) per Board Committee Meetings. In the Board meeting held on May 28, 2019, the sitting fees ws revised at the rate of Rs. 75 (000's) per Board meeting and at the rate of Rs. 50 (000's) per Board Committee Meetings. Amount paid as sitting fees to the Non-Executive Directors as follows.

(Rs. in 000's)

Name of Directors	Year ended March 31, 2020	Year ended March 31, 2019
Mr. Sunil Vinayak Patel*	1,940	1,460
Ms. Vandana Viswanathan	1,450	1,020
Mr. Nandlal Sarada	1,685	940
Mr. Biswamohan Mahapatra	1,410	850
Mr. Luis Miranda	1,005	770
Mr. Prabal Kumar Sen	1,260	740
Mr. Anadi Charan Sahu (SIDBI)**	-	50
Mr. Sanjay Jain (SIDBI)***	-	150
Ms. Mona Kachhwaha	690	490
Mr. Jayanta Kumar Basu****	700	100
Ms. Chitra K Alai (SIDBI)***	200	-
Mr. Sachin Bansal*****	525	-
Mr. Mahadev Lakshminarayanan******	775	
Total	**11,640**	**6,570**

*Mr. Sunil Vinayak Patel has resigned as Director w.e.f February 1, 2020.
** Mr Anadi Charan Sahu has resigned as Director on May 06, 2018 and Mr Sanjay Jain was appointed in his place w.e.f May 07, 2018.
**** Mr Jayanta Kumar Basu was appointed w.e.f November 14, 2018.
***Mr Sanjay Jain ceased to be a Director w.e.f May 09, 2019 and Ms. Chitra K Alai was appointed in his Place w.e.f May 09, 2019
*****Mr Sachin Bansal was appointed w.e.f June 01, 2019 and resigned as Director w.e.f. January 27, 2020
******Mr Mahadev Lakshminarayan was appointed w.e.f August 01, 2019

30 The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. An amount of RS. 1,145 ('000) was outstanding for payment for more than 45 days to MSME creditors as of March 31, 2020 and Nil as of March 31, 2019.

31 Corporate Social Responsibility

As per Sec 135 (1) of the Companies Act "Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director". Pursuant to this, Bank has duly constituted a Corporate Social Responsibility Committee.

Further, the section stipulates that the company should spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years and in pursuance of its Corporate Social Responsibility Policy. Bank has a mandatory CSR obligation from FY 2019-20. Bank's CSR Strategy was aproved by the CSR Committee & by the Board of Directors in the meeting held on May 27, 2019 & May 28, 2019.

Gross amount required to be spent by the Bank during the financial year ended March 31, 2020 is Rs. 18,544 ('000) (PY -Nil)

(Rs. in 000's)

Particulars	Year ended March 31, 2020		
	Amount Spent	Amount unpaid/provision	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	12,467	-	12,467

Particulars	Year ended March 31, 2019		
	Amount Spent	Amount unpaid/provision	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	-	-	-

32 Payments to Auditors' (Schedule -16 Auditors' Fees And Expenses) ***(Rs. in 000's)***

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Audit Fees	3,706	4,022
Tax Audit Fees	109	109
Other Services	4,469	2,780
Out-of Pocket Expenses	386	161
Total	**8,670**	**7,072**

33 Share-based payments

33(A) Employee share option plan(ESOP)

33(A)(1) Details of the employee share option plan of the Bank

The Bank has share option scheme for employees (which includes the employees of the Holding Company) , being ESOP 2019.

ESOP 2019

The ESOP 2019 is the scheme under which the Bank has issued options to the employees (which includes the employees of the Holding Company). The Bank has approved its ESOP Plan, 2019 in the Shareholders meeting held on March 29, 2019. On August 08, 2019, the Nomination & Remuneration Committee of the Bank has granted 3,70,00,403 ESOPs at Rs 35 per shares to eligible employees of the Bank (which includes the employees of the Holding Company).Further, pursuant to the resolution passed by Nomination & Remuneration Committee on December 4, 2019, 3,798,697 additional options were granted under ESOP 2019 scheme.

As on March 31, 2020, the Bank ESOP 2019 pool comprises of 40,799,100 options (inclduing the original pool of 37,000,403 options plus 3,798,697 options added on December 4, 2019).

The Bank has granted 40,799,100 options under the ESOP 2019 to eligible employees (which includes the employees of the Holding Company) during the year ended March 31, 2020.

As on March 31, 2020, out of the 40,799,100 options granted, Nil options has been exercised and 2,723,243 options are lapsed. Further, 38,075,857 options are yet to be vested.

The vesting period for the options granted under ESOP 2019 is as under:

Year	Options Granted	Year 1	Year 2	Year 3	Year 4	Year 5
ESOP 2019 - Original	3,70,00,403	20%	20%	20%	20%	20%
ESOP 2019 - Additional	37,98,697	52%	48%			
Total	4,07,99,100					

The following share-based payment arrangements were in existence during the current year:

Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
ESOP 2019 - Original	3,70,00,403	August 08, 2019	August 07, 2020	August 07, 2025	35	17
		August 08, 2019	August 07, 2021	August 07, 2026	35	19
		August 08, 2019	August 07, 2022	August 07, 2027	35	21
		August 08, 2019	August 07, 2023	August 07, 2028	35	23
		August 08, 2019	August 07, 2024	August 07, 2029	35	24
ESOP 2019 - Additional	37,98,697	December 4, 2019	December 12, 2020	December 12, 2025	35	17
		December 4, 2019	December 12, 2021	December 12, 2026	35	19

33(A)(2) Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is Rs 20.69 (No options were granted in FY 2018-19). Options were priced using Black and Scholes Model. Vested ESOPs can be exercised within five years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date.The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. Volatility of comparable Banks have been considered for the purposes of valuation.

Inputs into the model

Particulars	ESOP 2019				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	40.76	40.76	40.76	40.76	40.76
Exercise price	35	35	35	35	35
Expected volatility	40.08%	40.08%	40.08%	40.08%	40.08%
Option life	3.5	4.5	5.5	6.5	7.5
Risk-free interest rate	5.75%	5.90%	6.03%	6.13%	6.22%

33(A)(3) Movements in share options issued

During the year ended March 31, 2020

Particulars (Nos.)	Options granted and outstanding as at beginning of year	Granted during the year	Exercised during the year	Forfeited/Expired during the year	Option exercisable at the year end
ESOP 2019 - Original	3,70,00,403.00	-	-	27,23,243.00	3,42,77,160.00
ESOP 2019 - Additional	37,98,697.00	-	-	-	37,98,697.00
Total	4,07,99,100.00	-	-	27,23,243.00	3,80,75,857.00
Weighted average exercise price	35.00	-	-	35.00	35.00

33(A)(4) Share options exercised during the year

The ESOPs granted under the ESOP Plan 2019 has not been vested yet, therefore not exercised.

33(A)(5) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of Rs 35 and a weighted average remaining contractual life of 7.24 Years.

33(A)(6) Expense arising from share based payment transaction recognized in Statement of profit or loss as employee benefit expense are as follows:

(Rs. in 000's)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expense	2,11,464	-

33(A)(7) ESOP arrangement with the Holding company (Ujjivan Financial Services Limited)

As per guidance note issued by ICAI on Share-based Payment , stock options have to be fair valued on the grant date and expense has to recognised over the vesting period. The Bank has accordingly determined the cost of the employee share-based payments considering the fair value principles, recognised the share based payment expense for all the unvested options as on date for the period starting from the grant date.The Bank has granted 40,799,100 options under the ESOP 2019 to eligible employees (which includes the employees of the Holding Company) during the year ended March 31, 2020. Out of total options granted, 473,240 options has been granted to Holding Company employees for which Bank has decided to cross charge the stock compenation expense through related party transaction. Accordingly, Rs 2,729 (000's) has been booked as recoverable from Holding Company as on March 31, 2020.

33(B) Employee Stock Purchase Scheme 2019 (ESPS):

Pursuant to the resolutions passed by the Board on July 30, 2019 and approved by Shareholders on August 3, 2019, Bank has adopted the ESPS. The ESPS has been framed in compliance with the provisions of the SEBI Regulations. The objective of the ESPS is inter-alia to reward the employees of the Bank for their association and performance as well as to motivate them to contribute to the growth and profitability of the Bank.
Pursuant to the ESPS, the Board is authorized to issue up to 72,001,840 fully paid up Equity Shares of face value of Rs 10 each with pari passu voting rights, to the eligible employees of the Bank and of the Holding Company, in accordance with the terms and conditions as may be decided. The Nomination and Remuneration Committee has been entrusted with the responsibility of administering the ESPS and the said Committee of the Bank has pursuant to its resolution dated August 8, 2019 authorised the opening of the subscription of the ESPS for the eligible employees of the Bank and of the Holding Company at Rs 35 per share and applicable perquisite tax. The ESPS Scheme was approved by the Shareholders in the Extra-Ordinary General Meeting held on August 03, 2019. Under the ESPS 2019 scheme the employees of the Bank and of Ujjivan Financial Services Limited (UFSL) subscribed to 1,40,55,097 number of equity shares at a price of Rs 35 per equity share. Further, under ESPS 2019 scheme, employees of the Bank and UFSL have the option to subscribe for equity shares under a monthly scheme where they open a recurring deposit and pay the complete subscription amount at the end of 12 months.

33(B)(1) The Scheme is issued in three phases timelines of which are detailed below:

Phase	Subscription Start Date	Subscription End Date
I	August 09, 2019	September 09, 2019
II	September 10, 2019	September 26, 2019
III	October 07, 2019	October 16, 2019

33(B)(2) Expense arising from share based payment transaction recognized in Statement of profit or loss as employee benefit expense are as follows:

(Rs. in 000's)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Expense on ESPS	79,741	-

34 The SARS-CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. Numerous governments and companies, including the Bank, have introduced a variety of measures to contain the spread of the virus. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 46 days till May 31, 2020 across the country to contain the spread of the virus. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on 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.

In accordance with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Bank would be granting a moratorium of three months on the payment of all installments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers classified as Standard, even if overdue, as on February 29, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning norms).

The quantitative disclosures as required by the above referred RBI circular dated April 17, 2020 are given below:

(Rs. in 000's)

Particulars	Amount
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended, in terms of paragraph 2 and 3 of the circular Term Loan Instalments: Rs 12,89,500 ('000) Cash Credit / Overdraft :Rs 7,488 ('000)	12,96,988.17
Respective amount where asset classification benefits is extended Term Loan Instalments: Rs 12,89,500 ('000) Cash Credit / Overdraft : Rs 7,488 ('000)	12,96,988.17
Provisions made during the quarter ended March 31, 2020 in terms of para 5 of the circular	4,89,733.81
Provisions adjusted during the respective accounting periods against slippages in terms of paragraph 6 of the circular	-
Residual provisions as of March 31, 2020 in terms of paragraph 6 of the circular	-

35 Securitization Transaction

The details of Securitization deals outstanding as at March 31, 2020 and as at March 31, 2019 as below.

(Rs. in 000's)

Particulars			**As at March 31, 2020**	**As at March 31, 2019**
No. of SPVs sponsored by the Bank for securitization transactions			-	1
Total amount of securitized assets as per books of the SPVs sponsored by the Bank (Includes MRR portion of Rs.2,08,381 (000's)			-	9,08,318
Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet			-	-
a)	Off balance sheet exposures		-	-
	First loss		-	-
	Others		-	-
b)	On-balance sheet exposures		-	-
	First loss		-	2,76,505
	Others		-	-
Amount of exposures to securitization transactions other than MRR			-	-
a)	Off balance sheet exposures		-	-
	i)	Exposure to own securitizations	-	-
		First loss	-	-
		Loss	-	-
	ii)	Exposure to third party securitizations	-	-
		First loss	-	-
		Others	-	-
b)	On balance sheet exposures		-	-
	i)	Exposure to own securitizations	-	-
		First loss	-	-
		Others	-	-
	ii)	Exposure to third party securitizations	-	-
		First loss	-	-
		Others	-	-

36 Dividend:

The Reserve Bank of India, vide its circular dated April 17, 2020 has directed that Banks shall not make any further dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that Banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on May 19, 2020, has not proposed any dividend for the year ended March 31, 2020.

The Bank with the approval of Directors through resolution passed on July 30, 2019 declared an Interim Preference Dividend of 5.5% i.e. Rs 0.55 per preference Share of Rs 10 each (within the maximum permissible coupon rate of 11%) amounting to Rs 110,000 (000's) (excluding Dividend Distribution Tax) on 200,000,000 11% Perpetual Non-Cumulative Preference Shareholders.

For Previous year ended March 31, 2019, the Board of Directors declared the First Interim Preference Dividend on December 06, 2018 and Second Interim Preference Dividend on March 18, 2019 as mentioned below.

(Rs. in 000's)

Particulars	**Year ended March 31, 2020**	**Year ended March 31, 2019**
First Interim Preference Dividend of Rs. 0.55 (Previous year-Rs 0.55) per preference share (exclusive of dividend distribution tax of Rs. 22,611)	1,10,000	1,10,000
Second Interim Preference Dividend of Rs. Nil (Previous year-Rs 0.55) per preference share (exclusive of dividend distribution tax of Rs. 22,611)	-	1,10,000

37 Comparative Figures

Figures for the previous year have been regrouped and reclassified wherever necessary to conform to the current year presentation.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration Number: 105047W

Swapnil Kale
Partner
Membership No: 117812

Mumbai
May 19, 2020

For and on behalf of Board of Directors of
Ujjivan Small Finance Bank Limited

Nitin Chugh
DIN: 01884659
Managing Director & CEO

Mahadev Lakshminarayanan
DIN: 05003710
Independent Director

Vandana Viswanathan
DIN: 05192578
Independent Director

Nandlal Laxminarayan Sarda
DIN: 00147782
Independent Director

Upma Goel
Chief Financial Officer

Chanchal Kumar
Company Secretary

Bengaluru
May 19, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Financial Statements on page 77. These Financial Statements are prepared in accordance the provisions of the Banking Regulation Act, 1949, as amended, Indian GAAP, guidelines issued by the Reserve Bank of India, from time to time, and the Companies Act, as amended, and restated as per the SEBI ICDR Regulations.

Indian GAAP differs in certain material respects from Ind AS, U.S. GAAP and IFRS. See "Risk Factors - Banking companies in India, including us, will be required to report financial statements under the Ind AS in the future. However, our Promoter, UFSL, reports its financial statements under Ind AS and as a result, we are required to prepare select Ind AS financial information for the limited purposes of consolidation by UFSL. Differences exist between Ind AS and Indian GAAP, which may be material to investors' assessment of our financial condition." on page 43.

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 13 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "– Significant Factors Affecting our Results of Operations and Financial Condition" on pages 39 and 255, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our Bank's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Financial Statements included in this Placement Document. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements and the Unaudited Condensed Interim Financial Statements included in this Placement Document. The financial information for the quarters ended June 30, 2022 and June 30, 2021 are not comparable with our results for the full fiscal years. Unless otherwise indicated any reference to our Bank's Ind AS financial statements is a reference to our Bank's Ind AS financial statements prepared solely for the purpose of consolidation of the financial statements of UFSL.

Unless the context otherwise requires, in this section, references to "we", "us", "our", "the Bank" or "our Bank" refers to Ujjivan Small Finance Bank Limited.

Overview

We are a mass market focused SFB in India, catering to unserved and underserved segments and committed to building financial inclusion in the country. Our Promoter, UFSL commenced operations as an NBFC in 2005 with the mission to provide a full range of financial services to the 'economically active poor' who were not adequately served by financial institutions. UFSL's erstwhile business was primarily based on the joint liability group-lending model for providing collateral-free, small ticket-size loans to economically active poor women and also provide affordable housing loans. UFSL also offered individual loans to micro and small enterprises ("**MSEs**") and adopted an integrated approach to lending, which combined a customer touchpoint similar to microfinance, with the technology infrastructure and related back-end support functions similar to that of a retail bank. On October 7, 2015, UFSL received RBI In-Principle Approval to establish an SFB, following which it incorporated Ujjivan Small Finance Bank Limited as a wholly-owned subsidiary. UFSL subsequent to obtaining RBI Final Approval on November 11, 2016 to establish and carry on business as an SFB in India, transferred its business undertaking comprising of its lending and financing business to our Bank, which commenced its operations from February 1, 2017. We were included in the second schedule to the Reserve Bank of India Act, 1934 as a scheduled bank on July 3, 2017. It is proposed to amalgamate UFSL into our Bank and accordingly our Board and the board of UFSL pursuant to their meetings dated October 30, 2021 approved a scheme of amalgamation under Section 230-232 of the Companies Act, 2013 for the amalgamation of UFSL with our Bank. For details, see "*Organizational Structure – Proposed Scheme of Amalgamation*" on page 348. As of March 31, 2022, our Gross Advances (excluding securitization / IBPC / direct assignment) and deposits amounted to ₹ 17,487.65 crore and ₹ 18,292.22 crore, respectively and as of June 30, 2022, our Gross Advances (excluding securitization / IBPC / direct assignment) and deposits amounted to ₹ 17,614.77 crore and ₹ 18,448.85 crore.

As of June 30, 2022, our Bank had a diversified portfolio, geographical spread across 24 states and union territories, encompassing 248 districts in India. As of June 30, 2022, we served 65.96 lakh customers and operated from 575 Banking Outlets that included 144 Banking Outlets in Unbanked Rural Centres ("**URCs**") (of which 7 were business correspondent centres). As of June 30, 2022, we had a network of 492 ATMs (including 54 ACRs), two 24/7 phone banking units based in Bengaluru and Pune that service customers in nine languages in interactive voice response and five additional languages through human interactive, and a mobile banking application that is accessible in nine languages as well as internet banking facility for individual and corporate customers.

Our portfolio of products and services includes various asset and liability products and services. Our asset products comprise: (i) loans to our micro banking customers that include group loans and individual loans, (ii) agriculture and allied loans, (iii) MSE loans, (iv) affordable housing loans, (v) financial institutions loans, and (vi)vehicle loans. On the liability side, we offer savings accounts, current accounts and a variety of deposit accounts. In addition, we also provide non-credit offerings comprising ATM-cum-debit cards, Aadhaar enrolment services, distribute third party insurance products and point of sales ("**POS**") terminals. We have also tied-up with various fintech businesses to supplement our customer acquisition and business volumes.

Our operations have traditionally been and continue to remain focused on using technology and we have made significant investment in automation of our operations. Our focus is to use technology as an enabler for our customers that allows us to customize and deliver products and services to suit their needs. We offer our customers with various digital platforms including internet banking, mobile banking, SMS banking, bill payments, biometric ATMs and RuPay Platinum debit cards. We have a tablet-based loan origination system for both group and individual loans to bring down loan origination turn-around time for our customers. The credit processing for these loans is also digitised and an automated collection receipt system has been launched to enable seamless collection from customers. Our customers are also able to register savings bank accounts on UPI based mobile applications. We provide customers the ability to repay loans through our merchant tie-up payment points and in a cashless manner through digital wallets and payment gateways. We also have a robust back-end operating system supported by our core banking system, customer relationship management system and document management system.

We believe we are a customer centric organization. We allocate relationship officers for our customers and have a dedicated service quality department that addresses customer grievances and takes cognizance of their feedback. We have partnered with Parinaam Foundation, for the formulation and implementation of financial literacy programs such as Diksha+, and continue to support them in their initiatives, which aides in raising the level of financial awareness of our customers.

We have grown in a sustainable manner. Our Gross Advances (excluding securitization/ IBPC/ direct assignment) have grown from ₹ 15,139.97 crores as of March 31, 2021 to ₹ 17,487.65 crores as of March 31, 2022, ₹ 14,153.30 crores as of March 31, 2020 to ₹ 15,139.97 crores as of March 31, 2021 and were ₹ 17,614.77 crores as of June 30, 2022. Our total deposits have increased from ₹ 13,135.77 crores as of March 31, 2021 to ₹ 18,292.22 crores as of March 31, 2022, ₹10,780.48 crores as of March 31, 2020 to ₹ 13,135.77 crores as of March 31, 2021 and were ₹ 18,448.85 crores as of June 30, 2022. As of March 31, 2022 and June 30, 2022, our percentage of gross NPAs to gross advances was 7.34% and 6.51%, respectively our percentage of net NPAs to Net Advances was 0.61% and 0.11%, respectively. Our profit/ (loss) after tax for Fiscal 2020, 2021 and 2022 was ₹ 349.92 crores, ₹ 8.30 crores and ₹ (414.58) crores, respectively, while for the quarter ended June 30, 2022, our profit/(loss) after tax was ₹202.94 crores. Further, our long-term bank facilities have been rated CARE A+; Stable by CARE Rating Limited and our certificate of deposits have been rated CRISIL A1+ by CRISIL Limited.

We intend to develop and offer a comprehensive suite of asset and liability products and services that will help us attract new customers and deepen our relationship with our existing customer base. Our focus customers are primarily young middle-class customers across India. To achieve this, we intend to strategically invest to increase the use of technology in our operations. We intend to reduce our costs, increase operating efficiencies and move our customers from an assisted mode to a self-service mode of digital and phone banking. We will selectively operationalize additional Banking Outlets, expand our ATM and ACR network and engage more business correspondent agents to grow our customer base and increase our advances and deposits. Our focus will continue to remain on serving the unserved and underserved segments to build responsible banking behaviour by educating potential customers and increasing financial literacy.

Proposed Scheme of Amalgamation

Our Bank proposes to enter into a scheme of amalgamation for the amalgamation of UFSL (being the Promoter and holding company of our Bank) into our Bank along with their respective shareholders, employees, creditors and other stakeholders, in accordance with sections 230-232 of the Companies Act, 2013, the other applicable provisions of the Companies Act, 2013 and the SEBI Master Circular on Schemes of Arrangement dated December 22, 2020, pursuant to which UFSL will get amalgamated into and with the Bank and all of UFSL's assets, liabilities, contracts, employees, licenses, records, approvals etc. shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Bank, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of the scheme and shall be subject to receipt of the relevant regulatory and statutory approvals and in accordance with applicable law and the conditions prescribed by the SEBI and RBI. For details, see "*Organizational Structure – Proposed Scheme of Amalgamation*" on page 348.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The impact of COVID-19 on our results of operations and financial condition

In late 2019, the outbreak of COVID-19 spread globally and on March 11, 2020 it was declared as a global pandemic by The World Health Organization. Governments and municipalities around the world instituted measures in an effort to control the spread of COVID-19, including quarantines, shelter-in-place orders, school closings, travel restrictions, and closure of non-essential businesses. By the end of March 2020, the macroeconomic impacts became significant, exhibited by, among other things, a rise in unemployment and market volatility.

The Government of India initiated a nation-wide lockdown initially from March 25, 2020 for three weeks which was extended to May 31, 2020. In compliance with the lockdown orders announced by the Government in India, as applicable to banks that were declared essential services, we temporarily closed certain of our Banking Outlets and initiated remote working for some of our employees. India also experienced a severe second wave of COVID-19 between March 2021 and June 2021. Our results of operations for the financial year ended March 31, 2022 were impacted due to the COVID-19 pandemic and the resultant impact on account of the lockdowns announced by the Government. As most of our customers turned conservative and skipped their EMI payments to keep cash with them, significant portion of our non-delinquent portfolio as of March 2021 started to slip and unlike in the first wave, there was no regulatory package issued by the RBI. As a result, our Bank offered the restructuring of loans as a tool to the customers to tide over the crisis. Gross advances restructured due to COVID-19 1.0 and 2.0 was ₹844.78 crores and ₹657.24 crores as of March 31, 2022 and June 30, 2022, respectively. Further, since the onset of COVID-19, few of our employees tested positive for the virus resulting in temporary closure of certain Banking Outlets to carry out sanitation and fumigation works. Additionally, many of our customers and service providers temporarily ceased operating their respective enterprises. As a result, we experienced a decline in collections, reduced disbursements and deposit mobilization, and increased provisioning due to the impact of COVID-19 and various regulatory measures in response to COVID-19, including moratoriums availed by customers.

The impact of the pandemic on our business, operations and future financial performance have included and may include the following:

- We experienced a decline in collection efficiencies during the period from April 2021 to July 2021. Our collection efficiencies are back to pre-COVID-19 levels for the disbursement that was made in Fiscal 2022, and our collection efficiency for the month of March 31, 2022 for disbursement stands at 99.87% and the quarter ended June 30, 2022 stands at 98.99%. We continue to experience improved collections from the impaired portfolio. However, our collection efficiencies may be affected again should there be another wave of the pandemic since a significant portion of our collections are cash-based and involve physical presence of our employees and collection agents, which may be impaired should nation-wide lockdowns or travel restrictions be imposed. Such decline in collections could persist through and beyond a recessionary period.

- We have experienced a reversal in the Gross NPA numbers from the peak of the first two quarters of the Fiscal 2021. Gross NPA has fallen from 11.80% as of September 30, 2021 to 6.51% as of June 30, 2022. We may experience a significant increase in our gross NPA levels due to possible deterioration in the credit quality of our customers in the event of a new pandemic or a new wave of the existing pandemic, as our target borrower segment primarily comprises unserved and underserved customers, who are most impacted due to the economic downturn caused by COVID-19 related measures such as closure of non-essential services. In the event our borrowers' enterprises have been unable to withstand the economic pressures caused by the COVID-19 pandemic, we may experience higher NPAs than anticipated driven by deterioration in asset quality due to our borrower's reduced ability to make timely repayments.

  As a result, we may be required to recognise higher loan loss provisions in future periods, on account of the uncertainty in the external environment due to COVID-19, which may adversely impact our asset quality and profitability in future periods.

- There was a sharp decline in our disbursements due to reduced economic activity post the onset of the COVID-19 pandemic, followed by a sharp revival in the third quarter of the current financial year as economic activity revived. However, there is no certainty that disbursements may not decline again if there is a resurgence of the pandemic or the onset of a new pandemic. As a result, related revenue generation from processing fees and documentation charges, may decline.

- We may witness adverse impacts to our interest income, EPS and growth rates, particularly if operating expenses do not decrease at the same pace as revenue declines. Many of our expenses are less variable in nature and may not correlate to changes in revenues, such as depreciation, employee benefit expenses and other costs associated with operating and maintaining our Banking Outlets.

- The possible shift to a remote working environment in the event of a new pandemic or new wave of the existing pandemic could create inherent productivity, connectivity, and oversight challenges. For example, governmental lockdowns, restrictions or new regulations could significantly impact the ability of our employees and service providers to work productively. The restrictions placed by the Government have been changing based on the dynamic situation or what restrictions will be in place in those environments. The extent and/ or duration of ongoing workforce restrictions and limitations could impact our ability to successfully introduce and grow our new products and services, comply with various reporting requirements to the regulators in a timely manner, among others. In addition, the changed environment under which we are operating could have an impact on our internal controls over financial reporting as well as our ability to meet a number of our compliance requirements in a timely or quality manner.

- Reduction in policy rates may be passed on to customers, however, there may not be a corresponding reduction in borrowing costs in-line with the reduction in policy rates.

In addition, the RBI has issued guidelines on March 27, 2020 and April 17, 2020 in an effort to contain the impact of the COVID-19 pandemic on the financial services sector. Under these guidelines, all term loans are eligible for availing a moratorium on instalments falling due during a period of three months, i.e. from March 1, 2020 to May 31, 2020. This was subsequently extended by another period of three months, i.e. until August 31, 2020. Accordingly, banks and other financial institutions are permitted to provide a moratorium between the above period for term loan instalments which are due for payment by borrowers who have availed such moratorium. In line with these guidelines, we provided a moratorium of three months on the payment of all principal amounts and/or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to most of our eligible borrowers, resulting in a decline in our collections during such period. The moratorium for the period from June 1, 2020 to August 31, 2020 was extended to a significant proportion of our eligible borrowers on a much more selective basis.

The RBI guidelines also required us to make general provisions in respect of accounts in default but standard, of not less than 10% of the total outstanding of such accounts as of March 1, 2020, where the moratorium has been granted. This provisioning was to be phased over two quarters, with not less than 5% in each of the quarters ended March 31, 2020 and June 30, 2020. We created floating charge provisions in Fiscal 2022 amounting to ₹250 crores to be utilised during future financial periods (in extraordinary circumstances, subject to prior RBI approval) of which ₹30 crores of floating provision has been included as a part of Tier II capital in the quarter ended June 30, 2022.

Further, pursuant to the RBI notification titled *'Resolution Framework for COVID-19-related Stress*' dated August 6, 2020, we may extend viable resolution framework to our borrowers which were bearing stress on account of the COVID-19. Further, in terms the RBI circular titled '*Micro, Small and Medium Enterprises sector – Restructuring of Advances*', dated August 6, 2020, our MSE loans may be restructured without a downgrade in the asset classification. We had restructured ₹877.29 crores of advances under the Resolution Framework 1. The RBI further announced the Resolution of COVID-19 related to individual and small business ("**Resolution Framework 2**") on May 5, 2021. RBI has also extended the restructuring of advance to MSME borrowers under Resolution Framework 2 for MSMEs. As per these guidelines, the request for restructuring of the borrowers account were accepted till September 30, 2021. Such restructuring of advances is to be implemented within 90 days from the date of invocation. Our Bank has implemented the restructuring of advances in line with these guidelines and restructured ₹1,028.46 crores crores till March 31, 2022. The outstanding balance as of March 31, 2022 and the quarter ended June 30, 2022 for these accounts stands at ₹844.78 crores and ₹657.24 crores respectively. Resolution Framework 2 also permitted further restructuring of advances implemented under Resolution Framework 1 for individual and small business loans, subject to certain conditions. Our Bank has restructured ₹117.62 crores of advances which were already restructured under Resolution Framework 1.

Any unexpected or onerous requirements or regulations resulting from the pandemic or any changes in laws, or the promulgation of new laws, rules and regulations relating to our operations as a response to the pandemic may have a material adverse effect on our business, financial condition and results of operations.

The global health and economic implications of this pandemic could continue to have significant impact on our business, operations and future financial performance. As a result of the scale of the pandemic and the speed at which the global community has been impacted, and the uncertainty related to the same, our quarterly and annual revenue growth rates and expenses as a percentage of our revenues may differ significantly from our historical rates, and our future operating results may fall below expectations. We are still assessing our business operations and system supports and the impact COVID-19 may have on our results and financial condition, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally or in our sector in particular. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. The extent to which the COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others.

Regulatory Developments

Our results of operations and continued growth depend on stable government policies and regulation. The banking industry in India is subject to extensive regulation by governmental organizations and regulatory bodies such as the RBI and SEBI, which contributes to its relative stability during uncertain economic periods. These regulations cover various aspects such as loans and advances, investments, deposits, risk management, foreign investment, corporate governance and market conduct, customer protection, foreign exchange management, capital adequacy, margin requirements, know-your customer and anti-money laundering, and provisioning for NPAs. In recent years, existing rules and regulations have been modified, new rules and regulations have been enacted and reforms have been implemented, which are intended to provide tighter control and more transparency in India's banking sector. As an SFB, we are required to comply with such rules and regulations, which affect our business, operations, cash flows, profitability and financial condition.

Under the Operating Guidelines for Small Finance Bank dated October 6, 2016 issued by the RBI (**"SFB Operating Guidelines"**), we are required to maintain a minimum capital adequacy ratio of 15% of the credit risk weighted assets ("**CRWAs**") on a continuous basis, to be computed as per the Basel II norms prescribed by RBI, including a minimum Tier I capital of at least 7.5% of the CRWAs, and the Tier II capital should be limited to a maximum of 100% of total Tier I capital. However, under the SFB Operating Guidelines, we are not required to maintain any capital conservation buffer or any counter-cyclical capital buffer. Our total capital (as a percentage of total risk weighted assets) was 28.82%, 26.44% and 18.99 %, as of March 31, 2020, March 31, 2021, March 31, 2022, respectively, and was 25.88 % and 20.03 % as of June 30, 2021 and June 30, 2022, respectively. Further, currently, we are required to maintain a cash reserve ratio (**"CRR"**) of 4% of our net demand and time liabilities (**"NDTL"**) with the RBI, on which no interest is paid. In addition, we are also required to maintain, under the current requirements, a SLR equivalent to 18.50% of our NDTL, to be invested in state or central Government or other RBI-approved securities. We are also required to extend 75% of our ANBC to the sectors eligible for classification as priority sector lending by the RBI. In addition, under the SFB Operating Guidelines, at least 25% of our total Banking Outlets have to be located in unbanked rural centres ("**URCs**") and at least 50% of our loan portfolio is required to constitute loans and advances of up to ₹250 crores.

Further, certain requirements that are applicable to SFBs in terms of the SFB Guidelines and other banking laws and regulations are significantly more stringent in comparison to scheduled commercial banks and non-banking financial companies, and have and will continue to limit our revenue to ensure compliance. In addition, the SFB model is relatively new to India, and uncertainty in the applicability, interpretation or implementation of the governing law, specifically due to the absence of administrative or judicial precedent may be time consuming as well as costly for us to resolve. Our inability to comply with laws and regulations applicable to an SFB may have an adverse effect on our business, results of operations, financial condition and cash flows.

Diversification of Product Offerings

While we are focused on customer segments that are underserved by formal financing channels, we believe that diversification of our business and revenue base with respect to the markets which we serve and our product offerings is a key component of our success. We have diversified operations across India and operated 138, 172, 180 and 85 Banking Outlets (including Banking Outlets in URCs) in the North, South, East and West regions, respectively, as per RBI's classification of regions, as of June 30, 2022. Our diversified operations also allow us to de-risk our business by mitigating political and state-specific risks. Further, we currently provide products and services to different customer segments with differentiated propositions for their personal and business banking needs. Our portfolio of products and services includes various asset and liability products and services. Our asset products comprise: (i) loans to our micro banking customers that include group loans and individual loans, (ii) agriculture and allied loans, (iii) MSE loans, (iv) affordable housing loans, (v) financial institutions loans, and (vi)vehicle loans. On the liability side, we offer savings accounts, current accounts and a variety of deposit accounts. In addition, we also provide non-credit offerings comprising ATM-cum-debit cards, Aadhaar enrolment services, distribute third party insurance products and point of sales ("**POS**") terminals. For further information, see "*Our Business – Our Product Portfolio*" on page 305. As part of our strategy, we propose to increase the penetration of our individual loan products, and diversify the product mix by innovating and designing need-specific products and services. As of March 31, 2020, March 31, 2021 and March 31, 2022, micro banking advances constituted 77.26%, 71.78% and 67.97%, respectively, of our total Gross Advances (including securitization / IBPC / direct assignment) and constituted 68.85% of our total Gross Advances (including securitization / IBPC / direct assignment) as of June 30, 2022. In addition, we intend to increase the proportion of secured to unsecured products in our portfolio by scaling up in the MSE and affordable housing loan segments, thereby further enhancing the quality of our credit portfolio. Of our Gross Advances (including securitization / IBPC / direct assignment), secured advances constituted 21.56% as of March 31, 2020 and increased to 26.89% as of March 31, 2021 and further increased to 29.6% as of March 31, 2022 and were 28.97% as of June 30, 2022. Our Net Interest Income in Fiscal 2020, 2021 and 2022 was ₹ 1,633.59 crores, ₹ 1,728.55 crores and ₹ 1773.59 crores, respectively, and was ₹ 599.71 crores in the quarter ended June 30, 2022. Our Net Interest Margins in Fiscal 2020, 2021 and 2022 were 10.55%, 9.28% and 8.51%, respectively, and was 9.56% in the quarter ended June 30, 2022. Total deposits have increased from ₹ 13,135.77 crores as of March 31, 2021 to ₹ 18,292.22 crores as of March 31, 2022, ₹10,780.48 crores as of March 31, 2020 to ₹ 13,135.77 crores as of March

31, 2021 and were ₹ 18,448.85 crores as of June 30, 2022. Of our total deposits, our share of retail deposits has increased from 47.52% as of March 31, 2021 to 54.24% as of March 31, 2022, and from 43.82% as of March 31, 2020 to 47.52% as of March 31, 2021, and were 58.33% as of June 30, 2022. Moreover, our CASA to total deposits ratio has improved from 20.55% as of March 31, 2021 to 27.30% as of March 31, 2022, and from 13.54% as of March 31, 2020 to 20.55% as of March 31, 2021, and was 27.94% as of June 30, 2022.

For further information, see "*Our Business – Strategies - Diversify product offerings to enable multiple customer relationships*" on page 300.

Our business is dependent on developing and introducing financial products and services relevant to our target customer segment on competitive terms and increasing our customer base for existing products as well as expanding our operations. In order to improve our financial performance, we continue to monitor and align our product mix across our businesses and focus on increasing cross-sales of our products and services. However, we will have limited experience in the new lines of business and asset segments that are targeted at a different customer segment and in the new markets we intend to expand into, and may encounter additional risks including management, and market and geographical related risks. We cannot assure that such diversification or expansion of operations will in future yield and/or continue to yield favourable or expected results, as our overall profitability and success will be subject to various factors, including, among others, our ability to effectively recruit, retain and motivate appropriate and experienced managerial talent, and ability to compete with scheduled banks, housing finance companies and other NBFCs that are already well established in this market segment. We also expect our new businesses and product offerings to require increasing management attention and capital investments.

Interest Rate Volatility

Our results of operations depend substantially on our Net Interest Income, which is the difference between our interest earned and interest expended. Interest earned is the largest component of our total income, and represented 89.35%, 90.27% and 89.97% of our total income in Fiscal 2020, Fiscal 2021 and Fiscal 2022, respectively, and interest earned represented 89.58% and 90.50%, respectively of our total income in the quarter ended June 30, 2021 and June 30, 2022. Our Net Interest Income is affected by our interest expense, which is dependent on our deposits, subordinated debts and associated interest rates. Interest expended on deposits represents a significant majority of our total expenses and in Fiscal 2020, Fiscal 2021 and Fiscal 2022, the total interest expended represented 39.99%, 34.66% and 29.35%, respectively, of our total expended and the interest expended on deposits represented 38.33% and 27.09%, respectively of our total expenses in the quarters ended June 30, 2021 and June 30, 2022.

Accordingly, the magnitude and timing of interest rate changes in the asset and liability markets as well as the relative steepness of the rate curves, have a significant impact on our Net Interest Margins and our profitability. Movements in short and long-term interest rates affect our interest earned and interest expense.

Our primary source of funding is deposits (institutional and retail) and borrowing (refinance, securitization etc). As of March 31, 2022, and June 30, 2022, majority of our funding consists of retail deposits accounting for 54.24% and 58.33%, respectively, of our total deposits, with a CASA ratio of 27.29% and 27.94%, respectively. Considering the growth of our business, we will have a continuous requirement of funds, which may be over and above the amount realised through collection, for expanding our outreach and enhancing our loan portfolio. Our ability to continue to meet customer demand for new loans will depend primarily on our ability to raise funds through deposits and refinance from NABARD, NHB and SIDBI on suitable interest rates and terms, and in a timely manner. Our Net Interest Income is affected by debt service costs and costs of funds, which depend largely on external factors such as the status of bank lending rates in India, in particular, interest rate movements, as well as internal factors such as changes in our credit rating based on our growth, performance and profitability. While we believe we have consistently been granted strong credit ratings from various agencies in the past, there can be no assurance that we will continue to be granted such credit ratings and any downgrade in our credit ratings may increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our future issuances of debt and our ability to raise new capital on a competitive basis.

We may also be affected by changes in RBI repo rates, which impact the interest rates charged on interest-earning assets and the interest rates paid on interest-bearing liabilities. Adverse conditions in the global and Indian economy resulting from economic dislocations or liquidity disruptions may adversely affect availability of credit, and decreased liquidity may lead to an increase in interest rates. Interest rates have a substantial effect on our cost of funding, our business volume and our profit margin. In addition, as there are varying maturity periods applicable to our interest-bearing assets and interest-bearing liabilities, a change in interest rates may result in an increase in interest expense relative to interest income leading to a reduction in our Net Interest Income.

Operating Expenses and Productivity Levels

Our ability to continue controlling our operating expenses will directly impact our profitability. In Fiscal 2020, Fiscal 2021 and Fiscal 2022, our total expenses were ₹2,388.58 crores, ₹2,307.59 crores and ₹2,535.59 crores respectively, of which operating expenses comprised 43.58%, 39.57% and 47.87% of our total income, respectively, in the same periods. In the quarters ended June 30, 2021 and June 30, 2022, our total expenses were ₹729.36 crores and ₹553.74 crores , respectively, of which operating expenses comprised of 42.35% and 41.39%, respectively of our total income, respectively, in the same periods. We have incurred significant expenditure and will continue to incur further expenditure on our branch network, human resources and information technology platforms for our operations. Our network of Banking Outlets has remained 575 Banking Outlets as of March 31, 2020 and June 30, 2022. Our focus is on serving the unserved and underserved segments in India. As of June 30, 2022, we operated 144 Banking Outlets located in URCs classified by the RBI, making us complaint with the RBI's requirements locating at least 25% of our Banking Outlets in URCs. Our ability to maintain and expand our network of Banking Outlets in a cost effective manner, while improving their productivity levels, has a direct result on our financial performance. Our future results of operations will also depend on how rapidly a new Banking Outlet is able to generate and increase revenues.

Our results of operations are dependent upon the productivity levels of our Banking Outlets and employees and improving our operational efficiencies through processes such as monitoring our turn-around time. Our use of technology, over the years, has improved work-place engagement and governance, increased the accessibility of our products to the customers and enabled us to rapidly scale up our operations in a secure and efficient manner as well as helped in reducing our costs. The productivity levels of our Banking Outlets network may vary according to the stage of operation of a Banking Outlet and the number of customers that the Banking Outlet is able to serve. The revenue growth in a particular Banking Outlet is dependent on various factors, including the level of customer traffic, the quality of employees and their marketing efforts and the growth rate of the local economy. We monitor the productivity levels of our Banking Outlets and employees and seek to improve Gross Advances (including securitization / IBPC / direct assignment) and disbursements per Banking Outlet as well as the Gross Advances (including securitization / IBPC / direct assignment) and disbursement amount per employee. Our Gross Advances (including securitization / IBPC / direct assignment) per Banking Outlet increased from ₹26.33 crores as of March 31, 2021 to ₹ 31.59 crores as of March 31, 2022 and was ₹ 33.75 crores as of June 30, 2022. Further, our disbursements per Banking Outlet increased from ₹14.60 crores as of March 31, 2021 to ₹24.55 crores as of March 31, 2022 and was ₹7.52 crores as of June 30, 2022. In addition, our Gross Advances (including securitization / IBPC / direct assignment) per employee has also increased from ₹0.91 crores as of March 31, 2021 to ₹1.07 crores as of March 31, 2022 and was ₹1.16 crores as of June 30, 2022. For further information, see "*Selected Statistical Information*" on page 322.

Credit quality and provisioning

Our ability to manage the credit quality of our loans, which we measure in part through NPAs, is a key driver of our results of operations. As the number of our loans that become NPAs increases, the credit quality of our loan portfolio decreases. Our credit quality is dependent upon our recovery mechanisms and credit appraisal processes. With the growth of our business, our ability to manage the credit quality of our loans will be a key driver to our results of operations, as quality loans help reduce the risk of losses from loan impairment and write-offs.

In accordance with RBI norms, we are required to classify loans that are over 90 days past due as an NPA. The following table illustrates our asset quality ratios as of the dates indicated:

	As of March 31,			As of June 30,	
	2020	**2021**	**2022**	**2021**	**2022**
Gross NPA / Gross Advances (including securitization / IBPC / direct assignment) (%)	0.97%	7.07%	7.34%	9.79%	6.51%
Net NPAs / Net Advances (%)	0.20%	2.93%	0.61%	2.68%	0.11%

We believe that the quality of our credit function, resulting in effective credit evaluation measures, as well as our systematic processes such as verification of borrower risk profile, source of repayment, underlying collateral and disbursement and collection processes, effective portfolio monitoring and timely corrective interventions have enabled us to maintain relatively low levels of NPAs. Our ability to reduce or contain the level of our NPAs is also dependent on a number of factors beyond our control, such as increased competition, adverse effect on the business and results of operations of our borrowers, a rise in unemployment, a sharp and sustained rise in interest rate, slow industrial and business growth, changes in customer behaviour and demographic patterns, central and state government decisions (including agricultural loan waivers) and exchange rates and changes in regulations, including with respect to regulations requiring us to lend to certain sectors identified by the RBI. Any increase in the level of final credit losses or an inability to maintain our asset quality may adversely affect our NPA levels and require us to increase our provisions and write-offs.

Provisions for NPAs are created by a charge to our profit and loss account and are currently subject to minimum provisioning requirements, linked to ageing of NPAs. Our provision cover ratio (including prudential write-offs) was 92.24% in Fiscal 2022 and 98.45% in the quarter ended June 30, 2022. There can be no assurance that our provision cover ratio will continue to increase or that it may not decline in the future. We may need to make further provisions if there is dilution/ deterioration in the quality of our security or down-grading of the account or recoveries with respect to such NPAs do not materialize in time or at all. This increase in provisions may adversely impact our financial performance.

Competition

We have a limited operating history as an SFB and the success of our banking operations depends on a number of factors, including the demand for our services and our ability to compete with other banks and financial institutions effectively. The banking and financing sector in India is highly competitive and we face competition in all our principal areas of business. We face our most significant organized competition from other small finance banks, NBFCs, microfinance institutions, cooperative banks which have significant presence in rural areas and housing finance companies. We also face competition from public sector banks, private sector banks, other financial services companies and payment banks in India. In addition, many of our potential customers in economically weaker segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially moneylenders, landlords, local shopkeepers and traders, at much higher rates. In the organized sector, our competitors may have a better brand recognition, greater business experience, more diversified operations, greater customer and depositor base, larger Banking Outlets networks and better access to, and lower costs of funding than we do. Further, on December 5, 2019, the RBI has released 'Guidelines for "on-tap" Licensing of Small Finance Banks in the Private Sector', which seeks to allow applicants to apply for the SFB license at any time and in return, increase competition for us. Our inability to compete effectively may adversely affect our business, results of operations financial condition and cash flows.

Further, consolidation in the industry driven by the merger of other banks is likely to further increase competition by creating larger, more homogeneous and potentially stronger competitors in the market. Increase in operations of existing competitors or entry of additional banks offering similar or a wider range of products and services could also increase competition. Further, with the advent of technology based initiatives and alternative modes of banking, we may face increased competition in this sector, which may in turn impact our revenues and profitability. We also face threat to our loan market from newer business models, including partnering with fintech companies, that leverage technology to bring together savers and borrowers. We also face competition from specialized fintech companies who could disrupt our origination, sales and distribution process. Due to competitive pressures, we may be unable to successfully execute our growth strategy and offer products and services at reasonable returns and this may adversely impact our business, future financial performance and the trading price of the Equity Shares. See *"Risk Factors – The Indian banking industry is very competitive and our growth strategy depends on our ability to compete effectively."* on page 45.

Transition to Ind AS and impact on preparation and presentation of our future and historical financial statements

The Ministry of Corporate Affairs, in its press release dated January 18, 2016, issued a roadmap for implementation of Ind AS for scheduled commercial banks, insurance companies and NBFCs, which are also applicable to our Bank. Such roadmap provided that these institutions were required to prepare Ind AS financial statements for accounting periods commencing April 1, 2018 (including comparative financial statements for the corresponding periods in the previous year). The RBI, by its circular dated February 11, 2016, required all scheduled commercial banks (except regional rural banks) to comply with Ind AS for financial statements commencing April 1, 2018 and also required such entities to prepare and submit proforma Ind AS financial statements to the RBI since the six months ended September 30, 2016. In compliance of such regulatory requirements, we have submitted proforma Ind AS financial statements for the quarter ended June 30, 2017 and subsequently, since June 2018 we have continued to submit such proforma Ind AS financial statements every quarter to the RBI. On April 5, 2018, however, the RBI through its press release deferred the implementation of Ind AS for scheduled commercial banks (except regional rural banks) for a period of one year; subsequently, the RBI through its notification dated March 22, 2019, further deferred the implementation of Ind AS until further notice for all scheduled commercial banks (except regional rural banks). Under applicable regulations, scheduled commercial banks, including our Bank, are not permitted to early adopt Ind AS financial statements. Accordingly, we continue to prepare and present our financial statements only under Indian GAAP.

However, as a subsidiary of UFSL, our Promoter, which was required to prepare its financial statements in accordance with Ind AS with effect from April 1, 2018, we were also required to prepare financial statements in accordance with Ind AS for the limited purpose of inclusion in UFSL's consolidated financial statements. Our Ind AS financial statements have not been made been publicly available, as these were only prepared for the limited purpose of inclusion in UFSL's consolidated financial statements. However, as a publicly listed entity, every fiscal quarter UFSL is required to prepare and publicly report its Ind AS consolidated financial information in accordance with applicable laws, regulations and stock exchange requirements. There is not a significant difference in our Bank's business operations and that of UFSL. Consequently, our Bank's Ind AS financial information is to an extent indirectly publicly available, as may be derived from or reflected in the publicly available consolidated Ind AS financial information of UFSL.

Ind AS differs in many respects from Indian GAAP, and our financial statements prepared under Ind AS (for the limited purpose of inclusion in UFSL's consolidated financial statements) are therefore not comparable to our financial statements prepared under Indian GAAP for such respective periods. The key areas of difference between Indian GAAP and Ind AS as it applies to our Bank include accounting of financial instruments, consolidation accounting, accounting of fee income, fair value of employee stock option calculation, leasing and calculation of credit cost. In addition, given the relatively recent introduction of Ind AS in India, and in particular since under applicable regulations Ind AS is still not applicable to scheduled commercial banks, there is limited established practice available for drawing informed judgments regarding the implementation and application of Ind AS to the financial statements of scheduled commercial banks, and consequently our Bank.

The Ind AS financial statements prepared historically by our Bank (for purposes of inclusion of such financial information in the consolidated Ind AS financial statements of UFSL) includes certain reconciliation information between the audited financial statements of the Bank under Indian GAAP with such Ind AS financial statements.

The Financial Statements included in this Placement Document are based on the Fiscal 2022 Audited Financial Statements, Fiscal 2021 Audited Financial Statements and Fiscal 2020 Audited Financial Statements, Unaudited Interim Financial Results and Unaudited Condensed Interim Financial Statements, which are prepared in accordance with Indian GAAP. Since Ind AS differs in many respects from Indian GAAP, our Ind AS financial statements prepared for the limited purpose of inclusion in UFSL's consolidated financial statements are therefore also not comparable to our Financial Statements included herein. In addition, our financial statements prepared for the limited purpose of inclusion in UFSL's consolidated financial statements may also not be comparable to our future Ind AS financial statements when Ind AS is made applicable to scheduled commercial banks and the RBI has issued relevant interpretative guidance with respect thereto.

To the extent that the financial information relating to our Bank can be indirectly derived from the consolidated financial statements of UFSL as well as related investor presentations and investor interaction information made available publicly in the ordinary course by UFSL as a publicly listed entity, investors are cautioned against placing reliance on such Ind AS financial information relating to our Bank. Investors should rely solely on our Financial Statements included in this Placement Document for an assessment of our financial position and any investment decision.

SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of our financial statements is set out below.

Revenue Recognition

Interest income on Loans, Advances and Investments (including deposits with Banks and other institutions) are recognized in the Profit and Loss Account on accrual basis, except in the case of Non- Performing Assets and minimum retention requirement (MRR) portion of Securitized loans. Interest Income on Non- Performing Assets is recognized upon realization as per the prudential norms of the RBI.

Revenues from loan documentation charges are recognized upfront when it became due, except in cases where our Bank is uncertain of its ultimate collection.

Interest on Government securities, debentures and other fixed income securities is recognised on a period proportion basis. Income on discounted instruments is recognised over the tenor of the instrument on a constant Yield to Maturity method.

Profit/ premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the Profit and Loss Account net of any losses when redeemed in cash in line with the relevant Reserve Bank of India guidelines.

Dividend on equity shares, preference shares and on mutual fund units is recognised as income when the right to receive the dividend is established.

Recoveries from bad debts written off are recognized in the Profit & Loss account and included under Other Income.

Fees received on sale of priority lending certificates is recognised upfront in the Profit and Loss Account.

Impairment of Assets

The carrying values of assets / cash generating units at the balance sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the profit and loss account, unless the asset is carried at revalued amount, in which case, any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the profit and loss account, to the extent the amount was previously charged to the profit and loss account.

Investments

Classification and valuation of our Bank's investments are carried out in accordance with RBI guidelines on Investment Classification and Valuation, which are as follows:

Categorisation of Investments. Our Bank classifies its Investment at the time of the purchase into one of the following three categories:

(i) Held to Maturity (HTM)
Securities acquired with the intention to hold till maturity

(ii) Held for Trading (HFT)
Securities acquired with the intention to trade

(iii) Available for Sale (AFS)
Securities which do not fall within the above two categories

Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

Classification of Investments. For the purpose of disclosure in the balance sheet, investments in India are classified under six groups, which are:

(i) Government Securities,
(ii) Other Approved Securities,
(iii) Shares,
(iv) Debentures and Bonds,
(v) Investments in Subsidiaries and Joint Ventures and
(vi) Other Investments.

Investments outside India are classified under three groups, which are:

(i) Government Securities (Including local authorities),
(ii) Subsidiaries and/or Joint Ventures abroad; and
(iii) Other Investments.

Purchase and sale transaction's in securities are recorded under 'Settlement Date' accounting, except in the case of equity share where 'Trade Date' accounting is followed.

Basis of Classification. Investments that are held principally for sale within 90 days from the date of purchase are classified under HFT category.

Investments which our Bank intends to hold till maturity are classified as HTM securities. Investments, which are not classified in the above categories, are classified under AFS category.

Acquisition Cost.

(i) Broken period interest on debt instruments is treated as a receivable at the time of acquisition and post-acquisition broken period interest treated as a revenue item.
(ii) Brokerage, commission, etc. pertaining to investments, paid at the time of acquisition is charged to the Profit and Loss Account.

(iii) Cost of Investments is computed based on the weighted average cost method.

Transfer between categories. Transfer between categories is done at the lower of the acquisition cost/book value/market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

Valuation of Investments.

(i) Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on Investments (Item II of Annexure 16). The book value of the security is reduced to the extent of amount amortized during the relevant accounting period. Diminution, other than temporary, is determined and provided for each Investment individually.

(ii) Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

(iii) Market value of government securities (excluding treasury bills) is determined on the basis of the prices/ YTM declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA).

(iv) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.

(v) Purchase and sale transaction in securities are recorded under Settlement Date method of accounting, except in the case of the equity shares where Trade Date method of accounting is followed.

(vi) Provision for non-performing Investments is made in conformity with RBI guidelines.

(vii) Profit in respect of Investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account.

(viii) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.

(ix) Unquoted equity shares are valued at their break-up value, if latest Balance sheet is not available then unquoted equity share is valued at ₹1 per share.

(x) Units of the scheme of Mutual Funds are valued at the lower cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.

(xi) In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities and corporate debt securities are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

Disposal of Investments. Profit / Loss on sale of Investments under AFS and HFT categories are recognised in the Profit and Loss Account. Profit in respect of Investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines.

Advances

Advances are classified as Performing Advances (Standard) and Non- Performing Advances ("**NPAs**") in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision and Inter Bank Participating Certificates (IBPC) with risk sharing issued.

The bank transfers advances through Inter-Bank Participation with and without risk, which are accounted for in accordance with the RBI guidelines, as follows. In the case of participation with risk, the aggregate amount of participation transferred out of our Bank is reduced from Advances; and participations transferred in to our Bank are classified under Advances. In the case of participation without risk, the aggregate amount of participation issued by our Bank is classified under borrowings; and where our Bank is participating in, the aggregate amount of participation is shown as due from banks under Advances.

Provisioning. Specific provisions for Non- Performing Advances and floating provisions are made in conformity with the RBI guidelines. In addition, our Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

A general provision on standard assets is made in accordance with RBI guidelines or as per provisioning policy of our Bank whichever is higher. Provision made against standard assets is included in 'Other Liabilities and Provisions'. Provisions made in excess of our Bank's policy for specific loan loss provisions for NPAs and regulatory general provisions are categorised as Floating Provision. Creation of Floating Provision is considered by our Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, Floating Provisions are utilised up to a level approved by the Board with prior permission of RBI, only for contingencies under extraordinary circumstances for making specific provisions for impaired accounts. Floating Provisions have been included under 'Other Liabilities'.

Advances exclude derecognised securitised advances.

Amounts recovered during the year against bad debts written off in earlier years are credited to the Profit and Loss Account and included in Other Income.

Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss Account to the extent such provisions were charged to the Profit and Loss Account.

For restructured/rescheduled assets, provision is made in accordance with guidelines issued by RBI which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.

Recording and Presentation. Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created is netted against gross amount of Advance. Provision held against an individual account is adjusted against account balance at individual level only at the time of write-off / settlement of the account. Provision made against standard assets in accordance with the RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

Securitisation Transactions and Direct Assignments. Our Bank transfers its loan receivables through Direct Assignment and IBPC route as well as transfer to Special Purpose Vehicle ("**SPV**").

The Securitisation transactions are without recourse to our Bank. The transferred loans and such securitised receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by our Bank. Gains/ losses are recognised only if our Bank surrenders the rights to the benefits specified in the loan contracts.

Profit / premium arising at the time of securitisation/ assignment of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognised in the statement of profit and loss net of any losses when redeemed in cash.

Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio.

Priority Sector Lending Certificates ("PSLCs"). Our Bank enters into transactions for the sale of PSLCs. In the case of a sale transaction, our Bank sells the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income'.

Property, Plant and Equipment ("PPE")

PPE, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on PPE after its purchase is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Any trade discounts and rebates are deducted in arriving at the purchase price. Such costs includes the cost of replacing the part of the plant and equipment. When significant parts of the plant and equipment are required to be replaced at intervals, our Bank depreciates them separately based on its specific useful lives. Assets under development as on the balance sheet date are shown as capital work in progress. Advance paid towards such development are shown as capital advance.

Depreciable amount for PPE is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on PPE has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Leasehold improvements are amortised over the duration of the lease. 'Point of Sale' terminals are fully depreciated in the year of purchase.

The useful life being followed by our Bank as prescribed in Schedule II to the Companies Act, 2013 is as follows:

Asset	**Estimated Useful Life as specified under Schedule II of the Companies Act 2013 (years)**
Computer	3
Furniture and Fittings	10
Office Equipment	5
Motor Vehicle	8
Sever	6
Software	6

PPE purchased/sold during the year are depreciated on a pro-rata basis.

PPE costing less than ₹5,000 each are fully depreciated in the year of purchase.

The salvage value considered for computing depreciation is as per Schedule II of Companies Act, 2013 (*i.e* 5% of cost) except for software and lease hold assets.

An item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the profit and loss account.

Gains or losses arising from disposal or retirement of PPE are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised net, within "Other Income" as profit/(loss) on sale of PPE, as the case maybe, in the profit and loss account in the year of disposal or retirement.

PPE held for sale is valued at lower of their carrying amount and net realizable value, any write-down is recognized in the profit and loss account.

Employee Benefits

Provident Fund. Contribution towards provident fund for certain employees is made to the regulatory authorities, where our Bank has no further obligations. Such benefits are classified as Defined Contribution Schemes as our Bank does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity. Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from our Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Gratuity scheme of our Bank is a defined benefit scheme and the expense for the period is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

Compensated Absences. Provision for compensated absences is made on the basis of actuarial valuation as on the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

Short-Term Employee Benefits. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

Long-Term Employee Benefits. Our Bank accrues the liability for compensated absences based on the actuarial valuation as on the Balance Sheet date conducted by an independent actuary, which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of our Banks' obligation is determined using the Projected Unit Credit Method as on the balance sheet date. Actuarial gains/ losses are recognised in the Profit and Loss Account in the year in which they arise.

Employee Stock Option Plan. In accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the fair value method. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Financial Statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of employee's stock option (grant) outstanding accounts is transferred to the profit and loss account.

Employee Stock Purchase Scheme (ESPS). ESPS is a contractual promise that permits an employee to acquire an employer's stock at a future date under the terms and conditions established on the grant date. The fair value of the entire purchase discount represents employee compensation. The compensation expense will be the difference between the value of the stock on the date of shareholder approval and the purchase/exercise price for that offering.

Intangible Assets

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. Our Bank uses a rebuttable resumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Software with perpetual license and system development expenditure, if any, is amortised over an estimated economic useful life of five years or license period, whichever is lower.

The amortization period and the amortization method are reviewed at least at the balance sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Leases

Lease arrangements where risk and rewards incidental to ownership of an assets substantially vest with the lessor are recognised as operating leases.

Lease rentals under operating lease are charged to the Profit and Loss Account on straight line basis over the lease term in accordance with AS-19, Leases.

CHANGES IN ACCOUNTING POLICIES

There have been no changes to our significant accounting policies in Fiscal 2020, 2021 and 2022.

COMPONENTS OF INCOME AND EXPENDITURE

Income

Interest Earned

Interest earned consists of interest/ discount on advances/bills, income on investments, interest on balances with Reserve Bank of India and other inter-bank funds, and other (interest income on securitisation).

Other Income

Other income consists principally of (i) commission, exchange and brokerage, (ii) processing fees, (iii) profit on the sale of investments , (iv) PSLC fee income and recoveries from accounts previously written of.

Expenditure

Interest Expended

Interest expended include interest on deposits, interest on Reserve Bank of India and inter-bank borrowings and other (including interest on subordinated debts).

Operating Expenses

Our operating expenses include, among others, (i) employee costs comprising payments to and provision for employees, and (ii) other operating expenses including rent, taxes and lighting (including operating lease rentals), depreciation on our Bank's property, insurance, repairs and maintenance, postage, telegrams, telephones, etc., advertisement and publicity, printing and stationery, directors' fees, allowances and expenses, auditors' fee and expenses, legal charges and other expenses.

Provisions and Contingencies

Our provisions and contingencies consist of (i) provision for income tax (net of deferred tax liability/asset), (ii) provision for non-performing assets (includes bad debts written off), (iii) provision for standard assets, (iv) provision for depreciation and investments, and (v) provision for claims against our Bank not acknowledged as debts.

RESULTS OF OPERATIONS

QUARTER ENDED JUNE 30, 2022 COMPARED TO QUARTER ENDED JUNE 30, 2021

The following table sets forth certain information with respect to our results of operations for the quarter ended June 30, 2022 compared to the quarter ended June 30, 2021:

Particulars	Quarter ended June 30, 2022		Quarter ended June 30, 2021	
	(₹crores)	Percentage of total income (%)	(₹crores)	Percentage of total income (%)
Income				
Interest earned	905.37	90.50%	641.66	89.79%
Other income	95.05	9.50%	73.00	10.21%
Total income	**1,000.42**	**100.00%**	**714.66**	**100.00%**
Expenditure				
Interest expended	305.66	30.55%	257.25	35.99%
Operating expenses	423.70	42.35%	296.49	41.48%
Total expenditure (excluding provisions and contingencies)	**729.36**	**72.90%**	**553.74**	**77.48%**
Provisions and contingencies	0.39	0.04%	473.21	66.21%
Profit				
Profit/(loss) before tax	270.67	27.05%	(312.28)	(43.70)%
Net profit/(loss) for the period	202.93	20.28%	(233.47)	(32.66)%

Income

Total income increased by 39.98% from ₹714.66 crores in the quarter ended June 30, 2021 to ₹1,000.42 crores in the quarter ended June 30, 2022 primarily due to increase in interest on advances and investments.

Interest Earned

Interest earned increased by 41.09% from ₹641.66 crores in the quarter ended June 30, 2021 to ₹905.37 crores in the quarter ended June 30, 2022 primarily due to increase in interest on advances from ₹586.04 crore for the quarter ended

June 30,2021 to ₹818.44 crore for the quarter ended June 30,2022 on account of increase in Gross Advances (including IBPC/ securutization/ direct assignment) from ₹14,037.05 crore as on June 30, 2021 to ₹19,408.95 crore as on June 30, 2022 and increase in interest on investment from ₹41.26 crore as on June 30, 2021 to ₹76.42 crore as on June 30, 2022.

Other Income

Other income increased by 30.20% from ₹73.00 crores in the quarter ended June 30, 2021 to ₹95.05 crores in the quarter ended June 30, 2022 primarily due to increase in processing fee from ₹12.15 crore for the quarter ended June 30, 2021 to ₹47.82 crore for the quarter ended June 30, 2022, increase in commission from insurance from ₹2.98 crore for the quarter ended June 30, 2021 to ₹7.51 crore for the quarter ended June 30, 2022, increase in UPI income from ₹0.61 crore for the quarter ended June 30, 2021 to ₹1.79 crore for the quarter ended June 30, 2022, increase in ATM charges from ₹1.47 crore for the quarter ended June 30, 2021 to ₹3.49 crore for the quarter ended June 30, 2022 and increase in legal and documentation charges from ₹1.83 crore for the quarter ended June 30, 2021 to ₹4.95 crore for the quarter ended June 30, 2022.

Expenditure

Total expenditure (excluding provisions and contingencies) increased by 31.71% from ₹553.74 crores in the quarter ended June 30, 2021 to ₹729.36 crores in the quarter ended June 30, 2022 primarily due to increase in interest expended and operating expenses.

Interest Expended

Interest expended increased by 18.81% from ₹257.25 crores in the quarter ended June 30, 2021 to ₹305.66 crores in the quarter ended June 30, 2022 primarily due to increase in interest on deposit from ₹209.61 crore for the quarter ended June 30, 2021 to ₹271.89 crore for the quarter ended June 30,2022, increase in interest on RBI/ Iinter-bank borrowings from ₹3.38 crore for the quarter ended June 30, 2021 to ₹13.22 crore for the quarter ended June 30, 2022.

Operating Expenses

Operating expenses increased by 42.90% from ₹296.49 crores in the quarter ended June 30, 2021 to ₹423.70 crores in the quarter ended June 30, 2022 primarily due to increase in employee cost from ₹164.83 crore for the quarter ended June 30, 2021 to ₹221.04 crore for the quarter ended June 30, 2022, which is on account of increase in number of employees from 16,102 for the quarter ended June 30, 2021 to 16,664 for the quarter ended June 30, 2022, increase in manpower cost from ₹8.95 crore for the quarter ended June 30, 2021 to ₹21.25 crore for the quarter ended June 30,2022.

Provisions and Contingencies

Provisions and contingencies decreased by 99.99% from ₹473.21 crores in the quarter ended June 30, 2021 to ₹0.39 crores in the quarter ended June 30, 2022 primarily due to reduction in provision for NPAs and standard assets from ₹474.21 crore for the quarter ended June 30, 2021 to ₹0.23 crore for the quarter ended June 30, 2022 and increase in provision of income tax from ₹(78.81) crore for the quarter ended June 30, 2021 to ₹67.74 crore for the quarter ended June 30, 2022.

Profit

For the reasons discussed above, net profit for the quarter ended June 30, 2022 was ₹202.93 crores compared to the net loss for the quarter ended June 30, 2021 which was ₹(233.47) crores. Profit before tax was ₹270.67 crores in the quarter ended June 30, 2022 compared to loss before tax of ₹(312.28) crores in the quarter ended June 30, 2021.

FISCAL 2022 COMPARED TO FISCAL 2021

The following table sets forth certain information with respect to our results of operations for Fiscal 2022 and 2021:

Particulars	Fiscal 2022		Fiscal 2021	
	(₹crores)	Percentage of total income (%)	(₹crores)	Percentage of total income (%)
Income				
Interest earned	2,812.81	89.98%	2,806.07	90.27%
Other income	313.27	10.02%	302.31	9.97%
Total income	**3,126.08**	**100.00%**	**3,108.38**	**100.00%**
Expenditure				
Interest expended	1,039.21	33.24%	1,077.51	34.66%

Particulars	Fiscal 2022		Fiscal 2021	
	(₹crores)	Percentage of total income (%)	(₹crores)	Percentage of total income (%)
Operating expenses	1,496.38	47.86%	1,230.08	39.57%
Total expenditure (excluding provisions and contingencies)	**2,535.59**	**81.11%**	**2,307.59**	**74.24%**
Provisions (other than tax) and contingencies	1,140.84	36.49%	790.59	25.43%
Profit				
Profit/(loss) from ordinary activities before tax	(550.35)	(17.60)%	10.20	0.33%
Net profit/(loss) for the year	(414.58)	(13.26)%	8.30	0.27%

Income

Total income increased by 0.56% from ₹3,108.38 crores in Fiscal 2021 to ₹3,126.08 crores in Fiscal 2022 primarily due to increase in interest earned and other income.

Interest Earned

Interest earned increased by 0.24% from ₹2,806.07 crores in Fiscal 2021 to ₹2,812.81 crores in Fiscal 2022 primarily due to increase in income on investments from ₹172.98 crore in Fiscal 2021 to ₹185.14 crore in the Fiscal 2022, increase in interest on balances with RBI/ inter-bank funds from ₹32.71 crore in Fiscal 2021 to ₹51.88 crore in Fiscal 2022.

Other Income

Other income increased by 3.63% from ₹302.31 crores in Fiscal 2021 to ₹313.27 crores in Fiscal 2022 primarily due to increase in processing fee from ₹89.21 crore in Fiscal 2021 to ₹149.44 crore in Fiscal 2022, increase in commission from insurance from ₹19.85 crore in Fiscal 2021 to ₹26.41 crore in Fiscal 2022, increase in ATM charges from ₹5.48 crore in Fiscal 2021 to ₹10.53 crore in Fiscal 2022, increase in legal and documentation charges from ₹11.95 crore in Fiscal 2021 to ₹18.73 crore in Fiscal 2022.

Expenditure

Total expenditure (excluding provisions and contingencies) increased by 9.88% from ₹2,307.59 crores in Fiscal 2021 to ₹2,535.59 crores in Fiscal 2022 primarily due to increase in operating expenses.

Interest Expended

Interest expended decreased by 3.55% from ₹1,077.51 crores in Fiscal 2021 to ₹1,039.21 crores in Fiscal 2022 primarily due to decrease in interest on external borrowing from ₹269.92 crore in Fiscal 2021 to ₹121.42 crore in Fiscal 2022.

Operating Expenses

Operating expenses increased by 21.65% from ₹1,230.08 crores in Fiscal 2021 to ₹1,496.38 crores in Fiscal 2022 primarily due to increase in business volume in Fiscal 2022 as compared to Fiscal 2021. Business volume in Fiscal 2021 was impacted due to pandemic induced lockdown in the first half of Fiscal 2021. There was increase by 68% in total disbursement to ₹14,113.49 crore from ₹8,396.97 crore. Increase in collections related expenses in Fiscal 2022 due to focus on the credit quality.

Provisions and Contingencies

Provisions (other than tax) and contingencies increased by 44.30% from ₹790.59 crores in Fiscal 2021 to ₹1,140.84 crores in Fiscal 2022 primarily due to increase in provision on NPAs from ₹602.23 crore in Fiscal 2021 to ₹1,280.43 crores in Fiscal 2022, decrease in provision on standard assets from ₹188.22 crore in Fiscal 2021 to ₹ (162.59) crore in Fiscal 2022 and increase in contingent provision from ₹0.14 crore in Fiscal 2021 to ₹23.00 crore in the Fiscal 2022.

Profit

For the reasons discussed above, net loss for the year was ₹(414.58) crores in Fiscal 2022 compared to ₹8.30 crores in Fiscal 2021. Loss from ordinary activities before tax was ₹(550.35) crores in Fiscal 2022 compared to ₹10.20 crores in Fiscal 2021.

FISCAL 2021 COMPARED TO FISCAL 2020

The following table sets forth certain information with respect to our results of operations for Fiscal 2020 and 2021:

Particulars	Fiscal 2021		Fiscal 2020	
	(₹crores)	**Percentage of total income**	**(₹crores)**	**Percentage of total income**
Income				
Interest earned	2,806.07	90.27%	2,703.60	89.35%
Other income	302.31	9.97%	322.21	10.64%
Total income	**3,108.38**	100%	**3,025.81**	**100%**
Expenditure				
Interest expended	1,077.51	34.66%	1,070.01	35.36%
Operating expenses	1,230.08	39.57%	1,318.57	43.57%
Total expenditure (excluding provisions and contingencies)	**2,307.59**	**74.24%**	**2,388.58**	**78.94%**
Provisions (other than tax) and contingencies	790.59	25.43%	170.99	5.65
Profit				
Profit/(loss) from ordinary activities before tax	10.20	0.33%	466.24	15.41
Net profit for the year	8.30	0.27%	349.92	11.56

Income

Total income increased by 2.73% from ₹3,025.81 crores in Fiscal 2020 to ₹3,108.37 crores in Fiscal 2021 primarily due to reasons explained below.

Interest Earned

Interest earned increased by 3.79% from ₹2,703.60 crores in Fiscal 2020 to ₹2,806.07 crores in Fiscal 2021, primarily due to increase in Gross Advances. Gross Advances increased by 3.21% to ₹14,493.95 crore as on March 31, 2021. Our Gross Advances slowed down on account of national lockdown due to the COVID-19 pandemic from March 2020 to June 2020.

Other Income

Other income decreased by 6.18% from ₹322.21 crores in Fiscal 2020 to ₹302.30 crores in Fiscal 2021, primarily due to lower processing fee as disbursements were impacted on account of the COVID-19 pandemic and the consequent nation-wide lockdowns. Our disbursement for FY 2021 was at ₹8,396.97 crore, lower by 36.48% as against FY 2020 on account of the national lockdown from April 2020 to June 2020 due to the COVID-19 pandemic.

Expenditure

Total expenditure (excluding provisions and contingencies) decreased by 3.40% from ₹2,388.58 crores in Fiscal 2020 to ₹2,307.59 crores in Fiscal 2021 primarily due to the reasons discussed below.

Interest Expended

Interest expended increased by 0.70% from ₹1,070.01 crores in Fiscal 2020 to ₹1,077.51 crores in Fiscal 2021, as higher deposit book was partially negated by lower interest rates.

Operating Expenses

Operating expenses decreased by 6.71% from ₹1,318.57 crores in Fiscal 2020 to ₹1,230.08 crores in Fiscal 2021 primarily due to decrease in variable expenses as a result of the impact of the COVID-19 pandemic and the consequential lock-down on disbursements of the Bank. Decrease in operating expenses was also on account of cost control measures taken such as rent negotiations etc. Our disbursements decreased by 36.48% to ₹8,396.97 crore in Fiscal 2021 from that in Fiscal 2020 on account of the national lockdown from April 2020 to June 2020 due to the COVID-19 pandemic.

Provisions and Contingencies

Provisions (other than tax) and contingencies increased by 362.36% from ₹170.99 crores in Fiscal 2020 to ₹790.59 crores in Fiscal 2021, primarily due to increase in provisions for NPAs. Gross NPA as on March 31, 2021 was 7.07% as compared to 0.97% as on March 31, 2020 and Net NPA as on March 31,2021 was 2.93% compared to 0.20% as on March

31, 2020. Provision Coverage Ratio decreased from 79.96 % as on March 31, 2020 to 60.34% as on March 31, 2021.

Profit

For the reasons discussed above, net profit for the year was ₹8.30 crores in Fiscal 2021 compared to ₹349.92 crores in Fiscal 2020. Profit from ordinary activities before tax was ₹466.24 crores in Fiscal 2020 compared to ₹10.20 crores in Fiscal 2021.

FINANCIAL CONDITION

Assets

The table below sets out the principal components of our assets as of the dates indicated:

	As of June 30, 2022	As of March 31,		
		2022	2021	2020
	(₹crores)			
Cash and balances with the Reserve Bank of India	912.52	1,682.25	1,711.53	1,224.87
Balance with banks and money at call and short notice	1,018.80	485.85	865.97	118.42
Investments	4,838.04	4,152.93	2,516.45	2,396.14
Advances	16,485.87	16,303.17	14,493.95	14,043.64
Fixed assets	260.21	249.39	280.73	300.48
Other assets	719.71	730.87	511.83	327.68
Total assets	**24,235.16**	**23,604.46**	**20,380.45**	**18,411.24**

Total assets increased by 2.67% from ₹23,604.46 crores as of March 31, 2022 to ₹24,235.16 crores as of June 30, 2022. This increase was primarily due to increase in gross advances and investments. Our growth in investments is in line with additional regulatory requirements.

Total assets increased by 15.81% from ₹20,380.45 crores as of March 31, 2021 to ₹23,604.46 crores as of March 31, 2022. This increase was primarily due to increase in gross advances and investments.

Total assets increased by 10.70% from ₹18,411.24 crores as of March 31, 2020 to ₹20,380.45 crores as of March 31, 2021. This increase was primarily due to increase in Gross Advances. Our overall disbursement during the Fiscal 2021 was impacted on account of the COVID-19 pandemic and the consequent nation-wide lock down, which lead to a slow down in gross advances.

Cash and balances with the Reserved Bank of India

Cash and balances with the Reserved Bank of India decreased by 45.76% from ₹1,682.24 crores as of March 31, 2022 to ₹912.52 crores as of June 30, 2022. Cash and balances with the Reserved Bank of India decreased by 1.71% from ₹1,711.53 crores as of March 31, 2021 to ₹1,682.24 crores as of March 31, 2022. Cash and balances with the Reserved Bank of India increased by 39.73% from 1,224.87 crores as of March 31, 2020 to ₹1,711.53 crores.

Balance with banks and money at call and short notice

Balance with banks and money at call and short notice increased by 109.69% from ₹485.85 crores as of March 31, 2022 to ₹1,018.80 crores as of June 30, 2022. The reason for this increase was primarily due to increase in money at call and short notice by 122.42% from ₹442.85 crores as of March 31, 2022 to ₹984.99 crores as of June 30, 2022.

Balance with banks and money at call and short notice decreased by 43.89% from ₹865.97 crores as of March 31, 2021 to ₹485.85 crores as of March 31, 2022. The reason for this decreased was primarily due to maturity of fixed deposit of ₹644.00 crores while some affect was negated by increase in money at call and short notice by ₹242.85 crore.

Balance with banks and money at call and short notice increased by 631.25% from ₹118.42 crores as of March 31, 2020 to ₹865.97 crores as of March 31, 2022. The reason for this increase was primarily due to creation of fixed deposit of ₹644.00 crore.

Investments

Our investments mainly represent investments in government securities and other approved securities.

Investments increased by 16.49% from ₹4,152.93 crores as of March 31, 2022 to ₹4,838.04 crores as of June 30, 2022. The reason for this increase was primarily due to increase in investment in government securities. Investment in government securities has increased by 16.55% from ₹4,140.21 crores as on March 31, 2022 to ₹4,825.31 crores as on June 30, 2022.

Investments increased by 65.03% from ₹2,516.45 crores as of March 31, 2021 to ₹4,152.93 crores as of March 31, 2022. The reason for this increase was primarily due to increase in investment in government securities. Investment in government securities has increased by 71.15% from ₹2,419.08 crores as on March 31, 2021 to ₹4,140.02 crores as on March 31, 2022.

Investments increased by 5.02% from ₹2,396.14 crores as of March 31, 2020 to ₹2,516.45 crores as of March 31, 2021. The reason for this increase was primarily due to increase in investment in other investment. Other investments increased by from Nil as on March 31, 2021 to ₹97.27 crores as on March 31, 2022.

Advances

The following table sets forth a breakdown of total advances as of the dates indicated:

	As of June 30, 2022	**As of March 31,**		
		2022	**2021**	**2020**
	(₹crores)			
Bills, purchased and discounted	-	-	-	-
Cash credits, overdrafts and loans repayable on demand	914.42	873.66	1,113.36	1,258.04
Term loans	15,571.46	15,429.51	13,380.59	12,785.60
Total advances	16,485.87	**1,6303.17**	**14,493.95**	**14,043.64**
Secured by tangible assets	4,502.48	4,264.22	3,968.47	3,067.13
Covered by bank/ government guarantees	108.72	118.88	56.50	-
Unsecured	11,874.67	11,920.06	10,468.98	10,976.52
Total advances	16,485.87	16,303.17	**14,493.95**	**14,043.64**
Priority sector	13,144.06	12,865.44	7,926.37	7,683.11
Public sector	-	-	-	-
Banks	-	-	-	-
Others	3,341.81	3,437.72	6,567.58	6,360.53
Total advances	**16,485.87**	**16,303.17**	**14,493.95**	**14,043.64**

Advances comprise micro banking, micro and small enterprise loans, affordable housing loans and financial institutional group loans.

Total advances (excluding securitization/ IBPC/ direct assignment) increased by 1.12% from ₹16,303.17 crores as of March 31, 2022 to ₹16,485.87 crores as of June 30, 2022. This increase was primarily due to higher disbursements of ₹4,326.26 crore in the first quarter of Fiscal 2022 which was off-set by IBPC/ securitization.

Total advances (excluding securitization/ IBPC/ direct assignment) increased by 12.48% from ₹14,493.95 crores as of March 31, 2021 to ₹16,303.17 crores as of March 31, 2022. This increase was primarily due to higher disbursement of ₹4,809.40 crore and ₹4,869.96 crore in the third and fourth quarters of FY22.

Total advances (including securitization/ IBPC/ direct assignment) increased by 3.21% from ₹14,043.64 crores as of March 31, 2020 to ₹14,493.95 crores as of March 31, 2021 due to slow disbursement as on account of the impact of the COVID-19 pandemic and increase in credit demand.

Other Assets

Other assets primarily include interest accrued, others (including deferred tax assets) and tax paid in advance/ tax deducted at source.

Other assets decreased by 1.55% from ₹730.86 crores as of March 31, 2022 to ₹719.70 crores as of June 30, 2022. This decrease was primarily due to decrease in tax paid in advance / tax deducted at source (net of provision for tax) to Nil as on June 30, 2022 from ₹68.61 crore as of March 31, 2022.

Other assets increased by 42.79% from ₹511.82 crores as of March 31, 2021 to ₹730.86 crores as of March 31, 2022. This increase was primarily due to increase in other assets (including deferred tax assets) which has increased by 48.38% from ₹298.99 crore as of March 31, 2021 to ₹443.66 crore as of March 31, 2022.

Other assets increased by 56.19% from ₹327.69 crores as of March 31, 2020 to ₹511.82 crores as of March 31, 2021. This increase was primarily due to increase in other assets (including deferred tax assets) which has increased by 129.29% from ₹130.40 crore as of March 31, 2020 to ₹298.99 crore as of March 31, 2021.

Capital and Liabilities

The table below sets out the principal components of our shareholders' funds and liabilities as of the dates indicated:

	As of June 30, 2022	As of March 31,		
		2022	2021	2020
	(₹crores)			
Capital	1,928.31	1,928.31	1,928.31	1,928.23
Employees Stock Options Outstanding	43.64	42.20	43.72	21.42
Reserves and surplus	1,035.06	832.12	1,246.71	1,238.08
Deposits	18,448.86	18,292.22	13,135.77	10,780.48
Borrowings	1,943.22	1,763.56	3,247.32	3,953.27
Other liabilities and provisions	836.07	746.05	778.62	489.77
Total Capital and Liabilities	**24,235.16**	**23,604.46**	**20,380.45**	**18,411.24**

Total capital and liabilities amounted to ₹24,235.16 crores as of June 30, 2022 compared to ₹23,604.46 crores as of March 31, 2022. Total capital and liabilities amounted to ₹23,604.46 crores as of March 31, 2022 compared to ₹20,380.45 crore as of March 31, 2021. Total capital and liabilities amounted to ₹20,380.45 crores as of March 31, 2021 compared to ₹18,411.24 crores as of March 31, 2020. The increase in the total capital and liabilities in the quarter ended June 30, 2022 was due to profit of ₹202.94 crore and increased deposits and borrowing, in Fiscal 2022 was primarily due to increase in deposit by 39.26% from ₹13,135.77 crore as of March 31, 2021 to ₹18,292.22 crore as of March 31, 2022 and in Fiscal 2021 was due to increase in deposit by 21.85% from ₹10,780.48 crore as of March 31, 2021 to ₹13,135.77 crore as of March 31, 2022.

Deposits

The following table sets forth a breakdown of our Bank's deposits, as well as the percentage of total deposits that each item contributes, as of the dates indicated:

	As of June 30, 2022		As of March 31,					
			2022		2021		2020	
	Amount (₹crores)	Percentage of total deposits (%)	Amount (₹crores)	Percentage of total deposits (%)	Amount (₹crores)	Percentage of total deposits (%)	Amount (₹crores)	Percentage of total deposits (%)
Demand Deposits								
(i) From banks	5.28	0.03%	6.01	0.03%	19.48	0.15%	8.06	0.07%
(ii) From others	433.11	2.35%	498.76	2.72%	423.40	3.22%	220.38	2.04%
Saving Bank Deposits	4,717.04	25.57%	4,488.23	24.53%	2,256.65	17.18%	1,230.99	11.42%
Term Deposits								
(i) From banks	5,419.18	29.37%	6,071.48	33.19%	4,362.71	33.21%	3,856.47	35.77%
(ii) From others	7,874.24	42.68%	7,227.73	33.51%	6,073.53	46.24%	5,464.58	50.69%
Total Deposit	18,448.86	100.00%	18,292.22	100.00%	13,135.77	100.00%	10,780.48	100.00%

Deposits mainly comprise term deposits, savings bank deposits and demand deposits.

Deposits increased by 0.86% from ₹18,292.22 crores as of March 31, 2022 to ₹18,448.86 crores as of June 30, 2022, due to modest growth in first quarter. Deposits increased by 39.25% from ₹13,135.77 crores as of March 31, 2021 to ₹18,292.22 crores as of March 31, 2022 and by 21.85% from ₹10,780.48 crores as of March 31, 2020 to ₹13,135.77 crores as of March 31, 2021 mainly due to growth in the Bank's retail deposits including current and savings account balances.

Borrowings

Borrowings primarily comprise borrowings from other institutions and agencies, other banks and non-convertible redeemable debenture.

Our borrowings increased by 10.19% from ₹1,763.56 crores as of March 31, 2022 to ₹1,943.22 crores as of June 30, 2022, primarily attributable to increase in borrowing from other banks by 33.33% from ₹300.00 crores as of March 31, 2022 to ₹400.00 crores as of June 30, 2022 and increase in borrowing from other institutions and agencies by 7.41% from ₹1,075.56 crores as of March 31, 2022 to ₹1,185.22 crores as of June 30, 2022.

Our borrowings decreased by 45.69% from ₹3,247.32 crores as of March 31, 2021 to ₹1,763.56 crores as of March 31, 2022, primarily attributable to decrease in borrowing from other institutions and agencies by 34.59% from ₹3,109.32 crores as of March 31, 2021 to ₹1,075.56 crores as of March 31, 2022.

Our borrowings decreased by 17.86 % from ₹3,953.26 crores as of March 31, 2020 to ₹3,247.32 crores as of March 31, 2021, primarily attributable to repayment of borrowing from other banks which has reduced to Nil as of March 31, 2021 from ₹415.00 crore as of March 31, 2021.

Other Liabilities and Provisions

Other liabilities and provisions represent bills payable, inter-office adjustments (net), interest accrued, standard asset-general provisions and others (including provisions).

Other liabilities and provisions increased by 12.06% from ₹746.05 crores as of March 31, 2022 to ₹836.06 crores as of June 30, 2022, primarily due to increase in other liability (including provisions) by 34.35% from ₹257.96 crores as of March 31, 2022 to ₹346.57 crores as of June 30, 2022.

Other liabilities and provisions decreased by 4.18% from ₹778.62 crores as of March 31, 2021 to ₹746.05 crores as of March 31, 2022, primarily due to increase in other liability (including provisions) by 65.03% from ₹156.31 crores as of March 31, 2021 to ₹257.96 crores as of March 31, 2022.

Other liabilities and provisions increased by 58.98% from ₹489.77 crores as of March 31, 2020 to ₹778.62 crores as of March 31, 2021, primarily due to increase in provisions for standard assets. Provision towards standard assets was up 156.44% to ₹308.54 crores as on March 31,2021.

LIQUIDITY AND CAPITAL RESOURCES

The purpose of the liquidity management function is to ensure that we have funds available to extend loans to our customers across our various products, to repay principal and interest on our borrowings and to fund our working capital requirements. We have access to diverse sources of liquidity, both debt and equity.

We did not raise any significant equity post Fiscal 2020. In Fiscal 2021, Fiscal 2022 and the quarter ended June 30, 2022, we received an aggregate ₹(705.95) crores, ₹1,483.76 crores and ₹179.65 crores, respectively, from debt financing, and as of March 31, 2021, March 31, 2022 and June 30, 2022, we had cash and cash equivalents available for use in our operations of ₹1,464.35 crores, ₹996.63 crores and ₹345.90 crores, respectively excluding CRR balances.

We actively manage our liquidity position by raising funds on a continuous basis on terms that, we believe, are favorable to us. We regularly monitor our funding levels to ensure we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. Further, some of the financing arrangements entered into by us include conditions that require our Bank to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions. See "*Risk Factors - We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, accelerated repayment schedule and enforcement of security interests, which may adversely affect our business, results of operations and financial conditions.*" on page 54.

CASH FLOWS

The following table sets forth certain information relating to our cash flows in the periods indicated:

	Quarter ended June 30,		Fiscal		
	2022	2021	2022	2021	2020
Net cash flow generated from/ (used in) operating activities	(112.17)	1,347.33	2,546.70	2,656.68	(425.88)
Net cash flow used in investing activities	(311.53)	(469.37)	(840.98)	(1,356.45)	(88.94)
Net cash flow generated from/ (used in) financing activities	179.66	(1,106.63)	(1,483.76)	(705.52)	775.96
Net increase/ (decrease) in cash and cash equivalents	(244.04)	(228.66)	221.97	594.71	261.14
Cash and cash equivalents at the beginning of the year	2,155.47	1,933.50	1,933.50	1,338.79	1,077.65
Cash and cash equivalents at the end of the year	1,911.42	1,704.83	2,155.47	1,933.50	1,338.79

Operating Activities

Quarter ended June 30, 2022

In quarter ended June 30, 2022, net cash generated from operating activities was ₹(112.17) crores. Net profit before taxation was ₹270.67 crores in the quarter ended June 30, 2022 and adjustments to reconcile net profit before taxation to net cash flows primarily consisted of depreciation of Bank's property of ₹21.24 crores, provision for non-performing assets of ₹24.37 crores and provision for standard assets of ₹24.14 crores. Operating profit before working capital changes was ₹443.30 crores in the quarter ended June 30, 2022. The main working capital adjustments in the quarter ended June 30, 2022, included increase in deposits of ₹156.64 crores, increase in advances of ₹(207.07) crores and decrease in investments of ₹419.48 crores. In the quarter ended June 30, 2022, net cash generated direct taxes paid amounted to ₹(31.23) crores.

Quarter ended June 30, 2021

In quarter ended June 30, 2021, net cash generated from operating activities was ₹1,347.33 crores. Net loss before taxation was ₹312.28 crores in the quarter ended June 30, 2021 and adjustments to reconcile net loss before taxation to net cash flows primarily consisted of depreciation of Bank's property of ₹19.76 crores, provision for non-performing assets of ₹409.85 crores and provision for standard assets of ₹64.36 crores. Operating profit before working capital changes was ₹209.24 crores in the quarter ended June 30, 2021. The main working capital adjustments in the quarter ended June 30, 2021, included increase in deposits of ₹537.10 crores, increase in advances of ₹823.27 crores and decrease in investments of ₹119.47 crores. In the quarter ended June 30, 2021, net cash generated direct taxes paid amounted to ₹(19.34) crores.

Fiscal 2022

In Fiscal 2022, net cash generated from operating activities was ₹ 2,546.70 crores. Net loss before taxation was ₹(550.35) crores in Fiscal 2022 and adjustments to reconcile net profit before taxation to net cash flows primarily consisted of depreciation of Bank's property of ₹80.44 crores, provision for non-performing assets of ₹1,280.43 crores and provision for standard assets of ₹(162.59) crores. Operating profit before working capital changes was ₹642.66 crores in Fiscal 2022. The main working capital adjustments in Fiscal 2022, included increase in deposits of ₹crores, increase in advances of ₹(3,089.65) crores and decrease in investments of ₹(209.5) crores. In Fiscal 2022, net cash generated from operations was ₹2,546.70 crores and direct taxes paid amounted to ₹(21.46) crores.

Fiscal 2021

In Fiscal 2021, net cash generated from operating activities was ₹2,656.68 crores. Net profit before taxation was ₹10.20 crores in Fiscal 2021 and adjustments to reconcile net profit before taxation to net cash flows primarily consisted of depreciation of Bank's property of ₹76.80 crores, provision for non-performing assets of ₹610.74 crores and provision for standard assets of ₹188.22 crores. Operating profit before working capital changes was ₹981.25 crores in Fiscal 2021. The main working capital adjustments in Fiscal 2021, included increase in deposits of ₹crores, increase in advances of ₹2355.28 crores and decrease in investments of ₹462.27crores. In Fiscal 2021, net cash generated from operations was ₹2,656.68 crores and direct taxes paid amounted to ₹209.00 crores.

Fiscal 2020

In Fiscal 2020, net cash used in operating activities was ₹(425.88) crores. Net profit before taxation was ₹466.24 crores in Fiscal 2020 and adjustments to reconcile net profit before taxation to net cash flows primarily consisted of provision for non-performing assets of ₹104.51 crores, provision for standard assets of ₹66.41 crores and depreciation on Bank's property of ₹72.63 crores. Operating profit before working capital changes was ₹744.01 crores in Fiscal 2020. The main working capital adjustments in Fiscal 2020, included increase in deposits of ₹3,401.04 crores, increase in advances of ₹3,595.70 crores and increase in investments of ₹874.07 crores. In Fiscal 2020, net cash used in operations was ₹(425.88) crores and direct taxes paid amounted to ₹111.50 crores.

Investing Activities

Quarter ended June 30, 2022

Net cash used in investing activities was ₹(311.53) crores in the quarter ended June 30, 2022, primarily on account of ₹ (272.34) crores on investment in HTM securities and ₹ (32.23) crores on purchase of fixed asset.

Quarter ended June 30, 2021

Net cash used in investing activities was ₹(469.36) crores in the quarter ended June 30, 2021, primarily on account of ₹ (450.24) crore on investment in HTM securities and ₹ (11.68) crore on purchase of fixed asset.

Fiscal 2022

Net cash used in investing activities was ₹(840.97) crores in Fiscal 2022, primarily on account of investment in HTM securities and deposits created with other banks and financial institutions. Net amount used for investing in HTM securities and creating deposits with other banks and financial institutions was ₹1,445.43 crores and ₹646.57 crores respectively for period ended March 31, 2022.

Fiscal 2021

Net cash used in investing activities was ₹(1,356.45) crores in Fiscal 2021, primarily on account of investment in HTM securities and deposits created with other banks and financial institutions. Net amount used for investing in HTM securities and creating deposits with other banks and financial institutions was ₹646.51 crores and ₹652.12 crores respectively for period ended March 31,2021.

Fiscal 2020

Net cash used in investing activities was ₹(88.94) crores in Fiscal 2020, primarily on account of Investment in HTM securities. Net amount used for investing in HTM securities was ₹667.60 crores for period ended March 31,2020.

Financing Activities

Quarter ended June 30, 2022

Net cash used in financing activities was ₹179.65 crores in the quarter ended June 30, 2022 on account of term loan taken from other banks aggregating ₹100.00 crores, borrowing from money market aggregating ₹99.73 crore and repayment of refinance loans aggregating ₹20.08 crores.

Quarter ended June 30, 2021

Net cash used in financing activities was ₹(1,106.63) crores in the quarter ended June 30, 2021 on account of borrowing from RBI of ₹50.00 crore, borrowings from other banks of ₹11.00 crore, borrowing from money market of ₹130.45 crore and repayment of refinance loans of ₹(1,298.08) crores.

Fiscal 2022

Net cash used in financing activities was ₹(1,483.75) crores in Fiscal 2022 on account of repayment of refinance loans of ₹2,015.49 crore, repayment of term loan from other financial institutions of ₹18.27 crore, borrowing from other banks of ₹30 crore and borrowings from RBI of ₹250.00 crores.

Fiscal 2021

Net cash used in financing activities was ₹(705.52) crores in Fiscal 2021 on account of repayment of borrowing of ₹705.95 crores and preference dividend paid during the year was ₹Nil.

Fiscal 2020

Net cash generated from financing activities was ₹775.96 crores in Fiscal 2020 on account of proceeds from issue of Equity Shares of ₹1,002.05 crores.

CAPITAL ADEQUACY

Our Bank is subject to the CAR requirements prescribed by the RBI. As of June 30, 2022, we were required to maintain a minimum CAR of 15.00%, based on the total capital to risk-weighted assets. The following table sets forth certain information relating to the CAR of our Bank as of the periods indicated:

	As of and for the year ended March 31,			As of and for the quarter ended June 30,	
	2020	2021	2022	2021	2022
(In ₹crores)					
Tier I Capital	3,018.29	2,862.67	2,279.04	2,545.96	2,422.77
Tier II Capital	86.59	157.26	966.48	143.42	172.33
Total Capital	3,104.88	3,019.93	2,445.52	2,689.38	2,595.11
Total Risk Weighted Assets	10,774.57	11,419.96	12,879.09	10,393.13	12,956.26
Capital Adequacy Ratio					
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	28.01%	25.07%	17.70%	24.50%	18.70%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	0.80%	1.38%	1.29%	1.38%	1.33%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	28.82%	26.44%	18.99%	25.88%	20.03%

CREDIT RATING

The following table sets forth our credit ratings:

Particulars	**Amount (₹crores)**	**Rating / Agency**
Long Term Borrowing	500	CARE A+ (Stable)
Certificate of Deposits ("**CD**")	2,500	CRISIL A1+

INDEBTEDNESS

As of June 30, 2022, our total indebtedness was ₹1,943.22 crores (excluding deposits) (with long-term borrowings (including current maturity) of ₹1,843.48 crores and short-term borrowings of ₹99.73 crores) representing a debt to equity ratio of 0.66. For further information regarding our indebtedness, see "*Financial Information*" on page 77.

The following table sets forth certain information relating to our outstanding indebtedness as of June 30, 2022, and our repayment obligations in the periods indicated:

Particulars	**As of June 30, 2022 Payment due by period (₹crores)**				
	Total	**Not later than 1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
Long Term Borrowings					
Term loans from bank (secured)	388.00	138.00	250.00	-	-
Term loans from others (secured)	4.92	4.92	-	-	-
Term loans from bank (Unsecured)	400.00	200.00	200.00	-	-

Term loans from others (Unsecured)	1,050.56	573.86	269.10	61.60	146.00
Sales tax deferment loan (secured)	-	-	-	-	-
Total long term borrowings	1,843.48	916.78	719.10	61.60	146.00
Short Term Borrowings					
Unsecured	99.73	99.73	-	-	-
Total Short Term Borrowings	99.73	99.73	-	-	-
Total Borrowings	**1,943.22**	**1,016.51**	**719.10**	**61.60**	**146.00**

Some of the financing arrangements entered into by us include conditions that require our Bank to obtain respective lenders' consent prior to carrying out certain activities and entering into certain transactions. Some of the corporate actions that require prior consents from certain lenders include, amongst others, altering our capital structure; changing our current ownership/ control, formulating a scheme of amalgamation, compromise or reconstruction, material change in management, implementing a scheme of expansion, declaration of dividend in case of default, and amending constitutional documents. For further information, see "*Risk Factors - We are required to comply with certain restrictive covenants under our financing agreements. Any non-compliance may lead to, amongst others, accelerated repayment schedule and enforcement of security interests, which may adversely affect our business, results of operations and financial conditions.*" on page 54.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The following table sets forth certain information relating to future payments due under known contractual commitments as of June 30, 2022, aggregated by type of contractual obligation:

Particulars	**As of June 30, 2022**				
	Payment due by period				
	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
	(₹crores)				
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advance)	52.23	52.23	-	-	-
Total Contractual Obligations	52.23	52.23	-	-	-

In addition, we have entered into certain lease agreements for our offices and Banking Outlets. The future minimum lease payments under operating leases are as below. The leases for most of our Banking Outlets are terminable on a short notice, and are not reflected in the table below.

Particulars	**As of June 30, 2022**			
	Payment due by period			
	Total	**Less than 1 year**	**Later than 1 year but not later than 5 years**	**More than 5 years**
	(₹crores)			
Non-cancellable operating lease obligations	378.20	74.48	277.72	26.02
Total	378.20	74.48	277.72	26.02

SECURITISATION AND ASSIGNMENT ARRANGEMENTS

The following table sets forth information regarding our securitization deals outstanding as of March 31, 2021 and March 31, 2022:

Particulars	**As of March 31, 2021**	**As of March 31, 2022**
	(₹crores)	
Number of SPVs sponsored by our Bank for securitisation transactions	-	2
Total amount of securitized assets as per books of the SPVs sponsored by our Bank (includes MRR portion of ₹25.26 crores) (₹crores)	-	252.59
Total amount of exposure retained by our Bank to comply with MRR as on the date of the balance sheet (₹crores)	-	25.26

Off balance sheet exposure	-	-
First loss	-	7.58

For further information, see *"Financial Information"* on page 77.

CONTINGENT LIABILITIES AND OTHER OFF-BALANCE SHEET ARRANGEMENTS

The following table sets forth certain information relating to our contingent liabilities which have not been provided for as of June 30, 2022, as per AS-29 issued by the ICAI:

Contingent Liabilities	**As of June 30, 2022**
	(₹crores)
Claims against the Bank not acknowledged as debts	
- Taxation	65.91
- Other Legal cases	0.26
Guarantees given on behalf of constituents	0.25
Other items for which Bank is contingently liable	-
- Capital commitments not provided	52.23
- Others - Cash Collateral – Securitization	-
- Amount transferred to Depositor Education and Awareness Fund (DEAF)	0.23
Total	118.88

Further, as of June 30, 2022, our balance sheet exposure for first loss on account of securitization transactions, were ₹52.22 crores.

For further information, see *"Financial Information"* on page 77.

Except as disclosed in our Financial Statements or elsewhere in this Placement Document, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

CAPITAL EXPENDITURE

Our capital expenditure consists principally of expenditure relating to Banking Outlets and ATM network expansion as well as investment in technology infrastructure. In Fiscal 2020, Fiscal 2021, Fiscal 2022 and in the quarter ended June 30, 2022, we incurred ₹47.19 crores, ₹21.37 crores, ₹14.80 crores and ₹2.84 crores, respectively, as capital expenditure in connection with the fixed assets excluding computer software.

In Fiscal 2020, Fiscal 2021, Fiscal 2022 and the quarter ended June 30, 2022, we also incurred ₹23.75 crores, ₹52.68 crores, ₹35.68 crores and ₹22.74 crores, respectively, on capital expenditures incurred in connection with the fixed assets capitalized as computer software.

RELATED PARTY TRANSACTIONS

We have in the past entered into transactions with our holding company, key management personnel, enterprise in which relatives of key management personnel are members and enterprises in which key management personnel are members. These transactions principally include reimbursement of expenses and payment of remuneration.

In Fiscal 2020, Fiscal 2021 and Fiscal 2022 and the quarter ended June 30, 2022, the aggregate amount of such related party transactions was ₹31.60 crores, ₹14.08 crores, ₹13.19 crores and ₹3.39 crores, respectively. The percentage of the aggregate value such related party transactions to our total income in Fiscal 2020, Fiscal 2021, Fiscal 2022 and the quarter ended June 30, 2022 was 1.04%, 0.45%, 0.42% and 0.34%, respectively. For further information relating to our related party transactions, see "*Financial Information*" and "*Risk Factors - We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest.*" on pages 77 and 59, respectively.

AUDITOR OBSERVATIONS

Other than as disclosed below, there have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by our statutory auditors in their auditor's reports on the audited financial statements as of and for the financial years ended March 31, 2018, 2019, 2020, 2021 and 2022, the unaudited interim financial results of the Bank as of and for the quarter ended June 30, 2022, and the unaudited condensed interim financial statements as of and for the quarter ended June 30, 2022:

Financial Year/Relevant Period	**Adverse Remarks/ Reservations/ Emphasis of Matter in the Auditor's Report**	**Impact on the Financial Statements and the Financial Position of the Bank**	**Corrective Steps/ Actions taken by the Bank**
2017-18	-	-	-
2018-19	-	-	-
2019-20	**Emphasis of Matter –**Note 34 of *Financial Information – Fiscal 2020 Audited Financial Statements* describes that the extent to which the COVID-19 Pandemic will impact the Bank's financial statement will depend on future developments, which are incapable of assessment at this point in time.	Not quantified	NA
2020-21	**Emphasis of Matter** - Note 34 of Schedule 18 of *Financial Information – Fiscal 2021 Audited Financial Statements* describes that the extent to which the COVID-19 pandemic will continue to impact the Bank's operations and its financial statements will depend on ongoing and uncertain future developments. The opinion of the auditor was not modified in respect of this matter.	Not quantified	NA
2021-22	-	-	-
Three months period ended June 30, 2022	**Emphasis of Matter** – Attention is drawn to Note 11 of *Financial Information – Unaudited Condensed Interim Financial statements* describes the impact of the COVID – 19 pandemic on the Bank's operations and financial position, including the credit quality and requirement for provisioning, is uncertain and will depend on the future steps as they evolve and highly unpredictable at this stage. The opinion of the auditor was not modified in respect of this matter.	Not quantified	NA

Other Matters in Audit report:

Financial Year/Relevant Period	**Other Matters**	**Impact on the Financial Statements and the Financial Position of the Bank**	**Corrective Steps/ Actions taken by the Bank (Based on the representation from management)**
2021-22	Other matters in ICFR Report: Considering the nature of business and high volumes of cash collections from borrowers, procedures and systems thereof and recording such collections in the books of account needs to be automated suitably.	Not quantified	Following controls were implemented: 1. Manual reconciliation and verification of usage of Manual Receipt book for cash collection effective April 1, 2022. 2. Changes in system to reduce the usage of Manual receipt book against collection, capture receipt no. against cash collection, sending SMS to customer for receipts etc. effective July 1, 2022. 3. Credit team is in the process of onboarding a vendor to implement a new collection management system which will automate the collections made through collection agencies and off-roll employees. With above control no. 1 & 2

Financial Year/Relevant Period	Other Matters	Impact on the Financial Statements and the Financial Position of the Bank	Corrective Steps/ Actions taken by the Bank (Based on the representation from management)
			implemented and new collection system to automate the cash collection, the usage of manual receipt book is expected to reduce to minimal.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various types of market risks during the normal course of business such as credit risk, interest rate risk, liquidity risk, operational risk, cash management risk, asset risk and inflation risk. For further information, see "*Our Business – Robust Risk Management Framework*" on page 298.

TOTAL TURNOVER OF EACH MAJOR INDUSTRY SEGMENT IN WHICH THE BANK OPERATED

We are primarily engaged in the banking business. For further information, see "*Industry Overview*" and for information on segment reporting "*Financial Information – Segment Reporting*" on pages 283 and 113, respectively.

UNUSUAL OR INFREQUENT EVENTS OR TRANSACTIONS

Except as described in this Placement Document, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

KNOWN TRENDS OR UNCERTAINTIES

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in " *– Significant Factors Affecting our Results of Operations and Financial Condition*" and the uncertainties described in "*Risk Factors*" on pages 39 and 255, respectively. To our knowledge, except as discussed in this Placement Document, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income.

SIGNIFICANT ECONOMIC CHANGES THAT MATERIALLY AFFECT OR ARE LIKELY TO AFFECT INCOME FROM CONTINUING OPERATION

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect income from continuing operations identified above in " *– Significant Factors Affecting our Results of Operations and Financial Condition*" and the uncertainties described in "*Risk Factors*" on pages 255 and 39, respectively.

NEW PRODUCTS OR BUSINESS SEGMENTS

Except as described in this Placement Document, we have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new products.

FUTURE RELATIONSHIP BETWEEN COST AND INCOME

Other than as described elsewhere in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 39, 295 and 253, respectively, to our knowledge, there are no known factors that will have a material adverse impact on our operations and financial condition.

SEASONALITY OF BUSINESS

Our business is not seasonal in nature.

SIGNIFICANT DEPENDENCE ON A SINGLE OR FEW CUSTOMERS OR SUPPLIERS

Given the nature of our business operations, we do not believe our business is dependent on any single or a few customers.

COMPETITIVE CONDITIONS

We operate in a competitive environment. See sections, "*Our Business*", "*Industry Overview*", "*Risk Factors - The Indian banking industry is very competitive and our growth strategy depends on our ability to compete effectively.*" and "*– Significant Factors Affecting our Results of Operations and Financial Condition – Competition*" on pages 295, 283, 45 and 260, respectively.

SIGNIFICANT DEVELOPMENTS AFTER JUNE 30, 2022 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS

Pursuant to the approval of the Board on June 8, 2022 and the approval of Shareholder' through postal ballot on July 12, 2022, the Bank issued and allotted 22,500 subordinated, rated, unlisted, unsecured, transferable, redeemable, fully paid up, non-convertible debentures, having a face value of ₹1,00,000 each and an aggregate face value of ₹2,25,00,00,000, in the form of subordinated debt eligible to be classified as Tier II Capital in accordance with the Reserve Bank of India's circular on "Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF)" dated July 1, 2015 ("**RBI NCAF Circular**"), on a private placement basis on August 26, 2022.

Further, pursuant to the approval of the Board on June 8, 2022 and the approval of Shareholder' through postal ballot on July 12, 2022, the Bank issued and allotted 7,500 subordinated, rated, unlisted, unsecured, transferable, redeemable, fully paid up, non-convertible debentures, having a face value of ₹1,00,000 each and an aggregate face value of ₹75,00,00,000, in the form of subordinated debt eligible to be classified as Tier II Capital in accordance with the RBI NCAF, on a private placement basis on September 9, 2022.

The Bank had filed an appeal before CIT (A) against the order under Section 143(1) of the Income Tax Act, 1961 dated June 2, 2022, pursuant to which CIT(A) had allowed the deduction under Section 80JJAA and dismissed the other grounds. The Bank had filed further an appeal with Income Tax Appellate Tribunal ("ITAT") and the same has been favorably allowed vide order dated August 23, 2022. Considering above explanation, the contingent liability amount has reduced from ₹78.01 crores in FY22 Q4 to ₹65.45 crores in FY23 Q1. Post the ITAT order, the contingent liability has become Nil for this AY.

Except as disclosed in this Placement Document, to our knowledge, no circumstances have arisen since June 30, 2022, that could materially and adversely affect, or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

INDUSTRY OVERVIEW

The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and its various ministries, the Reserve Bank of India, the National Payments Corporation of India and the Indian Banks' Association. Wherever the Bank has relied on figures published by the RBI, unless stated otherwise, it has relied on the, Governor's Statement on Monetary Policy Report 2022, February 10, 2022, RBI Report on Trend and Progress of Banking in India, Financial Stability Report (Issue No. 25), June 2022, RBI Data on Sectoral Deployment of Bank Credit, RBI Bulletin on Small Finance Banks: Balancing Financial Inclusion and Viability, the Quarterly Statistics on Deposits and Credit of SCB published by the RBI and the bank wise ATM/POS/Card Statistics published by the RBI. The accuracy and completeness of the industry sources and publications referred to by us, and the underlying assumptions on which such sources and publications are based, are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.

Statements in this section that are not statements of historical fact constitute "forward-looking statements". Such forward-looking statements are subject to various risks, assumptions and uncertainties and certain factors could cause actual results or outcomes to materially differ. Please see Forward-Looking Statements on page 13.

Global Economy

The global economy is experiencing yet another major negative shock after suffering from the effects of more than two years of pandemic. Russia's invasion of Ukraine has resulted in a deep regional slowdown and substantial negative global spillovers. These spillovers are magnifying pre-existing strains from the pandemic, such as bottlenecks in global supply chains and significant increases in the price of many commodities. The effects of the invasion have also caused a further reduction in policy space, which is now much more limited than at the onset of the pandemic. Amid surging commodity prices and supply disruptions, inflation has soared across the world, exacerbating the exceedingly difficult trade offs policy makers face between supporting growth and controlling price pressures. Global financial conditions have tightened and borrowing costs have increased, particularly in emerging market and developing economies (EMDEs), reflecting reduced policy accommodation in response to inflationary pressures, elevated uncertainty, and heightened geopolitical risks. In addition, the unwinding of fiscal support measures has continued to weigh on global activity. *(Source: World Bank Global Economic Prospects, June 2022)*

The pace of global growth has tapered off in recent months amidst volatile financial conditions and persisting uncertainty surrounding the geo-political situation. Heightened recession risks are shadowing aggressive and synchronised monetary tightening across jurisdictions. In its July 2022 update of the World Economic Outlook (WEO), the International Monetary Fund (IMF) revised down its global growth projection by 40 basis points (bps) for 2022 and by 70 bps for 2023 to 3.2 per cent and 2.9 per cent, respectively. In a downside scenario characterised by a drastic fall in energy imports from Russia, elevated and persistent inflation expectations and tighter financial markets conditions, global growth may fall further to about 2.6 per cent and 2.0 per cent in 2022 and 2023 respectively *(Source: RBI Monthly Bulletin- State of the Economy August 18, 2022).*

Indian Economy

India is the sixth largest economy in the world, surpassing Italy and France. (Source: World Development Indicators database, World Bank, 1 July 2022). The Indian economy has grown at a real GSP rate of 13.5% in Q1Fiscal 2023 *(Source: PIB release of GDP estimates August 31, 2022).*

Amidst somewhat mixed signals being emitted by high frequency indicators, perhaps the best word to describe the state of domestic economic activity relative to the rest of the world is resilience. Private final consumption expenditure, the mainstay of the economy, is poised to surge in the upcoming festival season which should also buoy subdued rural demand, as shortfalls in kharif rice sowing close with the recent revival of the south-west monsoon. Investment demand is benefitting from the massive increase of 54 per cent in the central government's capital outlay, but business investment remains tepid in spite of strong sales growth and increase in profits. Although exports have moderated in July, this may be a one-off because world trade volume has accelerated. With the windfall levy on fuel exports having been reduced/scrapped, exports of petroleum products that account for 16 per cent of total merchandise exports are set to rise again. The recent easing of international crude prices should also reduce the import bill, allowing net exports to improve their contribution to aggregate demand. *(Source: RBI Monthly Bulletin- State of the Economy August 18, 2022).*

Three developments inspire confidence. First, India is getting set to experience faster and wider data services across the country. With spectrums auctions coming to a close on August 1, 2022, 5G will deliver network speeds 100 times quicker than 4G networks. The thrust to internet penetration has the potential to generate employment arising from innovative technologies, create new age business and increase the reach of online education and telemedicine to remote regions (Chart 1). An amount of ₹1.5 lakh crore has accrued to the public exchequer, the highest spectrum collections since 2010.

This provides fiscal comfort. *(Source: RBI Monthly Bulletin- State of the Economy August 18, 2022).*

Second, early corporate earnings results for the first quarter of 2022-23 have beaten expectations, allaying concerns on corporate profitability in an operating environment marked by inflationary pressures. Sales growth of non-financial sector companies remained in high double digits even after adjusting for inflation. Input cost escalation was experienced across the board. The consequent pressure on operating margins was sought to be mitigated by adopting a range of strategies including improvement in operational efficiency, changing the mix of products and the like. Rising input costs benefitted some, as for instance, upstream oil and gas companies. The banking and financial sector also fared well amidst a pickup in credit growth, lower provisioning costs and improvement in asset quality *(Source: RBI Monthly Bulletin- State of the Economy August 18, 2022).*

Indian Banking Authority

The Reserve Bank of India was established on April 1, 1935 in accordance with the provisions of the Reserve Bank of India Act, 1934. The Central Office of the Reserve Bank was initially established in Kolkata but was permanently moved to Mumbai in 1937. The Central Office is where the Governor sits and where policies are formulated. Though originally privately owned, since nationalisation in 1949, the Reserve Bank is fully owned by the Government of India. The Reserve Bank's affairs are governed by a central board of directors. The board is appointed by the Government of India in keeping with the Reserve Bank of India Act. The Reserve Bank of India performs the supervisory function under the guidance of the Board for Financial Supervision (BFS). The Board was constituted in November 1994 as a committee of the Central Board of Directors of the Reserve Bank of India under the Reserve Bank of India (Board for Financial Supervision) Regulations, 1994. *(Source: RBI available at https://www.rbi.org.in/Scripts/AboutusDisplay.aspx, accessed September 2022)*

Structure of India's Banking Industry

Scheduled Commercial Banks

Scheduled commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. In recent years, they have also focused on increasing long-term financing to sectors like infrastructure. Scheduled commercial banks are banks that are listed in the second schedule to the RBI Act and are further categorized as public sector banks, private sector banks, small finance banks, payments banks and foreign banks. *(Source: RBI available at https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3657, accessed September 2022)*

Public Sector Banks

Public sector banks are scheduled commercial banks with a significant Government shareholding. They included the 12 nationalized banks, and the State Bank of India ("**SBI**"), taking into account the amalgamation of certain public sector. *(Source: RBI - Quarterly Statistics on Deposits and Credit of SCBs: June 2022)*.

Regional Rural Banks

The regional rural banks were established from 1976 to 1987 by the Government, state governments and sponsoring commercial banks jointly with a view to developing the rural economy. Regional rural banks provide credit to small farmers, artisans, small entrepreneurs and agricultural laborers. There were 43 regional rural banks in India. Regional rural banks are regulated and supervised by the National Bank for Agriculture and Rural Development ("**NABARD**").*(Source:RBI available at https://m.rbi.org.in/scripts/bs_viewcontent.aspx*?Id=3657, *accessed September 2022)*

Small Finance Banks:

Small Finance Banks (SFBs) were set up in 2016 to provide basic banking services such as accepting deposits and lending to the unserved and the under-served sections of society, including small businesses, marginal farmers, micro and small industries, and the unorganised sector. *(Source: RBI available at https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3657, accessed September 2022)*

Private Sector Banks

There are a total of 21 private banks, 12 small finance banks and four scheduled payments banks operating in India. *(Source: RBI available at https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3657, accessed September 2022)*

Foreign Banks

In 2009, as part of the liberalization process that accompanied the second phase of the reform process that began in 2005, the RBI began permitting foreign banks to operate more freely, subject to requirements largely similar to those imposed on domestic banks. Currently, there are 45 foreign banks in India. *(Source: RBI available at https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3657, accessed September 2022)* The primary activity of most foreign banks in India has been in the corporate segment. However, some of the larger foreign banks have made retail banking a significant part of their portfolios.

Payments Banks:

Payments banks (PBs) were set up as differentiated banks that harness technology to further financial inclusion by providing low-cost banking solutions to small businesses, low-income households and other entities in the unorganised sector. There are currently 3 scheduled payment banks. Unlike commercial banks, PBs are not permitted to undertake lending activities, with restrictions on deposit balances per customer. *(Source: RBI available at https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3657, accessed September 2022)*

Co-operative Banks

Cooperative banks cater to the financing needs of agriculture, small industry and self-employed businessmen in urban and semi-urban areas of India. They comprise both scheduled and non scheduled co-operative banks Currently, the RBI is responsible for the supervision and regulation of urban cooperative banks, and NABARD is responsible for the supervision of state co-operative banks and district central cooperative banks.

All-India Financial Institutions / Development Finance Institutions

Financial Institutions are an important segment of the Indian financial system as they provide medium to long term finance to different sectors of the economy. These institutions have been set up to meet the growing demands of particular sectors, such as export, import, rural, housing and small industries. These institutions have been playing a crucial role in channelizing credit to these sectors and addressing the challenges / issues faced by them. (*Source: RBI, available at:* https://rbidocs.rbi.org.in/rdocs/publicationreport/pdfs/wltfb07042017cae20abf286f4bc0850b64760c3d1e99.pdf *accessed September 2022*)

Non-Banking Financial Companies

The primary activities of the non-banking financial companies are providing consumer credit, including automobile finance, home finance and consumer durable products finance, factoring, microfinance, wholesale finance products such as bill discounting for small and medium companies and infrastructure finance, and fee-based services such as investment banking and underwriting. All non-banking financial companies are required to register with the RBI.

Depending upon the line of activity, NBFCs are categorised into different types such as Asset Finance Company, Loan Company, Infrastructure Finance Company, securitisation/asset reconstruction companies, Investment Company, (Systemically Important) Core Investment Company, Infrastructure Debt Fund – NBFC, NBFC – Micro Finance Institution, NBFC – Factors, Mortgage Guarantee Companies, NBFC– Non-Operative Financial Holding Company. (*Source: RBI, available at:* https://rbidocs.rbi.org.in/rdocs/publicationreport/pdfs/wltfb07042017cae20abf286f4bc0850b64760c3d1e99.pdf *accessed September 2022*)

Housing Finance Companies

Housing finance companies form a distinct sub-group of non-banking financial companies. As a result of the various incentives given by the Government for investing in the housing sector in recent years, the scope of this business has grown substantially.

Microfinance Institutions

Microfinance institutions also form a distinct sub-group of non-banking financial companies. They focus on providing access to small-scale financial services, especially to the poor. Microfinance institutions differ from other financial services providers as they do no depend on grants or subsidies to provide unsecured loans to borrowers with low incomes and no access to the mainstream banking system.

Other Financial Institutions

Specialized Financial Institutions

In addition to the long-term lending institutions, there are various specialized financial institutions which cater to the specific needs of different sectors. These include NABARD, Export Import Bank of India, Small Industries Development Bank of India, Risk Capital and Technology Finance Corporation Limited, Tourism Finance Corporation of India Limited, National Housing Bank, Power Finance Corporation Limited, Infrastructure Development Finance Corporation Limited, Industrial Investment Bank of India, North Eastern Development Finance Corporation and India Infrastructure Finance Company.

State-level Financial Institutions

State financial corporations operate at the state level and form an integral part of the institutional financing system. State financial corporations were set up to finance and promote SMEs. The state financial institutions are expected to achieve balanced regional socio-economic growth by generating employment opportunities and widening the ownership base of industry. At the state level, there are also state industrial development corporations, which provide finance primarily to medium-sized and large enterprises.

Insurance Companies

The insurance industry of India consisted of 56 insurance companies, of which 24 are in the life insurance business and 32 are non-life insurers. Among the life insurers, Life Insurance Corporation is the sole public sector company. In addition to this there is a sole national re-insurer, namely General Insurance Corporation of India. The insurance sector in India is regulated by the Insurance Regulatory and Development Authority of India. (*Source: www.irdai.gov.in accessed in September 2022*)

Mutual Funds

The mutual fund industry in India started in 1963 with the formation of Unit Trust of India at the initiative of the Government and the RBI. The mutual funds industry was opened up to the private sector in 1993. The Indian mutual funds industry is regulated by SEBI. Since 2009, mutual fund units have been traded on recognized stock exchanges in India.

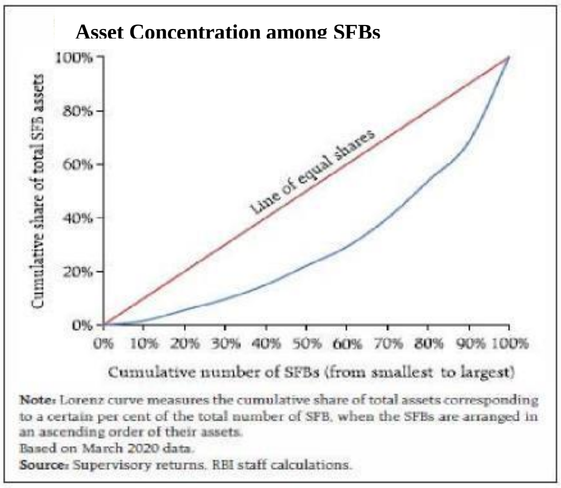
Major Features of the Operations of SFBs

Small finance banks (SFBs), set up in 2016, provide a savings vehicle for underserved sections of the population and also meet credit needs of small borrowers, through high technology low-cost operations. These banks are expected to deploy 75% of their ANBC in priority sectors, with at least 50% below ₹25 lakh. Ther are twelve SFBs were operational in the country, including recently licenced Shivalik Small Finance Bank Ltd. and Unity Small Finance Bank Ltd. (*Source: Report on Trend and Progress of Banking in India 2020 – 2021 and RBI, available at* https://m.rbi.org.in/scripts/bs_viewcontent.aspx?Id=3657*, accessed September 2022)*

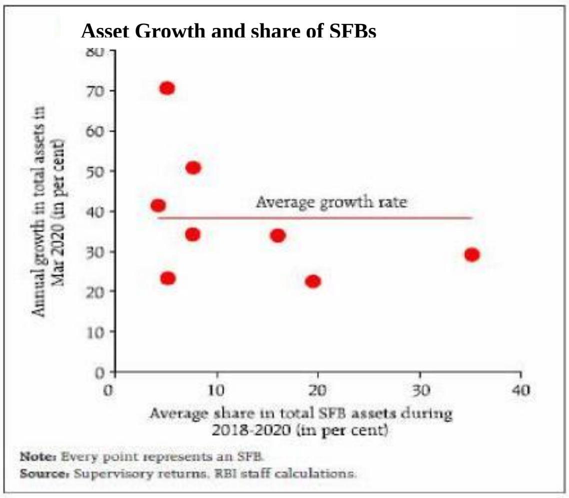
Structural Features

High degree of concentration within SFBs

SFBs have shown high asset growth since their inception. Between 2017 and 2020, the average growth of assets of SFBs was about 150% per annum owing to a low base, as most SFBs began their operations in 2017- 2018. The average growth moderated between 2018 and 2020 to about 61%. At present, there is considerable concentration of assets within the SFB group. Top-two SFBs accounted for 46% of total assets of all SFBs in March 2020 with top-three SFBs accounting for 60%. However, the relatively big-sized SFBs have displayed lower growth of assets in more recent years. Hence, the concentration of assets within the SFB group may come down over time. (*Source: RBI, Small Finance Banks: Balancing Financial Inclusion and Viability, January 21, 2021*)



Note: Lorenz curve measures the cumulative share of total assets corresponding to a certain per cent of the total number of SFB, when the SFBs are arranged in an ascending order of their assets.
Based on March 2020 data.
Source: Supervisory returns, RBI staff calculations.

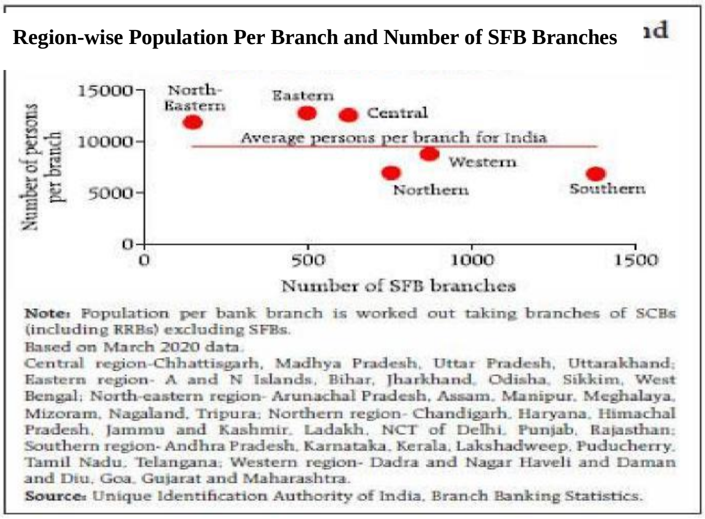


Note: Every point represents an SFB.
Source: Supervisory returns, RBI staff calculations.

Regional and Sectoral Features

Greater concentration of branch network in relatively well-banked states:

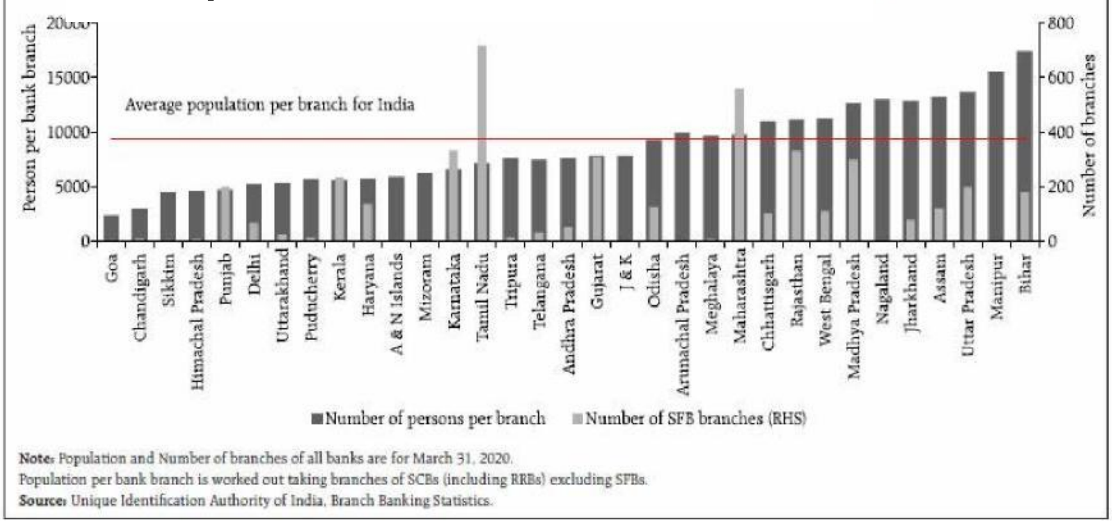
While there has been a rapid growth in the branch network of SFBs since their inception, this growth has been concentrated in the southern, western and northern regions, which are known as the relatively well-banked regions in the country. Their penetration in the north-eastern region, which is known to be the least banked region, remains low. (*Source: RBI, Small Finance Banks: Balancing Financial Inclusion and Viability, January 21, 2021*)



Note: Population per bank branch is worked out taking branches of SCBs (including RRBs) excluding SFBs.
Based on March 2020 data.
Central region-Chhattisgarh, Madhya Pradesh, Uttar Pradesh, Uttarakhand; Eastern region- A and N Islands, Bihar, Jharkhand, Odisha, Sikkim, West Bengal; North-eastern region- Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura; Northern region- Chandigarh, Haryana, Himachal Pradesh, Jammu and Kashmir, Ladakh, NCT of Delhi, Punjab, Rajasthan; Southern region- Andhra Pradesh, Karnataka, Kerala, Lakshadweep, Puducherry, Tamil Nadu, Telangana; Western region- Dadra and Nagar Haveli and Daman and Diu, Goa, Gujarat and Maharashtra.
Source: Unique Identification Authority of India, Branch Banking Statistics.

At the state level, while SFBs are making their presence felt in some of the under-served states of Madhya Pradesh and Rajasthan, they continue to be concentrated in Tamil Nadu, Maharashtra, Karnataka, Kerala and Punjab - states with some of the lowest population per bank branch in the country. (*Source: RBI, Small Finance Banks: Balancing Financial Inclusion and Viability, January 21, 2021*)

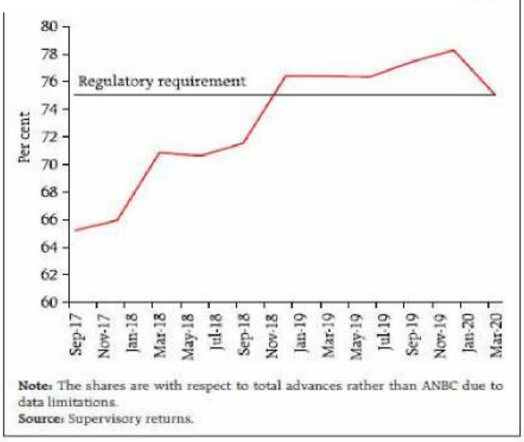
State-wise Population Per Bank Branch and Number of SFB Branches



Dominant presence of priority sectors in the lending portfolio

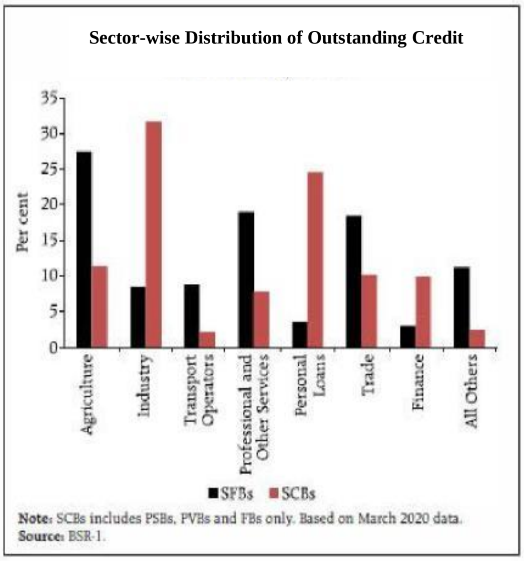
Given their differentiated priority sector lending ("PSL") targets and also the fact that most of them, as MFIs, were serving the under-served economic sectors/sections of the population, SFBs have seen a dominant presence of priority sectors in their lending portfolio. At the systemic level, priority sectors accounted for about 75% of the total credit of SFBs. At the bank level too, there was little variation with most SFBs reporting a share of over 75% of priority sectors. (*Source: RBI, Small Finance Banks: Balancing Financial Inclusion and Viability, January 21, 2021*)

Share of PSL in Total Advances of SFBs



SFBs targeting the sectors relatively under-served by commercial banks

SFBs reported a greater concentration of loans to agriculture, trade and professional services. These three sectors accounted for about 65% of the total credit of SFBs in March 2020 as compared to SCBs which lent about 66% of their credit to industry, personal loans and finance. Considering that SFBs, by design, were expected to extend small-sized loans, it may not be wrong to assume that they financed small agriculturists, small traders and small businesses. In fact, Micro, Small and Medium Enterprises (MSMEs) had a prominent presence in their overall loan portfolio as well as their portfolio of industrial and services sector credit. (*Source: RBI, Small Finance Banks: Balancing Financial Inclusion and Viability, January 21, 2021*)



MSME Share in Total Credit		
Year	SFBs (%)	SCBs (%)
Mar 2018	42 (81)	17
Mar 2019	40 (83)	18
Mar 2020	41 (82)	17

Note: MSME shares in industry plus services sector credit are shown in brackets.

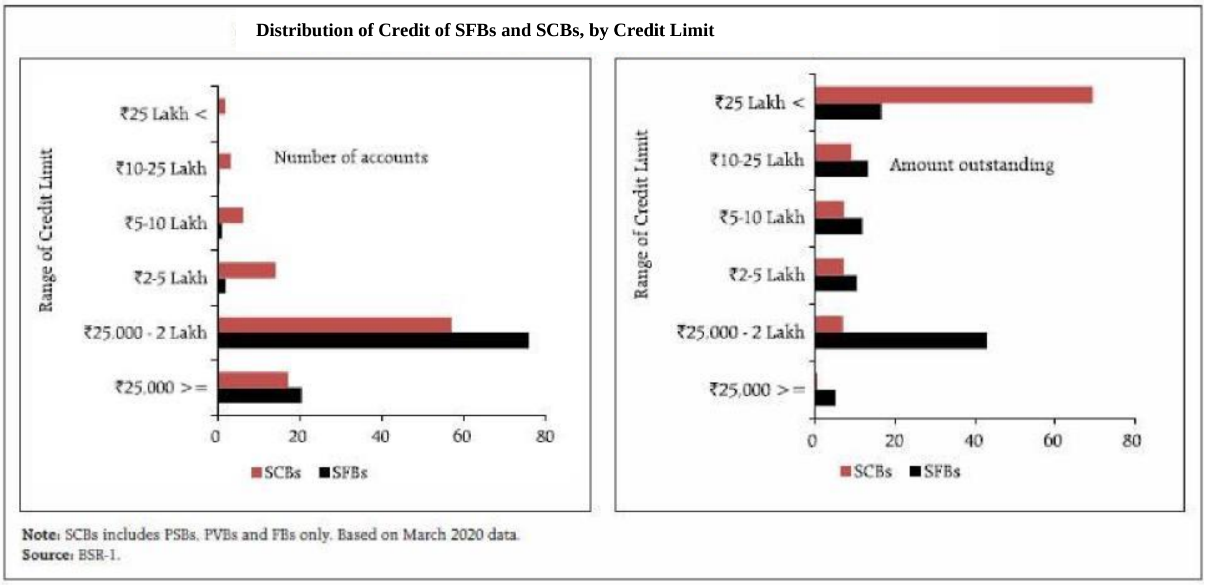
SCBs includes PSBs, PVBs and FBs only.

Based on March 2020 data.

Source: Supervisory returns.

Credit portfolio featuring a large share of small-sized loans

SFBs have been meeting the regulatory requirement relating to the size-wise distribution of their loan portfolio. In March 2020, 99.9% and 83% of their total loan accounts and total loan amount, respectively, had a credit limit of up to ₹ 2,500,000. Even within these, an impressive focus on very small-sized loans by these banks was evident; about 96% and 48% of their total loan accounts and total loan amount, respectively, had a credit limit of ₹ 200,000, or what are called as small borrowal account. (*Source: RBI, Small Finance Banks: Balancing Financial Inclusion and Viability, January 21, 2021*)



Balance Sheet-related Features

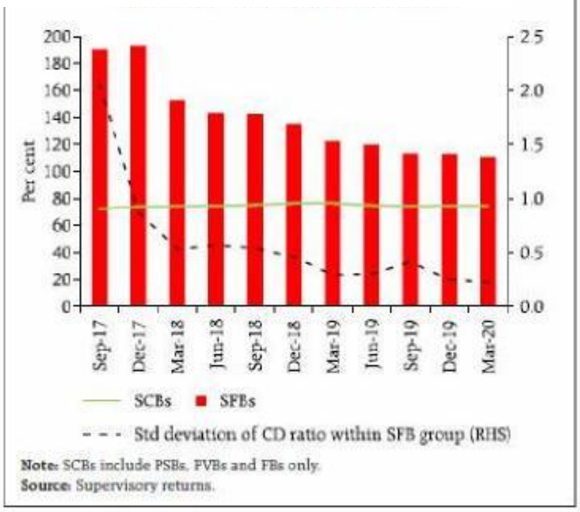
Rapid increase in deposit base

As already noted, most SFBs were originally NBFC / MFIs and one of the factors that was instrumental in their conversion to SFBs was access to deposits. Expectedly, their deposits-to-assets ratio has been rising rapidly since inception. Moreover, there is little differential across SFBs in the growth of deposits. While the deposit base of SFBs has been expanding, they still have a long distance to cover as compared to other SCBs in mobilisation of current and savings accounts or CASA.

A high credit-to-deposits (CD) ratio

SFBs started with a high CD ratio, which was more than 2.5 times that of other SCBs in the initial years. It fell over time with the growth in deposits but was still high at 111% in March 2020. CD ratio varied widely across SFBs in 2017, after which the dispersion has come down. (*Source: RBI, Small Finance Banks: Balancing Financial Inclusion and Viability,* *January 21, 2021*)

Comparison of Credit to Deposit (CD) Ratio of SFBs with Other SCBs

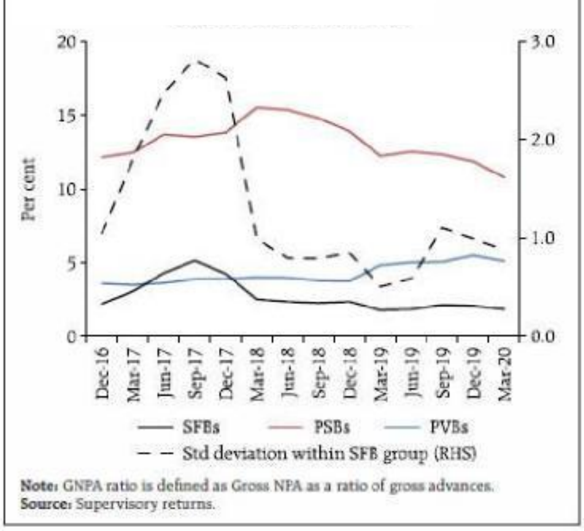


Financial Operations-related Features

Lower NPA ratio

Non-performing assets ("NPAs") affect the profitability and thereby the internal accretion of capital of any financial institution. SFBs, many of which were erstwhile NBFC-MFIs, have reported low NPA ratios. Furthermore, the dispersion in the NPA ratio among SFBs has also declined over time. (*Source: RBI, Small Finance Banks: Balancing Financial Inclusion and Viability, January 21, 2021*)

SFBs Compared with Other SCBs: NPA ratio



In the near future, the NPA positions in SFBs, as in other SCBs, may be shaped by various regulatory interventions, including the moratorium and Resolution Framework, introduced to address the COVID-related stress. In the case of MSMEs, the COVID-related Resolution Framework has been aligned with the MSME restructuring package announced earlier in January 2019. Effectively, this has ensured a continued regulatory support to MSMEs, which form a major part of the loan portfolio of SFBs. (*Source: RBI, Small Finance Banks: Balancing Financial Inclusion and Viability, January 21, 2021*)

Shift towards a Digital and Cashless Economy

Digital influence in the Indian banking sector has been growing at a faster pace due to India's rising digital footprint.

India's digital lending is expected to grow significantly in the near-future and, in response to this trend, Indian banks will increasingly need to develop their digital banking infrastructure to provide mobile and online services to their customers.

The GoI is taking steps to promote a cashless economy such as its flagship 'Digital India' program, which envisions transforming India into a digitally empowered society and knowledge economy. As part of promoting cashless transactions, various modes of digital payment are available, including debit cards, credit cards, mobile banking, point of sale, unified payment interface and forex cards.

The introduction of 24x7 RTGS in December 2020 created an enabling environment for the speedy and secure growth of digital transactions. India has become one of the very few countries across the world where RTGS system operates round the clock throughout the year. During the year 2021-22, transactions through RTGS swelled by 28 per cent (y-o-y). In the retail segment, the Unified Payments Interface (UPI) recorded 4056 crore transactions, with values crossing the Rs.74 lakh crore mark for the first time. Transactions through other retail payment systems, like the National Electronic Funds Transfer (NEFT), the National Electronic Toll Collection (NETC), the Bharat Bill Payment System (BBPS), the Immediate Payment Service (IMPS) and the National Automated Clearing House (NACH), also grew strongly. Overall, the total digital transaction volume in 2021-22 stood at 8,169 crore, as against 5,554 crore in 2020-21, attesting to the resilience of the digital payment system in the face of the pandemic (Source: Ministry of Electronics & Information Technology, https://digipay.gov.in/dashboard/BI/Modewise.html, https://www.npci.org.in/statistics).

Few policies and measures towards promotion of Digital Economy

- ***Geo-tagging of Payment System Touch Points***
  Deepening digital payments penetration across the country is a priority area for financial inclusion. The setting up of Payments Infrastructure Development Fund (PIDF) to encourage deployment of acceptance infrastructure and create additional touch points is a step in this direction. To ensure a balanced spread of acceptance infrastructure across the length and breadth of the country, it is essential to ascertain location information of existing payment acceptance infrastructure. In this regard, geo-tagging technology, by providing location information on an ongoing basis, can be useful in targeting areas with deficient infrastructure for focussed policy action. Accordingly, it is proposed to lay down a framework for geo-tagging (capturing geographical coordinates - viz., latitude and longitude) of physical payment acceptance infrastructure, viz., Point of Sale (PoS) terminals, Quick Response (QR) codes, etc., used by merchants. *(Source: Statement on Developmental and Regulatory Policies - October 2021)*

- ***Enhancing Transaction Limit in IMPS to ₹5 lakh***
  Immediate Payment Service (IMPS) of National Payments Corporation of India (NPCI) is an important payment system providing 24x7 instant domestic funds transfer facility. With RTGS now operational round the clock, there has been a corresponding increase in settlement cycles of IMPS, thereby reducing the credit and settlement risks. In view of the importance of the IMPS system in processing of domestic payment transactions, it is proposed to increase the per-transaction limit from ₹2 lakh to ₹5 lakh for channels other than SMS and IVRS. This will lead to further increase in digital payments and will provide an additional facility to customers for making digital payments beyond ₹2 lakh. *(Source: Statement on Developmental and Regulatory Policies - October 2021)*

- ***UPI for Feature Phone Users***
  India has a large mobile phone consumer base of about 1,147 million mobile users (TRAI, June 2022). Feature phone users have limited access to innovative payment products. Although feature phones have NUUP (National Unified USSD Platform) as an option for availing basic payment services using the short code of *99#, the same has not picked up. To deepen financial penetration, it is important to bring feature phone users into the mainstream digital payments. It is proposed to launch a UPI-based payment product for feature phone users. *(Source: Statement on Developmental and Regulatory Policies - December 2021)*

- ***Simplification of Process Flow for Small Value Transactions over UPI***
  UPI is the single largest retail payment system in the country in terms of volume of transactions (14 crore transactions per day, October 2021). Transaction data analysis shows that 50 per cent transactions through UPI were below ₹200, indicating its success. These low value transactions, however, utilise significant system capacity and resources, at times leading to customer inconvenience due to transaction failures because of issues related to connectivity. It is, therefore, proposed to offer a simpler process flow by enabling small value transactions through an "On-device" wallet in UPI app which will conserve banks' system resources, without any change in the transaction experience for the user. *(Source: Statement on Developmental and Regulatory Policies - December 2021)*

Select recent measures undertake by the Government

A number of measures have been undertaken by the Government recent. Some of them are given below

Collateral free loans for MSMEs

- Small and medium enterprises will be offered collateral-free automatic loans of up to ₹ 3 lakh crores up to 20% of the entire outstanding credit.
- MSME borrowers with upto Rs. 25 crore outstanding and a turnover of ₹ 100 crores will be eligible.*(Source: https://pib.gov.in/PressReleasePage.aspx?PRID=1623601)*

Special credit facility for Street Vendors

A special scheme to facilitate easy access to credit for street vendors was launched in June 2020. Under this facility an initial working capital loan of up to ₹ 10,000 will be provided to the street vendors to restart their businesses which have been adversely impacted by the COVID-19 pandemic related lockdown. This facility aims to support 50 lakh street vendors and will provide liquidity of up to ₹ 5,000 crores. Digital payments will also be incentivized through monetary rewards and enhanced working capital credit will be given for good repayment behaviour. *(Source: https://pib.gov.in/PressReleasePage.aspx?PRID=1632543)*

Extension of credit linked subsidy scheme for housing

Credit linked subsidy scheme for those earning upto ₹ 600,000 per annum has been extended until March 2022. The scheme provides a subsidy to middle-income earners on affordable home loan interest rates. The interest rate for the PMAY scheme starts at 6.50% p.a. and can be availed for a tenure of up to 20 years.

Additional measures by GOI under Atmanirbhar Bharat 3.0 announced on Nov 12, 2020 *(Source: https://pib.gov.in/PressReleasePage.aspx?PRID=1672529)*

- A new Scheme "Atmanirbhar Bharat Rozgar Yojana" is being launched to incentivise creation of new employment opportunities during the COVID recovery phase.
- Rs 1.46 lakh crore boost for Atmanirbhar Manufacturing Production-linked incentives (PLI) for 10 Champion Sectors. This is expected to give a significant boost to Economic Growth and domestic employment.
- Rs 18,000 crores additional outlay for PM Awaas Yojana (PMAY) –Urban
- Support for Agriculture - Rs 65,000 crores being provided to ensure adequate availability of fertilisers to farmers to enable timely availability of fertilisers in the upcoming crop season.
- Boost for Rural Employment – Enhanced outlay of Rs. 10,000 crores under PM Garib Kalyan Rozgar Yojana
- Boost for Project Exports - Rs 3000 crore to EXIM bank for Lines of Credit under IDEAS scheme
- R&D grant for COVID Vaccine Development - Rs. 900 crore provided for Covid Suraksha Mission for Research and Development of Indian Covid Vaccine to Department of Bio-technology

Extension of Term Liquidity Facility of ₹50,000 crore to Emergency Health Services (May 2021)

An on-tap liquidity window of ₹50,000 crore at the repo rate with tenors of up to three years was announced to boost provision of immediate liquidity for ramping up COVID-19 related healthcare infrastructure and services in the country. Banks were incentivised for quick delivery of credit under the scheme through extension of priority sector classification to such lending up to March 31, 2022. Banks were expected to create a COVID-19 loan book under the scheme. By way of an additional incentive, such banks were eligible to park their surplus liquidity up to the size of the COVID-19 loan book with the RBI under the reverse repo window at a rate 25 bps lower than the repo rate. *(Source: https://www.rbi.org.in/commonman/Upload/English/PressRelease/PDFs/PR177ML07052021.pdf)*

Credit to MSME Entrepreneur (May 2021)

Scheduled commercial banks are allowed to deduct the amount equivalent to credit disbursed to 'New MSME borrowers' from their net demand and time liabilities for the calculation of their cash reserve ratio. (*Source: RBI Notification on Credit to MSME Entrepreneurs dated May 5, 2021)*

Resolution Framework 2.0 for COVID Related Stressed Assets of Individuals, Small Businesses and MSMEs (June 2021)

With the objective of alleviating the potential stress to individual borrowers and small businesses, the RBI has further announced set of measures vide a notification dated May 5, 2021 that are broadly in line with the contours of the Resolution Framework - 1.0. The RBI has permitted lending institutions to offer a limited window to individual borrowers and small businesses to implement resolution plans in respect of their credit exposures while classifying the same as standard upon implementation of the resolution plan subject to certain conditions. (Source: *RBI Notification on Resolution Framework – 2.0: Resolution of COVID-19-related Stress of Individuals and Small Businesses dated May 5,2021)*

The Resolution Framework 2.0 announced by the Reserve Bank on May 5, 2021 stipulates a maximum aggregate exposure of ₹25 crore for considering resolution of COVID-19 related stress of MSMEs as well as non-MSME small businesses, and loans to individuals for business purposes. Based on a review, it has been decided to enhance the above exposure threshold to ₹50 crore. *(Source: RBI Notification Resolution Framework - 2.0: Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs) – Revision in the threshold for aggregate exposure dated June 4, 2021)*

Resolution Framework for COVID-19-related Stress – Financial Parameters – Revised timelines for compliance

In view of the resurgence of the COVID-19 pandemic in 2021 and recognising the difficulties it may pose for the borrowers in meeting the operational parameters, it has been decided to defer the target date for meeting the specified thresholds in respect of the four operational parameters, viz. Total Debt / EBIDTA, Current Ratio, DSCR and ADSCR, to October 1, 2022. The key ratios consisted of four operational ratios, viz., Total Debt / EBITDA, Current Ratio, Debt Service Coverage Ratio (DSCR) and Average Debt Service Coverage Ratio, along with the ratio Total Outside Liabilities / Adjusted Tangible Net Worth representing the debt-equity mix of the borrower post implementation of the resolution plan. Further, the target date for achieving the ratio Total Outside Liabilities/ Adjusted Tangible Net Worth, as crystallised in terms of the resolution plan, shall remain unchanged as March 31, 2022 *(Source: RBI Circular on Resolution Framework for COVID-19-related Stress – Financial Parameters – Revised timelines for compliance dated August 6, 2021).*

Utilisation of Floating Provisions and Countercyclical Provisioning Buffer (May 2021)

Banks are allowed to utilize 100% of the floating provisions/countercyclical provisioning buffer held by them as on December 31, 2020 for making specific provisions for NPAs with prior approval of their board of directors. Such utilisation is permitted up to March 31, 2022. (*Source: RBI Notification on Utilisation of Floating Provisions/Counter Cyclical Provisioning Buffer dated May 5, 2021)*

On Tap Special Long-Term Repo Operations (SLTRO) for Small Finance Banks (SFBs)

Small Finance Banks (SFBs) have been playing a prominent role in providing last mile credit to individuals and small businesses. A three-year special long-term repo operations (SLTRO) facility of ₹10,000 crore at the repo rate was made available to them in May 2021. Recognising the persisting uneven impact of the pandemic on small business units, micro and small industries, and other unorganised sector entities, it has been decided to extend this facility till December 31, 2021. *(Source: RBI Statement on Developmental and Regulatory Policies dated Oct 08, 2021)*

Liquidity Facility for All India Financial Institutions

In consonance with the policy objective of nurturing the still nascent growth impulses, it has been decided to extend fresh support of ₹50,000 crore to the AIFIs for new lending in 2021-22. Accordingly, NABARD will be provided a special liquidity facility (SLF) of ₹25,000 crore for a period of one year to support agriculture and allied activities, the rural non-farm sector and non-banking financial companies-micro finance institutions (NBFC-MFIs). SLF of ₹10,000 crore will be extended to NHB for one year to support the housing sector. To meet the funding requirements of micro, small and medium enterprises (MSMEs), SIDBI will be sanctioned ₹15,000 crore under this facility for a period of upto one year. *(Source: RBI Statement on Developmental and Regulatory Policies dated April 07, 2021)*

Special Liquidity Facility to SIDBI

In order to meet MSMEs' short- and medium-term credit needs to kick start the investment cycle with additional focus on smaller MSMEs and businesses including those in credit deficient and aspirational districts, it has been decided to provide a further special liquidity facility of ₹16,000 crore to SIDBI. *(Source: RBI Statement on Developmental and Regulatory Policies dated June 04, 2021)*

Permitting banks to on-lend through NBFCs

Recognizing the role played by NBFCs in providing credit at the bottom of the pyramid to the sectors which contribute significantly to the economic growth in terms of export and employment, and with a view to augment the liquidity position of the NBFCs, it was decided in August 2019 to allow banks to classify lending to registered NBFCs (other than MFIs) as Priority Sector Lending (PSL) for on-lending to Agriculture/MSME/Housing till March 31, 2020. This dispensation was later extended up to March 31, 2021. With a view to ensure continued availability of credit to these sectors to aid faster economic recovery, it has been decided to extend the PSL classification for lending by banks to NBFCs for 'on-lending' to the above sectors for six months, i.e. up to September 30, 2021. Considering the increased traction observed in delivering credit to the underserved/unserved segments of the economy, it has been decided to extend this facility till March 31, 2022. *(Source: RBI Statement on Developmental and Regulatory Policies dated April 07, 2021 and October 08, 2021)*

TLTRO on Tap Scheme – Extension of Deadline

With a view to increasing the focus of liquidity measures on revival of activity in specific sectors that have both backward and forward linkages and having multiplier effects on growth, the RBI had announced the TLTRO on Tap Scheme on October 9, 2020 which was available up to March 31, 2021. In addition to the five sectors announced under the scheme on October 21, 2020, 26 stressed sectors identified by the Kamath Committee were also brought within the ambit of sectors eligible under on tap TLTRO on December 4, 2020 and bank lending to NBFCs on February 5, 2021. Given the nascent and fragile economic recovery, it was decided to extend the On Tap TLTRO scheme further by a period of three months, i.e., till December 31, 2021. *(Source: RBI Statement on Developmental and Regulatory Policies dated April 07, 2021)*

Enhancement of collateral free loans to Self Help Groups (SHGs) under DAY-NRLM from ₹10 lakh to ₹20 Lakh.

For loans to SHGs above ₹10 lakh and up to ₹20 lakh, no collateral should be charged and no lien should be marked against savings bank account of SHGs. However, the entire loan (irrespective of the loan outstanding, even if it subsequently goes below ₹10 lakh) would be eligible for coverage under Credit Guarantee Fund for Micro Units (CGFMU) *(Source: RBI Notification No. RBI/2021-22/83)*

Master Direction – Reserve Bank of India (Regulatory Framework for Microfinance Loans) Directions, 2022

- On March 14, 2022, RBI has come up with the Master Directions for microfinance loans.
- Under which RBI has defined the 'Microfinance Loan' as a collateral-free loan given to a household having annual household income up to ₹3,00,000.
- It has also provided a methodology for assessment of household income.
- It has also provided that each Regulated Entity shall put in place a board-approved policy regarding pricing of microfinance loans. *(Source: RBI Notification No. RBI/DOR/2021-22/89)*

New Definition of Micro, Small and Medium Enterprises - Addition of Retail & Wholesale Trade (July 2021)

Ministry of Micro, Small and Medium Enterprises has decided to include Retail and Wholesale trade as MSMEs for the limited purpose of Priority Sector Lending and they would be allowed to be registered on Udyam Registration Portal. Benefits to them are restricted to Priority Sector Lending only *(Source: Ministry of MSME Office Memorandum No. 5/2(2)/2021-E/P & G/Policy dated July 2, 2021)*

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 13 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also see "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Factors Affecting our Results of Operations" on pages 39 and 255, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Our Bank's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Audited Financial Statements and Unaudited Condensed Interim Financial Statements included in this Placement Document. For further information, see "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 77 and 253, respectively.

Unless the context otherwise requires, in this section, references to "we", "us", "our", "the Bank" or "our Bank" refers to Ujjivan Small Finance Bank Limited.

Overview

We are a mass market focused SFB in India, catering to unserved and underserved segments and committed to building financial inclusion in the country. Our Promoter, UFSL, commenced operations as an NBFC in 2005 with the mission to provide a full range of financial services to the 'economically active poor' who were not adequately served by financial institutions. UFSL's erstwhile business was primarily based on the joint liability group-lending model for providing collateral-free, small ticket-size loans to economically active poor women and also provide affordable housing loans. UFSL also offered individual loans to micro and small enterprises ("**MSEs**") and adopted an integrated approach to lending, which combined a customer touchpoint similar to microfinance, with the technology infrastructure and related back-end support functions similar to that of a retail bank. On October 7, 2015, UFSL received the RBI In-Principle Approval to establish an SFB, following which it incorporated Ujjivan Small Finance Bank Limited as a wholly-owned subsidiary. UFSL, subsequent to obtaining the RBI Final Approval on November 11, 2016 to establish and carry on business as an SFB in India, transferred its business undertaking comprising of its lending and financing business to our Bank, which commenced its operations from February 1, 2017. We were included in the second schedule to the Reserve Bank of India Act, 1934 as a scheduled bank on July 3, 2017. It is proposed to amalgamate UFSL into our Bank and accordingly our Board and the board of UFSL, pursuant to their meetings dated October 30, 2021, approved a scheme of amalgamation under Section 230-232 of the Companies Act, 2013 for the amalgamation of UFSL with our Bank. For details, see "*Organizational Structure – Proposed Scheme of Amalgamation*" on page 348. As of March 31, 2022, our Gross Advances (excluding securitization / IBPC / direct assignment) and deposits amounted to ₹17,487.65 crore and ₹ 18,292.22 crore, respectively and as of June 30, 2022, our Gross Advances (excluding securitization / IBPC / direct assignment) and deposits amounted to ₹17,614.77 crore and ₹ 18,448.85 crore.

As of June 30, 2022, our Bank had a diversified portfolio, geographically spread across 24 states and union territories, encompassing 248 districts in India. As of June 30, 2022, we served 65.96 lakh customers and operated from 575 Banking Outlets that included 144 Banking Outlets in Unbanked Rural Centres ("**URCs**") (of which seven were business correspondent centres). As of June 30, 2022, we had a network of 492 ATMs (including 54 ACRs), two 24/7 phone banking units based in Bengaluru and Pune that service customers in nine languages in interactive voice response and five additional languages through human interactive, and a mobile banking application that is accessible in nine languages as well as internet banking facility for individual and corporate customers.

Our portfolio of products and services includes various asset and liability products and services. Our asset products comprise: (i) loans to our micro banking customers that include group loans and individual loans, (ii) agriculture and allied loans, (iii) MSE loans, (iv) affordable housing loans, (v) financial institutions loans, and (vi) vehicle loans. On the liability side, we offer savings accounts, current accounts and a variety of deposit accounts. In addition, we also provide non-credit offerings comprising ATM-cum-debit cards, Aadhaar enrolment services, distribute third party insurance products and point of sales ("**POS**") terminals. We have also tied-up with various fintech businesses to supplement our customer acquisition and business volumes.

Our operations have traditionally been and continue to remain focused on using technology and we have made significant investment in automation of our operations. Our focus is to use technology as an enabler for our customers that allows us to customize and deliver products and services to suit their needs. We offer our customers with various digital platforms including internet banking, mobile banking, SMS banking, bill payments, biometric ATMs and RuPay Platinum debit cards. We have a tablet-based loan origination system for both group and individual loans to bring down loan origination turn-around time for our customers. The credit processing for these loans is also digitised and an automated collection receipt system has been launched to enable seamless collection from customers. Our customers are also able to register savings bank accounts on UPI based mobile applications. We provide customers the ability to repay loans through our merchant tie-up payment points and in a cashless manner through digital wallets and payment gateways. We also have a robust back-end operating system supported by our core banking system, customer relationship management system and document management system.

We believe we are a customer centric organization. We allocate relationship officers for our customers and have a dedicated service quality department that addresses customer grievances and takes cognizance of their feedback. We have partnered with Parinaam Foundation, for the formulation and implementation of financial literacy programs such as Diksha+, and continue to support them in their initiatives, which aides in raising the level of financial awareness of our customers.

We have grown in a sustainable manner. Our Gross Advances (excluding securitization / IBPC / direct assignment) have grown from ₹ 15,139.97 crores as of March 31, 2021 to ₹ 17,487.65 crores as of March 31, 2022, ₹ 14,153.30 crores as of March 31, 2020 to ₹ 15,139.97 crores as of March 31, 2021 and were ₹ 17,614.77 crores as of June 30, 2022. Our total deposits have increased from ₹ 13,135.77 crores as of March 31, 2021 to ₹ 18,292.22 crores as of March 31, 2022, ₹10,780.48 crores as of March 31, 2020 to ₹ 13,135.77 crores as of March 31, 2021 and were ₹ 18,448.85 crores as of June 30, 2022. As of March 31, 2022 and June 30, 2022, our percentage of gross NPAs to gross advances was 7.34% and 6.51%, respectively, and our percentage of net NPAs to Net Advances was 0.61% and 0.11%, respectively. Our profit after tax for Fiscal 2020, 2021 and 2022 was ₹ 349.92 crores, ₹ 8.30 crores and ₹ (414.58) crores, respectively, while for the quarter ended June 30, 2022, our profit/(loss) after tax was ₹202.94 crores. Further, our long-term bank facilities have been rated CARE A+; Stable by CARE Rating Limited and our certificate of deposits have been rated CRISIL A1+ by CRISIL Limited.

We intend to develop and offer a comprehensive suite of asset and liability products and services that will help us attract new customers and deepen our relationship with our existing customer base. Our focus customers are primarily young middle-class customers across India. To achieve this, we intend to strategically invest to increase the use of technology in our operations. We intend to reduce our costs, increase operating efficiencies and move our customers from an assisted mode to a self-service mode of digital and phone banking. We will selectively operationalize additional Banking Outlets, expand our ATM and ACR network and engage more business correspondent agents to grow our customer base and increase our advances and deposits. Our focus will continue to remain on serving the unserved and underserved segments to build responsible banking behaviour by educating potential customers and increasing financial literacy.

Proposed Scheme of Amalgamation

Our Bank proposes to enter into a scheme of amalgamation for the amalgamation of UFSL (being the Promoter and holding company of our Bank) into our Bank along with their respective shareholders, employees, creditors and other stakeholders, in accordance with sections 230-232 of the Companies Act, 2013, the other applicable provisions of the Companies Act, 2013 and the SEBI Master Circular on Schemes of Arrangement dated December 22, 2020, pursuant to which UFSL will get amalgamated into and with the Bank, and all of UFSL's assets, liabilities, contracts, employees, licenses, records, approvals etc. shall stand transferred to and vest in or shall be deemed to have been transferred to and vested in the Bank, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of the scheme and shall be subject to receipt of the relevant regulatory and statutory approvals and in accordance with applicable law and the conditions prescribed by the SEBI and RBI. For details, see "*Organizational Structure – Proposed Scheme of Amalgamation*" on page 348.

Strengths

Deep understanding of mass market serving unserved and underserved segments

We are an SFB providing a variety of banking services in mass market customer segments with a focus on serving the financially unserved and underserved segments in India. A large section of the Indian population lacks access to formal banking services or is served by informal providers. Accordingly, financial inclusion has always been a key priority for the Indian government. The banking system and 'priority sector' lending have been the most explored channels to bring majority of the population under the ambit of formal credit institutions. Financial inclusion is a comprehensive exercise that constitutes several products and services, such as bank accounts, insurance facilities, payment and remittance mechanisms, financial counselling, and most crucially, affordable credit. The RBI granted 'small finance banks' licenses in 2015 with the objective of making banking services accessible and affordable to the unserved and underserved segments through saving instruments, and providing credit to small business units, small and marginal farmers, micro and small industries, and other unorganised sector.

Our SFB operations are focused on serving the financially unserved and underserved segments in India. As of June 30, 2022, we operated 575 Banking Outlets located in 248 districts classified by the RBI as under-banked districts as per the

Census 2011. In addition, our focus on the financially unserved and underserved segments enables us to comply with RBI's requirements that: (i) small finance banks locate at least 25% of their banking outlets in URCs, and (ii) at least 75% of adjusted net bank credit ("**ANBC**") be made to "priority sectors", which includes micro loans and were able to comply with such guidelines within the first year of our operations. As of June 30, 2022, 25.04% of our Banking Outlets were located in URCs and our 'priority sector advances' net of PSLC and IBPC were 94.94% of ANBC.

We believe that the experience of our Promoter, UFSL, as an erstwhile microfinance institution, coupled with our ability to address mass market customer segments has allowed us to improve our banking business since commencement of operations. We continue to focus on lending to micro banking customers with deposits from our micro banking customers (including agri and rural banking) constituting 8.27% of our total deposits as of June 30, 2022. We are particularly focused on serving senior citizens and offer them higher interest rates on deposits, doorstep banking services, unlimited free ATM transactions and no minimum balance maintenance requirements in savings accounts. We also offer such customers with priority service and life event-based services at our Banking Outlets. We undertake constant research on various segments within the mass market to understand the financing requirements of potential customers and accordingly, are able to customize and develop products and services to address their needs. For instance, we have introduced a differentiated current account product for traders, collateral-free term loan and overdraft facility for MSEs, loans for agriculture and allied activities, corporate internet banking for non-individual customers with current accounts and fund transfers in an open loop system through UPI.

Customer centric organization with multiple delivery channels

We served 65.96 lakh customers as of June 30, 2022 and consider our customers to be the most significant stakeholder at the core of our operations. We believe that customers prefer one source for multiple financial products and services and that our spectrum of products and services and allocating each customer with a relationship officer helps in customer acquisition and retention. We launched "Sampoorna Family Banking" in April 2019 that extends full banking services including education loans, vehicle loans, deposits, funds transfer facilities and distribution of insurance to families of our existing micro banking customers. On the liability side, we offer a variety of demand deposits and other services so that our customers can realise their savings goals. We are authorized to run Aadhaar Enrolment Centres ("**AECs**") where customers and members of the general public can enroll for Aadhaar or get their Aadhaar data updated. To constantly assess our customers' requirements and feedback for the introduction of new products, we have a dedicated service quality department to focus on customer retention, customer protection and grievance redressal. Our service index score, measured on a scale of 100 has improved from 88 as of March 31, 2021 to 94 as of March 31, 2022 and was 92 as of June 30, 2022. We have partnered with Parinaam Foundation for formulation and implementation of financial literacy programs such as Diksha+. We continue to support the Parinaam Foundation with its initiatives that aid in raising the level of financial awareness of our customers and as of June 30, 2022, Parinaam Foundation had covered over one crore customers through various programmes.

In addition to our Banking Outlets, our delivery channels also include ATMs, ACRs, mobile and internet banking services. As of June 30, 2022, we had a network of 492 ATMs that accept RuPay, Visa and MasterCard. As of June 30, 2022, two of our 24/7 phone banking units based in Bengaluru and Pune service customers in 13 languages while our mobile banking application is accessible in nine languages. We offer 'missed call' and SMS banking services. In Fiscal 2022, we witnessed significant growth in our phone banking, 'missed call' and SMS banking volumes. Our dedicated and specifically trained employees at certain of our Banking Outlets, assist and educates customers on the use of various digital platforms and enable them to move from an assisted model to a self-service delivery model.

Our customer focused approach has been widely recognized in the industry and is evident from the awards received. We have been recognized as 'Small Finance Bank of the Year' by The Outlook in 2021 and 'India's Best Bank for Microfinance 2020' by AsiaMoney in 2020. We were also awarded the 'Best Security Practices in NBFCs and Small Financial Institutions' at the DSCI Excellence Awards 2021.

Pan-India presence

As of June 30, 2022, we had a geographical spread across 24 states and union territories, encompassing 248 districts in India.

Further, as of June 30, 2022, we operated from 575 Banking Outlets that included 144 Banking Outlets in URCs (of which seven were business correspondent centres). Our diversified operations also allow us to de-risk our business by mitigating political and state-specific risks. As of June 30, 2022, we operated 138, 172, 180 and 85 Banking Outlets (including in URCs) in the North, South, East and West regions, respectively. Our operations are well-diversified and during Fiscal 2022 and the quarter ended June 30, 2022, no single state constituted more than 16% of our overall loan portfolio. As a result of our geographic spread, we have been able to reduce our concentration risk and diversify our loan portfolio. As of June 30, 2022, the North, South, East and West regions contributed 24.03%, 32.18%, 25.99% and 17.80% of our Gross Advances (including securitization / IBPC / direct assignment), respectively. Metropolitan, urban, semi-urban and rural areas accounted for 32.55%, 34.44%, 26.35% and 6.65% of our Gross Advances (including securitization/ IBPC/ direct assignment), respectively, as of June 30, 2022 and 32.65%, 33.47%, 27.22% and 6.66% of our Gross Advances (including securitization / IBPC / direct assignment), respectively, as of June 30, 2021.

We believe the penetration of our distribution network has enabled us to develop the expertise to understand and differentiate customers on the basis of their specific requirements. Our established distribution network and relationships with our customers allows us to offer them with differentiated and customized products that include micro loans, agriculture and allied loans, MSE loans, financial institutions loans, housing finance and vehicle finance. We also distribute third party insurance products from various insurance companies to our customers. We believe that our diversified operations and understanding of customers' requirements have enabled us to establish a strong liability franchise.

Technology driven operating model with advanced digital platform

We leverage technology to serve our customers better, identify opportunities, deliver innovative products and services and advance on our goal of facilitating financial inclusion in India. We manage the entire life cycle of our customers' banking transactions, from onboarding to customer management, through our various technology platforms. Over the years, our use of technology has improved work place engagement and governance, increased the accessibility of our products to the customers and enabled us to rapidly scale up our operations in a secure and efficient manner. The number of banking transactions through our digital channels were 57.28% and 71.84% of our overall transactions in Fiscal 2021 and 2022, respectively and such transactions accounted for 76.33% of our overall transactions in the quarter ended June 30, 2022.

We aim to encourage and empower customers to conduct their banking operations through digital channels including through internet, phone and mobile banking. With our digital platform, we have enabled paperless and handheld device-based loan origination and cashless disbursements for our customers with remittances directly to their accounts. As of June 30, 2022, majority of our advances have originated through handheld devices. Processing of our loans is digitized and loans can be approved within minimal time post sourcing. Our use of handheld devices has reduced our turn-around time to service our customers. We have maintained a turn-around time of 3.00 days on group loans in Fiscal 2021 and Fiscal 2022. In Fiscal 2019, we enabled UPI on our digital platforms. Our customers are able to register savings bank accounts on mobile applications to perform financial and non-financial transactions. We also provide customers the ability to repay loans in a cashless manner and through digital wallets and payment gateways. Our mobile application, 'Ujjivan Mobile Banking', had a customer rating of 3.9 on the Google Play store as of September 9, 2022. The application has been downloaded by 0.10 crore users as on September 9, 2022. As on June 30, 2022, 0.08 crore customers have transacted digitally with our Bank using our internet banking, mobile banking and UPI facilities. Additionally, 17.55% of our micro-banking repayments in Fiscal 2022 have been sourced via digital channels and fintech partnerships.

We have an automated backend, supported by a robust core banking system, customer relationship management system, collection management system and document management system that has helped improve efficiency and minimize turn-around time. We continue to leverage technology for underwriting and creating credit models to ascertain credit behaviour of various customer segments to ensure diversification of our product portfolio. We create and manage our data security infrastructure in-house and have systems in place to prevent security breaches and cyber-attacks. We have also introduced a remote monitoring system to manage security at our Banking Outlets. We also undertake periodic audits of our systems through an external 'information security auditor'. Our Bank has received numerous awards in relation to our IT operations. These include Special Jury Recognition for 'Security Practices in Small Finance Bank' at the DSCI Excellence Awards, 2018, Recognition of the Outstanding Spirit of Innovation for our group loan origination system "Glow" by Banking Frontiers Finnoviti 2019 and the 'Best IT Risk Management and Cyber Security Initiatives' under the small finance bank category at Banking Technology Conference, Expo and Awards presented by the Indian Banks' Association. In 2021, we received 'Best Digital Financial Inclusion Initiatives (SFB category)' by Indian Banks' Association at the Banking Technology Awards 2021, and the runner up for 'Best Technology Bank of the Year'.

Robust risk management framework

We have an established risk management framework to identify, measure, monitor and manage credit, market, liquidity, IT and operational risks. Our risk management framework is driven actively by our Board through its Risk Management Committee and at the management level by the Asset and Liability Committee, Risk Management Committee , Credit Risk Management Committee, Operational Risk Management Committee and the Information Security and Business Continuity Management Committee comprises of, and are supported by members from our senior management team. The RMC is responsible for the review of prudential risks within the credit portfolio and the CRMC is responsible for overseeing implementation of credit risk management framework across our Bank.

We have implemented credit management models such as decentralized loan sanctioning and stringent credit history checks. We continually use technology and data analytics to manage credit risks. We have also implemented score cards in our retail portfolio to achieve objective based lending and risk-based pricing. Our credit risk monitoring policies seek to monitor and control performance of both our loan assets at account and portfolio levels, with account monitoring designed to identify early warning signals and facilitate corrective action for weak accounts. Portfolio monitoring is aimed at identifying credit stress in specific sectors and geographies. Our effective credit risk management is also reflected in our ability to monitor and accurately forecast credit cost in the book and take appropriate corrective measures.

While asset quality declined during the COVID-19 pandemic in March 2020, we have recorded significant improvement in our asset book and credit quality during the Fiscal 2022. This was on account of strong collection efforts and an effective risk management framework. We manage operational risks at a granular level, through an internal scoring mechanism at our Banking Outlets and established a 'Key Risk Indicator' framework for monitoring operational risks. In addition to Operational Risk KRIs, the Bank also monitors KRIs for liquidity risks, interest rate risks, and in ensuring a diversified funding mix to avoid instances of mismatches.

We have designed a framework for enterprise risk management which seeks to move away from a silo-based risk approach to a comprehensive and holistic approach. The framework is designed around risk adjusted return on capital-based decision making Our risk management framework provides insights on value accretion to the Bank's capital, given the inherent risks on a forward-looking basis. Other risk management measures adopted by our Bank include implementation of governance risk and compliance modules and RCSA techniques. Our internal audit department is responsible for monitoring and evaluating internal controls, and ensuring statutory and regulatory compliances at our Banking Outlets, regional offices as well as at the head office. Our risk management framework has been recognized and we have been awarded 'Best IT Risk Management and Cyber Security Initiatives' under the small bank category by the Indian Banks' Association at the Banking Technology Conference, Expo and Awards in 2021 and 2019. We have also received the Best IT Risk & Cyber Security Initiatives' by Indian Banks' Association at the Banking Technology Awards 2021.

Strong track record of financial performance

We have maintained strong growth credentials since our inception through high rates of customer retention, geographical expansion, operationalization of Banking Outlets, improved productivity, lower credit cost and growth in customer base. We believe that our operational efficiencies, low turn-around time and network of Banking Outlets have resulted in the rise in our profitability.

Our Gross Advances (including securitization / IBPC / direct assignment) have grown from ₹ 15,139.97 crores as of March 31, 2021 to ₹ 18,162.06crores as of March 31, 2022 and from ₹ 14,153.30 crores as of March 31, 2020 to ₹ 15,139.97 crores as of March 31, 2021 and were ₹ 19,408.95 crores as of June 30, 2022. Of our Gross Advances (including securitization / IBPC / direct assignment), secured advances constituted 21.56% as of March 31, 2020 and increased to 26.89% as of March 31, 2021 and further increased to 29.6% as of March 31, 2022 and were 28.97% as of June 30, 2022. Our Net Interest Income in Fiscal 2020, 2021 and 2022 was ₹ 1,633.59 crores, ₹ 1,728.55 crores and ₹ 1,773.60 crores, respectively, and was ₹ 599.71 crores in the quarter ended June 30, 2022. Our Net Interest Margins in Fiscal 2020, 2021 and 2022 were 10.55%, 9.28% and 8.51%, respectively, and was 9.56% in the quarter ended June 30, 2022. Total deposits have increased from ₹ 13,135.77 crores as of March 31, 2021 to ₹ 18,292.22 crores as of March 31, 2022, ₹10,780.48 crores as of March 31, 2020 to ₹ 13,135.77 crores as of March 31, 2021 and were ₹ 18,448.85 crores as of June 30, 2022. Of our total deposits, our share of retail deposits has increased from 47.52% as of March 31, 2021 to 54.24% as of March 31, 2022, and from 43.82% as of March 31, 2020 to 47.52% as of March 31, 2021, and were 58.33% as of June 30, 2022. Moreover, our CASA to total deposits ratio has improved from 20.54% as of March 31, 2021 to 27.29% as of March 31, 2022, and from 13.54% as of March 31, 2020 to 20.54% as of March 31, 2021, and was 27.94% as of June 30, 2022.

We have grown in a sustainable manner and accordingly have been able to maintain our asset quality. As of March 31, 2020, March, 31, 2021 and March 31, 2022, our percentage of gross NPAs to gross advances was 0.97%, 7.07% and 7.34%, respectively, and 6.51% as of June 30, 2022. Further, as of March 31, 2020, March, 31, 2021 and March 31, 2022 our percentage of net NPAs to Net Advances was 0.20%, 2.93% and 0.61%, respectively and 0.11% as of June 30, 2022. Our portfolio at risk was 1.95% as of March 31, 2020 and increased to 14.89% as of March 31, 2021, and was 9.60% and 7.92% as of March 31, 2022 and June 30, 2022, respectively. Our provision coverage ratio (including floating provisions) was 79.96%, 60.34% and 92.24% in Fiscal 2020, 2021 and 2022, respectively and 98.45% in the quarter ended June 30, 2022. Our profit/(loss) after tax for Fiscal 2020, 2021 and 2022 was ₹ 349.92 crores, ₹ 8.30 crores and ₹(414.58) crores, respectively and ₹ 202.94 crores in the quarter ended June 30, 2022. The loss in the nine months period ended December 31, 2021 and low profits in Fiscal 2021 is on account of higher credit cost owing to COVID-19 and partially on account of the additional floating provision of ₹ 250.00 crores created by the Bank to cushion the balance sheet from further disruptions in form of any subsequent COVID wave.

Professional management, experienced leadership with focus on employee welfare

We are professionally managed and our senior management team has a diversified track record in the financial services industry. Our Board consists of Directors with a diverse mix of experience in various sectors, in particular, the financial services industry and technology industry. Our Managing Director and Chief Executive Officer, Ittira Davis Poonollil, has previously worked with Citibank N.A. in India, Arab Bank Group in Middle East and the UK. Our focus on ensuring strong corporate governance is evident from our leadership transition process that has been a Board managed process for over a period of one year. We believe that the experience of our Independent Directors, who constitute a majority of our Board, ensures transparency and accountability in our operations while the heads of functional groups, such as finance, operations, credit, risk and human resources, enhance the quality of our management with their specific and extensive industry experience.

As a performance driven organization, we have undertaken a number of measures towards employee welfare, including introduction of specific programmes to address role specific regulatory requirements and build a culture of governance. SWAYAM, our learning application, was introduced in October 2018, which allowed our foray into technology-enabled, self-paced learning. Employees are educated on products, processes, compliance and basic banking knowledge with the help of SWAYAM across all regions.

Our employee base has grown from 17,841 employees as of March 31, 2020 to 16,571 employees as of March 31, 2021, to 16,895 employees as of March 31, 2022 and was 16,664 employees as of June 30, 2022. Our holistic approach towards employee welfare initiatives, in addition to our emphasis on professional development of employees has allowed us to be consistently certified by Great Place to Work Institute India for eleven consecutive years; we were ranked 11th among 'India's Best Companies to Work for 2021' awarded by the Great Places to Work Institute India in partnership with the Economic Times. In 2019, we received 'Best HR Practice in Finance Sector' at the Banking, Financial Services and Insurance Awards and were recognized as one among 'India's 75 Best Workplaces for Women' by Great Place to Work Institute India 2019.

Strategies

Diversify product offerings to enable multiple customer relationships

Our endeavour is to be a one-stop-shop for financial services, delivering quality products and solutions, along with a personalized customer experience to a diversified customer base. We intend to develop and offer a comprehensive suite of asset and liability products that will help us attract new customers and deepen our relationship with our existing customer base. We also intend to expand our range of third-party products and services in order to serve our customers better.

We conduct qualitative and quantitative research to understand the changing requirements and expectations of our customers which is key to our product and service development. We have identified the retail and MSE segments as key areas for increasing our credit portfolio. Currently, our group loan customers with positive repayment track record graduate to becoming individual loan customers. We would continue to capitalize on this trend by increasing the penetration of our individual loan products, and by innovating and designing need-specific products and services. Currently, our micro banking customer base largely comprises women. We offer MSE loans, vehicle finance and micro-loans against property to family members of our customers. We have developed need-based products for small and marginal farmers and intend to develop more products to finance agriculture and allied activities.

We offer a range of loan and overdraft facilities to the customers in the MSE segment, catering to requirement of informal micro business to formal audited balance sheet based funding, and intend to introduce bill discounting and non-fund based credit facilities. We introduced supply chain finance in the form of overdraft limits in partnership with various fintech partners as an additional product offering. In order to help our customers to meet their housing needs, we have an affordable housing finance program with products ranging from small ticket size home improvement loan to larger loans for purchase of ready housing units. We intend to collaborate with State Housing Boards for properties built by them for providing housing loans to the beneficiaries of such housing projects, as well as online aggregators to reach out to a larger potential customer base. With the introduction of Credit Linked Subsidiary Scheme under the Pradhan Mantri Awas Yojana, we are presented with significant opportunities to offer our existing and prospective customers with affordable housing finance products. We intend to grow our MSE and affordable housing portfolios which will also increase the proportion of secured to unsecured products, thereby further enhancing the quality of our credit portfolio. We intend to increase the ticket size of the products, while relying on our established credit assessment procedures and risk management framework to ensure a high quality and balanced portfolio.

In the vehicle finance segment, we have entered into memoranda of understanding with a two-wheeler manufacturer and certain original equipment manufacturers to provide customers with financing facilities for electric vehicles. We intend to expand our offerings to finance the purchase of two-wheelers, three-wheelers, small commercial vehicles and used cars. We also lend to financial institutions such as other NBFCs that are engaged in the business of financing micro loans, MSE loans and affordable housing loans and more. In addition to the various loan products and the deposit products that we offer, we intend to expand our range of third party products and services such as life insurance, general insurance, cash management, POS terminals, debit cards and fee collection solutions for educational institutions. By expanding our range of products and services and by using multiple delivery channels, we endeavour to meet the financial needs of our customers and will be able to develop a stronger relationship with them.

Continue to focus on technology and data analytics to grow operations

The optimum use of advanced, cost-effective technology has significantly driven our operations, and going forward, we intend to strategically invest our resources for further integration of technology into our operations. By furthering our digital and technology platform, our endeavour is to empower the customers to access various products and services on their own, reduce our operating costs and increase efficiencies. To achieve this, we have put in place technology at the front-end, such as our mobile banking application, internet banking, missed call services, SMS banking, ATMs and ACRs which allow the customers to access the banking services round the clock from the convenience of their homes and neighbourhoods. We are in the process of introducing a voice, video and vernacular ("**VVV**") mobile application for our micro banking customers and introduced the 'ARIA' (Advanced Responsive & Interactive Assistant) chatbot on our website. We have also introduced video KYC for our customers, video personal discussions to underwrite individual loans, e-sign for repeat loans etc. We have also introduced artificial intelligence powered chat bots for customer queries, service requests and transactions, built API stack for partners to scale up UPI payments, distribute UPI QR to small merchants etc. Further, we have empowered our relationship officers with multi-functional handheld devices and various software solutions such as customer relationship management, loan origination systems and collection management systems to deliver products and services to our customers at their doorsteps. At the back-end, we have put in place an array of solutions such as loan management system, core banking solution, customer relationship management solutions, credit decision rule engine and enterprise risk management solution to provide timely delivery of products and services to the customers as well as create a secure banking environment. We are gradually automating the operational processes by adopting robotic processes in order to become faster and efficient. We are currently exploring the use of robotic process automation technology for reconciliation of ATMs and UPI transactions. We have also tied up with different fintech partners for sourcing assets products and continue to explore more such partnerships.

We intend to work further on developing various digital platforms in order to establish ourselves as a modern technology enabled bank. In order to enhance adoption of digital channels among the underserved segment, we have undertaken measures to improve our mobile application by activating voice-enabled and gesture enabled interfaces in regional languages. Our focus will be on the use of data analytics to do customer segmentation and understand their evolving requirements leading to new product development, faster and better credit decisions and pro-active risk management. We believe that greater adoption of our digital service delivery mechanisms will enable us to be more efficient, customer friendly and over time perform more reliable data analytics, resulting in target customer profiling, customized and tailor-made products to suit the diverse requirements of our customers and improved customer satisfaction. Going forward, we intend to continue exploring more tie-ups with fintech companies for programmes focused at specific customer segments. We intend to move from person-to-person services to providing technology assisted services using handheld devices and phone banking services to entirely self-service model through the use internet and mobile banking. We intend to facilitate this with establishment of digital and neo banking services, where full range of financial services are available. Our Board currently comprises of Independent Directors with diversified experience which we believe is critical to achieving our mission of creating a technology focused mass market bank.

Strengthen liability franchise and focus on increasing our retail base

Currently we have a strong customer base and as of June 30, 2022, we served 65.96 lakh customers. We intend to strengthen our liability franchise with a focus on growing our retail deposit base to provide us with a stable, low-cost source of funding. We believe that with simple, flexible products, which are accessible through assisted and self-serviced channels, we can position ourselves as a reliable alternative to informal players. As of June 30, 2022, our deposit base of ₹ 18,448.85 crores comprised 90.47% of our overall funding profile. Our retail deposits formed 43.82% of our total deposits as of March 31, 2020 and have grown to 54.24% of our total deposits as of March 31, 2022, and were 58.33% as of June 30, 2022. As a result, our Cost of Funds has been 8.20%, 7.25% and 6.26% in Fiscal 2020, 2021 and 2022, respectively, and was 6.08% in the quarter ended June 30, 2022. We intend to further expand our retail deposit base through measured expansion of our Banking Outlets and offer digital savings and deposit products through internet and mobile banking to acquire new customers and also providing our existing customers with a convenient banking experience to meet the needs of their particular demographics. This shift will enable us to access diversified, short term, low cost funds. Since becoming a scheduled commercial bank in July 2017, we also have focused on increasing our institutional deposit base.

We have identified the key retail and institutional customer segments and put together a range of saving accounts, current accounts, recurring and fixed deposits along with services such as bill pay, UPI based money transfer, e-NACH, cash management and POS terminals. We offer a variety of debit and ATM cards to our customers and also make banking services available through our mobile banking application and internet banking platform.

We propose to meet a majority of our funding requirements through CASA deposits and recurring and fixed deposits by building a sticky deposit base and attracting new customers whose primary avenues of savings and capital building currently include the unorganized sector and other high risk savings schemes. In addition to rural and semi-urban Banking Outlets that we intend to open to enhance our asset base, and in order to fund those assets, we seek to selectively open Banking Outlets specifically focused on generating deposits in urban areas where there is a potentially large deposit base. We believe that our existing Banking Outlets, as they become more mature, will continue to be a source of additional new deposits and hence strengthen our funding base. In addition to expanding our Banking Outlet network, we also intend to develop products and services designed for our rural and urban mass retail customers, specifically digital savings products for younger customers who have entered or are entering into banking channels, as well as by continuing to actively promote our accounts and deposits. We will focus on mass acquisition of deposit customers through programs such as corporate salary accounts in order to grow our customer base. We believe that initiatives such as the 'Sampoorna Family Banking' facility will ensure that we are able to target a larger base of potential customers and deepen our relationship with our existing micro banking customers. We intend to launch additional products and services designed for non-resident Indians and introduce foreign currency remittances, in order to increase our business with the Indian diaspora.

Expand our distribution network to increase customer penetration

We intend to expand our Banking Outlets and infrastructure by focusing on rural and semi-urban areas. We believe these areas represent a significant opportunity for our continued growth as we expand banking services to those areas which have traditionally been underserved. We intend to operationalize additional Banking Outlets, expand our ATM network and business correspondent agent network to grow our advances and deposits. We also intend to deploy ACRs for the convenience of our customers. While we will selectively open additional Banking Outlets, we also intend to strengthen our alternate delivery channels and increase their adoption by encouraging customers to move from less cash to a cashless environment.

As part of our efforts to enhance our non-branch delivery channels to encourage cashless transactions, we intend to improve our existing internet banking system and mobile banking platform, including UPI integration. We have tied-up with fintech partners and payment banks to provide additional touch-points for our customers. We provide instant fund transfer facilities through IMPS, utility bill payment and quick response or QR code-based transactions and have installed POS machines for our current account customers. We intend to appoint and empower business correspondents to provide entire gamut of services and products to the unserved and underserved segments. Our focus will be to target new-to-bank customers through our digital acquisition channels such as mobile banking platforms and offer them digital banking products. We also intend to explore strategic partnerships with fintech companies to increase customer acquisition, lower processing and on-boarding costs, reduce turnaround time and improve overall customer experience. Our plan is to use the right combination of physical and digital channels and partnerships to expand our reach and deliver value to our customers.

Focus on developing responsible banking behavior for unserved and underserved segments

We believe that basic education on financial products and services can help individuals and MSEs access the right financial solutions and develop better financial behaviour. Our focus will continue to remain on serving the unserved and underserved segments to build responsible banking behavior by educating potential customers and increasing financial literacy.

We believe that the experience of our Promoter, UFSL, in the microfinance industry provides us with a deep understanding of the needs and behaviour of mass market customers. It has helped us understand the complexities of lending to the financially unserved and underserved segments in India. We intend to continue to train and educate our customers to ensure avoidance of over-indebtedness and multiple borrowing, and the benefits of putting their savings in a bank apart from the use of insurance products for risk mitigation. Our focus will be to continue to remain transparent, responsibly price our loan offerings, effectively redress grievances of our customers and disclose all product related information in vernacular languages. We intend to continue to partner with Parinaam Foundation to offer financial literacy programmes to enhance financial literacy. A majority of our customers still use cash for their transactions and the adoption of digital banking and payment gateways is minimal. We intend to take a number of initiatives to promote the use of bank accounts, UPI and digital payment gateways among such customers. We believe that these initiatives will help us to reduce our cost of operation and increase the usage of our products and services by our existing customers as well as help us acquire more customers.

Diversify our revenue streams

An important strategic focus for us is to diversify our fee and non-fund based revenues. We intend to leverage on our Banking Outlet network, digital channels and our increasingly diversified product and service portfolio to develop our fee and commission-based business. For MSE customers, we aim to market fee and non-fund based products such as letters of credit, bank guarantees and third-party insurance products. We also offer POS terminals to MSE customers in partnership with third party providers. We currently provide life insurance, general insurance and health insurance through third party tie-ups. We intend to tie-up with mutual funds houses to offer mutual funds to our customers. Further, we plan to tie-up with fintech companies to offer dematerialized trading as well. We also propose to expand our foreign exchange services in the future. We also propose to focus on bancassurance, GoI business, fee and processing charges from loan and advances credit and debit card business. We intend to pursue strategic relationships with corporate entities and the GoI and state governments to provide our products to their employees and customers. We intend to grow our income from fee-based services by introducing new products and services and by cross-selling our offerings to our existing customers. The inherent nature of our assets business gives us an opportunity to build priority sector advances in surplus of the targets mandated by the RBI. We believe sale of priority sector lending certificates will continue to be an important source of fee income for us.

Impact of COVID-19

An outbreak of COVID-19 was recognized as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 pandemic, the governments of many countries, including India had taken preventive or protective actions, such as imposing country-wide lockdowns, restrictions on travel and business operations. Temporary closures of businesses had been ordered and numerous other businesses had temporarily closed voluntarily. Further, individuals' ability to travel had been curtailed through mandated travel restrictions. Since May 2020 some of these measures have been lifted and travel has been permitted. Further, the COVID-19 pandemic has caused substantial disruption to the global economy and created significant volatility and disruption in financial markets.

In order to address the financial implications of the COVID-19 pandemic, central banks and central governments around the world, including India, have taken monetary, fiscal and administrative measures. We have maintained provisions of ₹121.83 crores towards standard accounts and ₹908.89 crores towards NPA accounts as of June 30, 2022. We created floating charge provisions amounting to ₹250 crores in Fiscal 2022 to be utilised during future financial periods (in extraordinary circumstances, subject to prior RBI approval) of which ₹ 30 crores of floating provision has been included as a part of Tier II capital in the quarter ended June 30, 2022. Further, pursuant to the RBI notification titled 'Resolution Framework for COVID-19-related Stress' dated August 6, 2020 ("**Resolution Framework 1.0**"), we have extended viable resolution framework to our borrowers who were bearing stress on account of the COVID-19 pandemic. We restructured ₹877.29 crores of advances under the Resolution Framework 1. The RBI further announced the 'Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses' ("**Resolution Framework 2.0**") on May 5, 2021, pursuant to which RBI extended the restructuring of advance to MSME borrowers under Resolution Framework 2.0 for MSMEs. As per the Resolution Framework 2.0, the request for restructuring of the borrowers account were accepted till September 30, 2021. Such restructuring of advances were to be implemented within 90 days from the date of invocation. Our Bank has implemented the restructuring of advances in line with the Resolution Framework 1.0 and Resolution Framework 2.0 and restructured ₹1,028.46 crores until March 31, 2022. The outstanding balance as of March 31, 2022 and the quarter ended June 30, 2022 for these accounts stands at ₹844.78 crores and ₹657.24 crores respectively. Resolution Framework 2.0 also permitted further restructuring of advances implemented under Resolution Framework 1.0 for individual and small business loans, subject to certain conditions. Our Bank restructured advances aggregating to ₹117.62 crores, which were already restructured under Resolution Framework 1.0.

Actions taken by our Bank

To tackle the COVID-19 pandemic, we planned and implemented business continuity processes well in time to ensure safety of our employees, customers, other stakeholders while ensuring continuity of our operations in accordance with the prescribed guidelines of the Government of India.

The measures adopted have been successful in ensuring business continuity and none of our critical functions suffered any major disruption during the pandemic.

Moratorium

Pursuant to the RBI's COVID-19 Regulatory Packages, lending institutions, including us, were permitted to grant a moratorium of six months on the payment of all instalments and interest on term loans falling due between March 1, 2020 and August 31, 2020. In respect of accounts classified as standard as at February 29, 2020, even if overdue, the moratorium period, wherever granted in respect of term loans, was to be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the RBI's Income Recognition and Asset Classification norms. The asset classification for such accounts is to be determined on the basis of revised due dates and the revised repayment schedule.

In addition, the Supreme Court has directed that there shall be a waiver of interest on interest/ compound interest/ penal interest for the period during the moratorium for borrowers for lending institutions. Pursuant to the judgment, whatever amounts were recovered by way of interest on interest/ compound interest/ penal interest for the moratorium period, such amounts were refunded and adjusted in the instalment of the loan account.

Collections

The nationwide lockdown and social distancing measures restrained the ability of our Bank to carry out collections, which had impacted recovery of our Bank's dues. In order to improve recovery (especially from NPA accounts), we significantly strengthened our collection infrastructure. This includes strengthening of the team of employees for regular collection follow ups. We also increased customer touch points by way of tie-ups with various third parties to ensure that customers get easy access to deposit their EMIs at partner outlets. We placed special focus on collection from non-delinquent pool and on initial bucket collections. This helped in reducing the SMA pool which in turn reduced the risk of fresh slippages into NPA bucket.

Provisions

As of June 30, 2022, our Bank had a provision coverage ratio of 98.45% on NPAs including a floating provision of ₹220.00 crores; total book coverage was at 6.49%. To mitigate the impact of the COVID-19 pandemic, our Bank adopted a prudent and conservative approach towards provisioning.

Restructuring under COVID-19 1.0 and COVID-19 2.0

Product Segments	**Gross Advances restructured due to COVID-19 2.0 (₹ crores)**	**Gross Advances restructured due to COVID-19 1.0 (₹ crores)**
Micro-banking	852.18	945.42
Affordable Housing	11.39	59.66
MSE	13.72	23.38

Status of Restructured book (as on June 30, 2022)

Product Segments	**Status of book restructured under Resolution 2.0 (₹ crores)**	**Status of book restructured under Resolution 1.0 (₹ crores)**	**Total (₹ crores)**
Micro-banking	360.62	188.04	548.65
Affordable Housing	22.80	12.73	35.53
MSE	61.95	11.11	73.06
Total	445.37	211.88	657.24
Portfolio at Risk (PAR,0)	232.44	184.58	417.03
Gross NPA	187.60	178.52	366.12
Provisions	207.26	177.23	384.50
Collection efficiency			84.00%

Description of Our Business

Overview

We are a mass market focused SFB in India, catering to unserved and underserved segments and committed to building financial inclusion in the country. Our Promoter, UFSL commenced operations as an NBFC in 2005 with the mission to provide a full range of financial services to the 'economically active' poor who are not adequately served by financial institutions. On October 7, 2015, UFSL received RBI In-Principle Approval to establish an SFB, following which it incorporated Ujjivan Small Finance Bank Limited as a wholly-owned subsidiary. UFSL, subsequent to obtaining RBI Final Approval on November 11, 2016 to establish and carry on business as an SFB, transferred its business undertaking comprising of its lending and financing business to our Bank, which commenced its operations from February 1, 2017. We were included in the second schedule to the Reserve Bank of India Act, 1934 as a scheduled bank on July 3, 2017.

We believe we can leverage our Promoter's experience in micro-lending, our brand and relationship with customers and financial institutions to build our presence in the banking sector. We also believe that we can gain access to low-cost funds in the form of savings and current account deposits as well as term deposits, which would otherwise not be accessible to us as an NBFC. We have obtained a significant understanding of unserved and underserved segments through our microfinance operations (including the erstwhile operations of our Promoter, UFSL) and we have expanded and strengthened our business model to offer banking services by leveraging our understanding of customers, asset lending strengths and cost efficient operating model.

Further, it is proposed to amalgamate UFSL into the Bank and accordingly our Board and the board of UFSL pursuant to their meetings dated October 30, 2021 approved a scheme of amalgamation under Section 230-232 of the Companies Act, 2013 for the amalgamation of UFSL with our Bank. For details, see "*Organizational Structure – Proposed Scheme of Amalgamation*" on page 348.

Our Product Portfolio

We provide products and services to different customer segments with differentiated propositions for their personal and business banking needs. Our product portfolio includes:

<u>Asset Products</u>

Micro Banking

Our focus is to serve the unserved and underserved segments. Under micro banking we offer the following types of products. The features of product like loan amount, interest, tenor, etc, are enumerated below based on product note approved by product approval committee:

I. Group Loans

Group loan products are offered to economically active, unserved and underserved customers to meet various requirements. These loans range between ₹ 5,000 to ₹ 1,00,000, with a tenure of up to three years, at a uniform declining interest rate of 22% per annum across customers. Our group loan products are built on the peer-guarantee loan model (joint liability group), which enables individuals to take loans without having to provide collateral or security on an individual basis.

We offer group loan products to groups of four to 10 members, who live in the same area and within the operating radius of the same branch, and whose annual household income is not be more than ₹ 1,00,000 in rural areas and not more than ₹ 160,000 in non-rural areas. While new customers become eligible for loans after they pass the group recognition test, existing customers are granted repeat loans on the basis of their prior track record. Addition of new members and merging of groups is permitted on the basis of track record and compliance with conditions in relation to age and residence.

Group loan products currently offered by us include:

1. <u>Core Loans</u>

Business Loan: A core, business loan gives financial access to customers to support their business needs or needs of their immediate family .This product is specially designed for micro enterprises involved in manufacturing, trading or services (including fruit/vegetable vendors, flower vendors, tailors, etc.). These loans range between ₹ 6,000 to ₹ 1,00,000, with a repayment tenure of 12, 18, 24, 30 and 36 months.

Family Loan: A core, consumption loan offering which can be utilized for a variety of purposes including medical emergencies, home improvement, repayment of high-cost debts availed for family needs, social and religious obligations and purchase of consumer durables. These loans range between ₹ 6,000 to ₹ 1,00,000, with a repayment tenure of 12, 18, 24, 30 and 36 months.

Agriculture and Allied Loan: A core, loan offering which can be utilized to meet the cost of cultivation and other working capital activities and purchase of equipment required for farming and allied activities. These loans range between ₹ 6,000 to ₹ 1,00,000, with a repayment tenure of 12, 18, 24, 30 and 36 months.

Education Core Loan: A loan, amounting ₹ 6,000 to ₹ 1,00,000 is given to promote education of children of our customers with a repayment tenure of 12, 18, 24, 30 and 36 months.

2. <u>Additional Loans</u>

Emergency Top-up Loan: An additional loan offering designed to meet unforeseen medical emergency requirements of customers. These loans range between ₹ 5,000 to ₹ 15,000, with a repayment tenure of six, 12 and 18 months.

Education Loan Top Up: An additional, consumption loan offering to promote education amongst our customers, designed to help finance education expenses of children studying in kindergarten and above. These loans range between ₹ 5,000 to ₹ 15,000, with a repayment tenure of 12 months.

GL Top-up Loan: An additional loan offering is available during the year to address business/ family/ education or agriculture related requirements of our existing customers over and above the initial core loans availed. The same is extended on the basis of a satisfactory credit history of the customer. These loans range between ₹ 10,000 to ₹ 50,000 with a repayment tenure of six, 12, 18, 24, 30 and 36 months.

Distress Loan: This product is specifically designed to address the financial need of our customers during natural disasters such as floods, cyclones, other natural calamities and unforeseen situations arising out of external factors. These loans range between ₹ 5,000 to ₹ 10,000, with a repayment tenure of six, 12 and 18 months.

GECL (Guaranteed Emergency Credit Line): Emergency Credit Line Guarantee Scheme is a scheme introduced by the Government to provide financial assistance to customers who have availed business loan as on March 31, 2021.

PMSVANidhi (*Pradhan Mantri Street Vendor Atma Nirbhar Nidhi*): PMSVANidhi is a small ticket size loan introduced by the Government to help out stressed street vendors during the COVID-19 pandemic. These loans range between ₹ 5,000 to ₹ 10,000, with a repayment tenure of 12 months.

II. Individual Loans

Individual loan products currently offered by us are as follows:

Individual Business Loan: Extended to our existing customers for working capital or capital investment requirements for existing businesses. The amount ranges between ₹ 51,000 to ₹ 2,00,000 with repayment tenure between six to 24 months.

Individual Bazar Loan: Extended to both men and women as a business loan for working capital as well as capital investment requirements. The amount ranges between ₹ 51,000 to ₹ 2,00,000, with repayment tenure between six to 24 months.

Home Improvement Loan: Extended to our existing customers (salaried and self-employed individuals, skilled/ semi-skilled individuals) for renovating/ repairing their houses. The amount ranges between ₹ 51,000 to ₹ 2,00,000 with repayment tenure between 12 to 36 months.

Individual Agriculture Loan: Extended to our existing customers engaged in agricultural businesses for meeting their working capital requirements related to agriculture, purchase of agricultural inputs (such as seeds, fertilizers and agro-chemicals) and payment of agricultural expenses and charges. The amount ranges between ₹ 51,000 to ₹ 1,00,000 with repayment tenure between six to 24 months.

Open Market Livestock Loan: Extended to open market customers engaged in livestock rearing. Loans are provided for purchase of livestock and for related expenditures including building sheds and purchasing fodder. These loans range between ₹ 51,000 to ₹ 2,00,000, with repayment tenure between six to 24 months.

Ujjivan Bank Individual Livestock Loan: Extended to our existing customers engaged in cattle-rearing for purchasing cows and buffalos and operating dairy business. The amount ranges between ₹ 51,000 to ₹ 2,00,000 with repayment tenure between six to 24 months.

Open Market Home Improvement Loan: Extended to customers with their own dwelling units. Loans are provided for improving the living conditions which includes building additional rooms, washrooms, toilets or boundary walls. Both self-employed and salaried individuals can avail this loan. The amount ranges between ₹ 51,000 to ₹ 2,00,000, with repayment tenure between 12 to 36 months.

Rate of interest for our individual loan products is a uniform declining rate of 23.25% - 24.00% per annum (governed by our MCLR based pricing policy).

III. Agriculture and Allied Loan products

Our agriculture and allied loan products are specifically designed to meet the financing requirements of small and marginal farmers including those engaged in allied activities such as dairying, sericulture and purchase renovations and upgradation of farm equipment.

Ujjivan Bank Agri Group Loan: This joint liability and group loan product that caters to needs of farmers who are engaged in dairy or other allied activities like sericulture or need a loan for purchase or maintenance of farm implements such as tractors. The product intends to onboard male or female groups or mixed groups engaged in agriculture or allied activities. Agri group loans are both disbursed and collected cashless. The loan amount ranges from ₹ 30,000 to ₹ 80,000 with a tenure of up to 24 months. The rate of interest for our agri group loan product is a uniform declining rate of 22% per annum (governed by our MCLR based pricing policy).

Ujjivan Bank Kisan Suvidha Loan: This is an individual lending product and a composite loan product which aims at catering multiple financial needs of farmers. We aim to provide collateral free loan to farmers for a host of activities like dairy, fishery, farm mechanization, poultry, floriculture, mushroom farming, sheep-rearing, poultry, apiculture, coconut farm maintenance, sericulture and farm development (and farm products purchase). The borrower's repayment cycle is aligned to the cash flow of the activity funded supplemented with an option to repay through cashless mode. The loan amount ranges from ₹ 60,000 to ₹ 1,50,000 (for new customers) and up to ₹ 2,00,000 (for existing customers) with a tenure of 24 months. The rate of interest for our Kisan Suvidha Loan product is a uniform declining rate of 23.25% per annum (governed by our MCLR based pricing policy).

Ujjivan Bank Kisan Pragati Card: Secured individual loan product for the comprehensive credit requirements of farmers for agriculture and allied activities under a single window in the form of term loans and revolving cash credits. The loan amount varies from ₹ 26,000 to ₹ 50,00,000 based on farming activities and the rate of interest is 14% for the cash credit variant and 16% for the term loan variant.

IV. Family Banking

In an attempt to increase our reach to the customers and extend financial services to the unserved and underserved section of the society, we have introduced the 'Sampoorna Family Banking'. The aim is to address the financial needs of our existing micro banking customer base and their family members which include their spouses, children, parents, relatives and references from existing customers by providing them full range of affordable banking services.

Micro and Small Enterprise ("MSE") Loans

Our MSE vertical offers loans and overdraft facility to enterprises engaged in manufacturing and service/ trade activities in the form of investment as well as working capital, with flexible security requirements to make credit more accessible to our MSE borrowers. Our MSE products are intended to facilitate the establishment, expansion and modernisation of businesses, including acquiring fixed assets and meeting working capital needs. Lending to certain categories of eligible MSEs engaged in manufacturing or providing or rendering services with credit facilities and investment in equipment up to a certain amount are considered as 'priority sector advances' under the relevant RBI regulations.

Our Bank classifies MSEs as per the 'New Definition of Micro, Small, and Medium Enterprises' dated June 25, 2021 issued by the RBI. We have strategically focused on developing our MSE business to ensure diversity in our customer base. We have developed a wide range of products and customized services suitable for running businesses smoothly which includes overdraft facility, term loans, current account and corporate internet banking along with other financial services.

We offer the following MSE loans:

Ujjivan Bank Secured Enterprise Loan: Extended to MSEs that meet eligibility criteria based on turnover, banking practices and financial documents availability. These loans ranges between ₹ 10,10,000 to ₹ 1,00,00,000 and are offered against the collateral. The repayment tenure for such loans is between three years and 10 years. The maximum rate of interest for this loan is 17% per annum as per the Bank's policy.

Ujjivan Bank Business Loan Secured: Extended to MSEs that meet eligible income criteria. These loans range between ₹ 10,10,000 to 25,00,000 and are also offered against the collateral. The repayment tenure for such loans is between three and 10 years. The maximum rate of interest for this loan is 19% per annum as per the Bank's policy.

Ujjivan Bank Overdraft Facility: Extended to MSEs that meet eligible banking turnover criteria. We provide working capital facility up to ₹1,00,00,000. Overdraft limit is renewed annually unless specified otherwise. The maximum rate of interest for this facility is 15% per annum as per the Bank's policy.

Ujjivan Bank Business Edge Term Loan and Overdraft: Extended to premium MSEs that meet eligibility criteria of turnover, financials, documentation and other criteria. These loans/facilities range between ₹ 25,00,000 to ₹ 10,00,00,000. The repayment tenure for such loans is between three and 10 years. Overdraft limit is renewed annually unless specified otherwise. The maximum rate of interest for this loan is 15% per annum as per the Bank's policy.

Ujjivan Bank Loan Against Rent Receivables: Extended to landlords of Ujjivan Small Finance Bank offices basis rent payable to them on monthly basis. As a collateral the bank premises is mortgaged for the loan. These loans range between ₹ 5,00,000 to ₹ 2,00,00,000. The repayment tenure for such loans is up to seven years as per rental agreement. The maximum rate of interest for this loan is 14% per annum as per the Bank's policy.

Ujjivan Bank CGTMSE Term Loan and Overdraft Facility: Extended to MSEs to support in meeting working capital requirement with the help of guarantee coverage received from CGTMSE trust formed by GOI and SIDBI. The facility is offered to select businesses meeting eligibility criteria of turnover, Financials, documentation and etc. These loans/facilities range between ₹ 10,00,000 to ₹ 10,00,00,000, with CGTMSE capped at ₹ 2,00,00,000, and remaining under Hybrid facility. The repayment tenure for such loans is between one and 10 years. Overdraft limit is renewed annually unless specified otherwise. The maximum rate of interest for this loan is 15% per annum as per the Bank's policy.

Supply Chain Product with Fintech Partnership: Extended to last mile retailers of reputed Anchors (Dealer financing model) which are sourced by the fintech partner. The lending is 100% in the books of Ujjivan SFB and partner is paid service fee for the services offered with regards to sourcing, onboarding, assessment, document and collections.

Affordable Housing Loans

Our affordable housing loan offerings are targeted towards informal and semi-formal income segments. Loans are provided for purchase of plots or house, construction of house, improvement/ restoration/ extension of home.

We offer the following affordable housing loan products:

Ujjivan Bank Construction and Purchase Loan: These loans are extended for construction and purchase of homes. The loan amount ranges between ₹ 500,000 to ₹ 75,00,000 with a repayment tenure that ranges between 36 to 300 months. The maximum rate of interest for this loan is 15.75% per annum as per the Bank's policy.

Ujjivan Bank Home Improvement Loan: These loans are provided for home improvement, renovation and extension. The loan amount ranges between ₹ 200,000 to ₹ 25,00,000 with a repayment tenure that ranges between 36 to 180 months. The maximum rate of interest for this loan is 15.75% per annum as per the Bank's policy.

Ujjivan Bank Composite Home Loan: These loans are provided for purchase of land and home construction. The loan amount ranges between ₹ 5,00,000 to ₹ 50,00,000 with a repayment tenure that ranges between 36 to 240 months. The maximum rate of interest for this loan is 15.75% per annum as per the Bank's policy.

Ujjivan Bank Home Equity Loans (Non-Housing Loan): These loans are for debt consolidation, extended refinance for building constructed or purchased, mixed usage of loan and funding of mixed properties. The loan amount ranges between ₹ 500,000 to ₹ 75,00,000 with a repayment tenure that ranges between 36 to 180 months. The maximum rate of interest for this loan is 17.75% per annum as per the Bank's policy.

Loans Against Property

Ujjivan Bank Loans Against Property: These loans are extended in the range of ₹ 3,00,000 and ₹ 10,00,000 and are secured against the property offered as collateral. The repayment tenure for such loans is between three and seven years.

A variant of the Ujjivan Bank Loan Against Property product was introduced in September 2019 known as '*LAP Imperfect Collateral*' targeted towards semi-formal customer segments.

Commercial Purchase Loans: These loans are extended for purchase of commercial properties for own occupation or rental purpose. The loan amount ranges between ₹ 5,00,000 to ₹ 30,00,000 with a repayment tenure that ranges between 36 to 84 months. The maximum rate of interest for this loan is 20.75% per annum as per the Bank's policy.

Financial Institutions Group ("FIG") Loans

We extend term loans to credit acceptable NBFCs, housing finance corporations and micro finance institutions. In the NBFC sector, focus is on NBFCs that lend to retail customers in the form of small and micro enterprise loans, microfinance, vehicle finance and similar sectors. We typically lend to NBFCs that have at least a BBB rating from a recognized credit rating agency. The ticket size of loans is in the range of ₹ 2,50,00,000 to ₹ 75,00,00,000. We prescribe single entity level cap per entity as per rating grid in the range of ₹ 60,00,00,000 to ₹ 1,25,00,00,000 and single group level cap across multiple entities at ₹ 1,50,00,00,000. The tenor for the loan ranges from 18 months to 60 months. Our FIG lending is capped at 10% of our overall lending portfolio at the end of the previous quarter.

We have a Board approved policy for FIG lending with parameters on client acceptance, credit underwriting and credit approval mechanism.

Further, in order to augment our asset book with working capital products, we have launched cash credit/ overdraft products to help our Bank to help borrowers manage their cash flows. We are also in the process of launching working capital demand loans to cater to specific segments of NBFCs.

Vehicle Loans

We offer loans for purchase of two wheelers:

Ujjivan Bank Raftar Two Wheeler Loans – The product refers to a two wheeler loan. The ticket size of the loan ranges from ₹ 26,000 to ₹2,75,000 and has a tenure upto 36 months with maximum rate of interest for this loan is 26% per annum as per the Bank's policy.

Loan Pricing

Our ALCO approves the interest rates across loan types and retail deposits besides providing indicative range for interest rate to be quoted for bulk deposits. Rates are reviewed from time to time, depending on prevailing market conditions and our operating and funding costs at that time. Our MCLR is displayed at all our Banking Outlets and on our website. In setting interest rates for loans, we take into consideration various factors including RBI guidelines on advances, the prevailing MCLR/ external borrowing rates, the interest rates charged by our competitors at the time, the credit rating of the customers wherever applicable, our own cost of funds, the nature of collateral offered, if any, the credit risk premium and the business strategy premium. All our loans are denominated in Indian Rupees. Interest on most of our loans are fixed, with principal and interest payable in monthly, or in exceptional cases of loans to financial institutions, at quarterly instalments. Our overdraft product for MSE customers is at floating rates, while housing loans are partially at fixed and partially on a floating rate basis.

Liability Products

Retail Products

I. Current Accounts

We offer four types of current account options that provide customers with the ability to manage their business transactions with higher daily transaction limits and access to funds at a wide network of Banking Outlets, ATMs and via net banking, mobile applications and SMS banking channels. We do not pay interest on our current accounts.

We offer the following current accounts to our customers:

Ujjivan Bank Business Edge Current Account: With the Business Edge Current Account cash deposit limits can be set according to the seasonality of the customers' business. For these accounts, customers need to maintain an average balance of ₹ 25,000 per month and further, such accounts allow certain number of free cash deposit across all our Banking Outlets subject to certain terms and conditions as stipulated by our Bank. Other features include free IMPS, RTGS and NEFT through any channel and CMS services on maintenance of required monthly average balance, no additional charges for non-home branch transactions, benefit of RuPay Platinum Debit Card which include certain cash-back features, concierge services, lounge access, unlimited free ATM transactions at all our ATMs and 10 free transactions at other bank ATMs.

Ujjivan Bank Premium Current Account: The Premium Current Account allows for free cash deposits across all our Banking Outlets up to 10 times of the previous month's average balance or ₹ 300,000, whichever is higher. Other features include free IMPS, RTGS and NEFT through any channel and CMS services, benefit of RuPay Classic Debit Card and unlimited free ATM transactions at all our ATMs and six free transactions at other bank ATMs. For this account customers need to maintain a monthly average balance of ₹ 10,000 per month. We also offer customer access to the corporate internet banking platform that offers specialized services including bulk payments, multi fund transfers, multiple user authorization, standing instructions and schedule transfers.

Ujjivan Bank Regular Current Account: The Regular Current Account allows for free cash deposits up to ₹ 150,000 per month at any of our Banking Outlets. Customer need to maintain a monthly average balance of ₹ 5,000 per month. Other features include IMPS, RTGS and NEFT through any channel and CMS services, benefit of RuPay Classic Debit Card and unlimited free ATM transactions at all our ATMs and six free transactions at other bank ATMs.

Ujjivan Bank BusiMoni Overdraft Current Account: The BusiMoni Overdraft Current Account allows customers to avail an unsecured overdraft facility of up to ₹ 2,00,000. This facility is only for small & medium retailers that helps in managing the daily cash flows of their business. This facility comes with zero processing fees and the maximum rate of interest for this facility is 20% as per the Bank's policy. Customers also get facilities like free transactions alert, 50 free cheque leaves every quarter and free inward and outward NEFT/RTGS/IMPS.

Ujjivan Bank TASC Current Account: The TASC Current Account does not require customers to maintain an average monthly balance. No initial deposit for account opening is required. In addition, the following services are offered: (i) standing instructions facility; (ii) unlimited number and amount of withdrawals at branch each month; and (iii) SMS alerts.

II. *Savings Accounts*

We offer the following types of interest-bearing savings account to our customers:

Ujjivan Bank Regular Savings Account: No average monthly balance is required to be maintained and there are no charges for non-maintenance of minimum balance. Customers can undertake unlimited transactions at our ATMs and six free transactions per month at other bank ATMs. Interest is calculated on daily end of day balances and credited quarterly.

Ujjivan Bank Senior Citizen Savings Account: No average monthly balance is required to be maintained and there are no charges for non-maintenance of minimum balance. Customers can undertake unlimited transactions at our ATMs and six free transactions per month at other bank ATMs. Interest is calculated on daily end of day balances and credited quarterly. We offer senior citizens with doorstep services and offer 25 free cheque leaves per quarter.

Ujjivan Bank Minor Savings Account: No average monthly balance is required to be maintained and there are no charges for non-maintenance of minimum balance. This account can be opened jointly with a guardian and can be operated by the parent/ guardian till the minor becomes a major. The account can also be converted into a regular savings account when the minor attains 18 years of age. Customers can undertake unlimited transactions at our ATMs and six free transactions per month at other bank ATMs. Interest is calculated on daily end of day balances and credited quarterly.

Ujjivan Bank Digital Savings Account: No average monthly is required to be maintained and there are no charges for non-maintenance of minimum balance. This account can be opened digitally with minimum KYC and customers can enjoy the Mobile Banking App and Internet Banking facility for fund transfers immediately after account opening. This account comes with a free RuPay Debit Card for the first year, free SMS alerts, unlimited free transactions at Ujjivan Bank ATMs and 6 free transactions per month at other bank ATMs.

Ujjivan Bank Basic Savings Bank Deposit Account: No average monthly balance is required to be maintained and there are no charges for non-maintenance of minimum balance. These accounts can be opened as a single or joint account. Customers can undertake four free transactions across all channels. Interest is calculated on daily end of day balances and credited quarterly.

Ujjivan Bank Basic Savings Bank Deposit Small Account: No average monthly balance is required to be maintained and there are no charges for non-maintenance of minimum balance. There are no KYC requirements to open the account and the account is valid for a period of 12 months. Interest is calculated on daily end of day balances and credited quarterly. These accounts provide certain restrictions on balances maintained (maximum of ₹ 50,000), withdrawals or transfers (maximum of ₹ 10,000) and amount of deposits in a year (maximum of ₹ 1,00,000).

Ujjivan Bank Classic Savings Account: This is a savings account specifically designed for customers who require premium services at low cost. The account offers a choice between RuPay Platinum Card and RuPay Classic Card, unlimited free withdrawals at Ujjivan Bank ATMs and five free transactions per month at other bank ATMs. Additionally, a free cash deposit limit of ₹3,50,000 per month in any Banking Outlet, 10 free cheque leaves per quarter, Loan against Fixed Deposit and Overdraft against Fixed Deposits. Account holders are required to maintain an average monthly balance of ₹ 5,000.

Ujjivan Bank Garima Savings Account: This is a savings account designed specifically for the women segment. The account offers flexible eligible criteria, complimentary services – purchase protection, price drop protection and one call, free RuPay Classic Debit Card specially designed for women, free cash deposit limit of up to ₹ 5,00,000 per month or eight transactions, whichever is earlier, 10 free cheque leaves per quarter and free online NEFT and RTGS transactions. Account holders are required to maintain an average monthly balance of ₹ 5,000 and above, or maintain a fixed deposit of ₹ 2,00,000 or above or maintain a recurring deposit of ₹ 5,000 per month or a standing instruction to linked minor account of ₹ 2,000 per month.

Ujjivan Bank Privilege Savings Account: This is a savings account specifically designed for customers who require access to privilege banking. The account offers Rupay Platinum Debit Card at zero issuance fee, unlimited ATM transactions, unlimited, NEFT, RTFS and IMPS transactions, accidental insurance cover up to ₹ 2,00,000. Account holders are required to maintain an average monthly balance of ₹ 25,000 and above, or maintain a fixed deposit of ₹ 5,00,000 or above or recurring deposit of ₹ 10,000 per month for minimum period of 12 months or above or have a salary of ₹ 30,000 or more per month.

Ujjivan Bank Institutional Segment Savings Account: No average monthly balance is required to be maintained and there are no charges for non-maintenance of minimum balance. Customers can undertake 100 free electronic transfers, and no limit on the number and amount of monthly withdrawals. Interest is calculated on daily end of day balances and credited quarterly.

Ujjivan Bank NRO Savings Account: No average monthly balance is required to be maintained and there are no charges for non-maintenance of minimum balance. Customers can undertake unlimited transactions at our ATMs and six free transactions per month at other bank ATMs. Interest is calculated on daily end of day balances and credited quarterly. Unlimited free NEFT and RTGS transactions are permitted.

Ujjivan Bank NRE Savings Account: No average monthly balance is required to be maintained and there are no charges for non-maintenance of minimum balance. Customers can undertake unlimited transactions at our ATMs and six free transactions per month at other bank ATMs. Interest is calculated on daily end of day balances and credited quarterly. Unlimited free NEFT and RTGS transactions are permitted. Customers have the ability to repatriate funds overseas. Interest rate for our NRE fixed deposits ranges between 6.00% to 6.90% per annum.

Interest rate for our domestic savings accounts ranges between 4% to 7% per annum.

III. Term Deposits

We offer the following types of deposits to our customers:

Ujjivan Bank Fixed Deposits: The minimum amount that can be deposited is ₹ 1,000 and in multiples of ₹ 100 thereof. Fixed deposits can be opened for a minimum period of seven days to a maximum of 10 years. Interest payment options are monthly (with at a discounted rate), quarterly, half yearly, annually and at maturity. The rate of interest paid for fixed deposits varies according to tenure and amount and higher interest rates are offered to senior citizens. Premature closure and partial withdrawals are permitted.

Ujjivan Bank Platina Fixed Deposits: Platina Fixed Deposits are non-callable deposits which offer an additional 0.20% maximum rate of interest and discount allowed as per delegation of authority compared to regular fixed deposits across tenors. The minimum amount that can be deposited is ₹ 15,00,000 and the maximum amount should be below ₹ 2,00,00,000. Platina fixed deposits can be opened for a minimum period of one year to a maximum of five years. Interest payment option is at maturity only.

Ujjivan Bank Recurring Deposits: The minimum amount that can be deposited is ₹ 100 and in multiples of ₹ 100 thereof. Recurring deposits can be opened for a minimum period of six months to a maximum of 10 years. Interest payment is quarterly and at maturity. The rate of interest paid for fixed deposits varies according to tenure and amount and higher interest rates are offered to senior citizens. Premature closure and partial withdrawals are permitted.

Ujjivan Bank Digital Fixed Deposits: Digital Fixed Deposits can be opened digitally as a standalone fixed deposit for a minimum period of six months and maximum of 10 years. The fixed deposit can be funded by net banking, debit card or UPI. This account allows premature withdrawal.

Ujjivan Bank TASC Fixed Deposits: The minimum amount that can be deposited is ₹ 25,000 and in multiples of ₹ 1,000 thereof. TASC fixed deposits can be opened for a minimum period of seven days to a maximum of 10 years. Premature closure and partial withdrawals are permitted. Interest payment is monthly, quarterly, half yearly, annually and at maturity. The rate of interest paid for fixed deposits varies according to tenure and amount.

Ujjivan Bank Tax Saver Fixed Deposit: The minimum amount that can be deposited is ₹ 1,000 up to a maximum of ₹ 150,000 and are subject to a five year lock-in. Only residents and HUFs are eligible for this type of deposit where tax exemptions on these deposits can be claimed under Section 80C of the Income Tax Act, 1961. Interest payment is monthly, quarterly or at maturity.

Institutional Products

We receive deposits in the form of fixed deposit receipts and certificate of deposits from various mutual funds, SFB/payment banks, co-operative banks, banks, insurance companies, NBFCs/ FIs, capital and commodity market intermediaries and other financial institutions.

Our FIG Liabilities Team raises bulk deposits in the form of certificate of deposits, fixed deposit receipts and term money and also opens current account of entities. We maintain relationship with various banks (public sector undertaking, private banks, small finance banks, co-operative banks, payment banks, and regional rural banks) for sourcing deposits, availing interbank limits and set exposure limits for other banks as well.

Other Products and Services

ATM-cum-Debit Cards

We offer our customers Ujjivan Bank RuPay ATM-cum-debit cards that can be used at ATMs, POS terminals and online platforms.

Aadhaar Enrolment Services

We are authorized to run AECs where customers and members of the general public can enroll for Aadhaar or get their Aadhaar data updated. As of June 30, 2022, we processed 7,929 enrolments/ mandatory bio-metric and Aadhaar data update requests. We use the AEC as a source to generate new business and customers.

Sale of Third Party Insurance Products

We offer our loan borrowers, co-borrowers and spouses the option of enrolling under group insurance schemes with voluntary consent obtained. To provide insurance products we have corporate agency arrangements with life insurance companies, general insurance companies and health insurance companies to distribute their insurance products. We have also obtained corporate agency license from IRDAI, post obtaining a no-objection certificate from the RBI to undertake the activity of distribution of insurance products on a non-risk sharing basis without any commitment of own funds. We have an approval from the PFRDA for distribution of Atal Pension Yojana scheme under the PFRDA (Point of Presence) Regulations, 2018. We have introduced a hospital daily cash policy, property insurance for housing, endowment policy, term insurance, unit linked plans, motor insurance and personal accident cover policies for customers across segments.

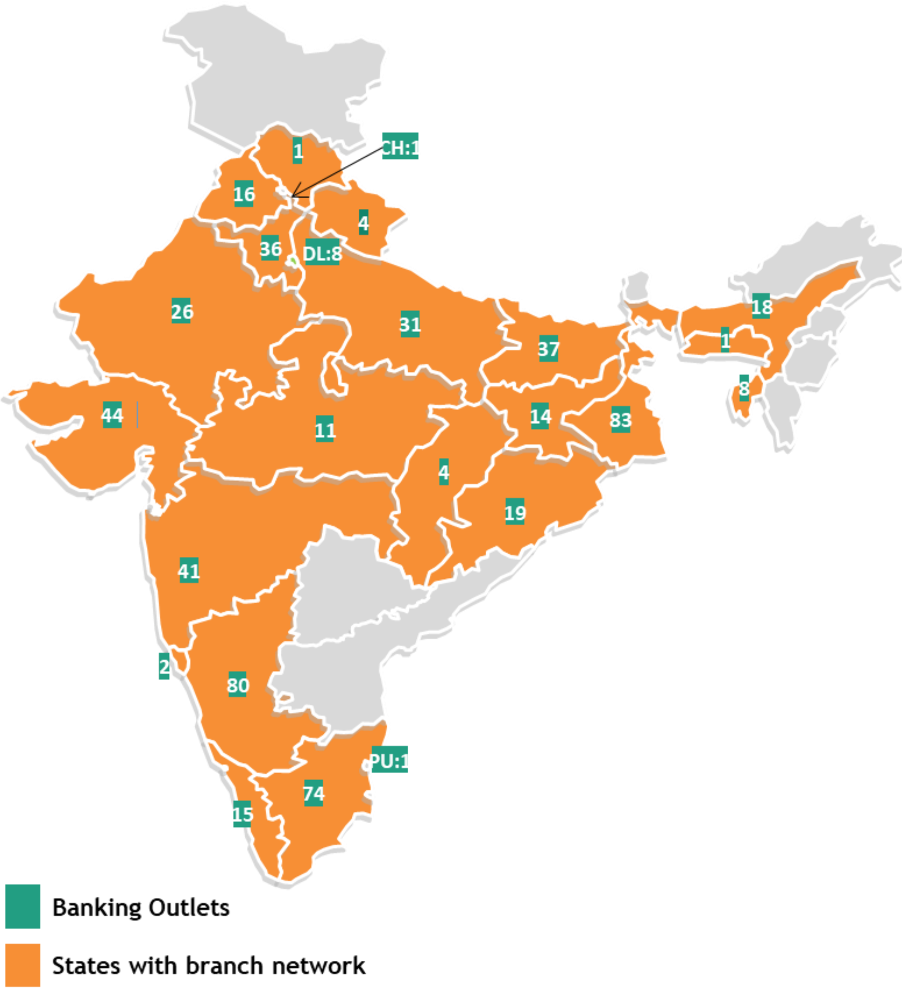
Branch Network

As of June 30, 2022, we operated from 575 Banking Outlets that included 144 Banking Outlets in URCs of which seven were business correspondent centres. All our branches are optimally equipped in terms of personnel, infrastructure and product offerings, and we intend to offer customers a standardized experience across all branches.

Banking Outlets

The majority of our Banking Outlets are located in regions that, we believe, have high growth potential. Our rural Banking Outlets have cost-effective and lean infrastructure and are located in areas that, we believe, also have growth potential targeting the disbursement of credit to low and middle income individuals and micro businesses giving us access to relatively less competitive markets. We also intend to engage business correspondent partners to enhance our reach in unbanked and underbanked locations for the sale and service of deposit and asset products.

The map below sets out details of our Banking Outlets as of June 30, 2022:



Note: Map not to scale; Map as of June 30, 2022

Region	Banking Outlets (including in URCs)	Number of States/ Union Territories
North(1)	138	10
West(2)	85	2
South(3)	172	5
East(4)	180	7
Total	575	24

Notes

(1) North region comprises the following Chandigarh, Chhattisgarh, Haryana, Himachal Pradesh, Madhya Pradesh, New Delhi, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand

(2) West region comprises Gujarat and Maharashtra

(3) South region comprises Goa, Karnataka, Kerala, Pondicherry and Tamil Nadu

(4) East region comprises Assam, Bihar, Jharkhand, Meghalaya, Odisha, Tripura and West Bengal

Regional Processing Centres ("RPUs")

We have four RPUs that handle account opening, transaction management, clearing and asset processing and are located at regional offices of our Bank.

ATMs

We have deployed onsite ATMs at our Banking Outlets for the convenience of our customers. All our ATMs are biometric enabled. A customer can perform cash withdrawal, fast cash services, mini-statements, balance enquiry, PIN change at our ATMs. Our Bank has deployed 492 ATMs (including 54 ACRs) as of June 30, 2022.

Digital Channels

We are in the process of introducing an industry voice, video and vernacular ("**VVV**") mobile application for our micro banking customers and introduced the 'ARIA' (Advanced Responsive & Interactive Assistant) chatbot on our website. We have also introduced video KYC for our customers, video personal discussions to underwrite individual loans, e-sign for repeat loans etc. This is intended to be one of the first mobile banking application in the industry enabled with visual guidance and voice prompts in vernacular languages to aid semi-literate customers.

We are entering into multiple fintech partnerships for sourcing assets and liability products.

Further, we also help small merchants and shop owners receive digital payments by providing and enabling UPI QR which facilitates simple, easy and quick payment transactions.

Internet and Mobile Banking

The Ujjivan Mobile Banking application is available on Android and iOS operating systems and as of June 30, 2022 was being used by approximately 6.54 lakhs users. The app is also available in nine languages – English, Hindi, Kannada, Tamil, Bengali, Marathi, Gujarati, Punjabi and Odiya.

Our internet banking platform offers remittance services like IMPS, NEFT and RTGS. In addition, we have also extended UPI and bill payment services to aid digital transactions. In Fiscal 2022 and the quarter ended June 30, 2022, transactions aggregating ₹10.68 crores and ₹4.16 crores took place on our digital banking platforms. In addition, we generated deposits aggregating ₹456.40 crores and ₹144.46 crores as of Fiscal 2022 and the quarter ended June 30, 2022 through internet banking and other digital channels.

We have also put in place a corporate internet banking platform for business users to aid customer acquisition and build current account balances. The corporate internet banking platform offers specialized services like bulk payments, multi-fund transfers, multiple user authorization, standing instructions and schedule transfers.

Phone Banking

We offer our customers with a 24/7 phone banking facility. Our phone banking units are based in Pune and Bengaluru and in Fiscal 2022 and the quarter ended June 30, 2022 generated ₹91.57 crores (in liabilities business) and ₹0.37 crores (in assets business) in sales volumes, respectively. We also offer 'missed call' and SMS banking services. In Fiscal 2022 and the quarter ended June 30, 2022, we witnessed significant growth in our phone banking, 'missed call' and SMS banking volumes.

Our phone banking channel serves customers 24/7 in nine languages and answered 2.37 lakh customer calls which included queries, requests, complaints and lead generation . An average of 6,950 leads are generated per month and generated a value of ₹575.50 crores as on March 31, 2022 and ₹91.94 crores as on June 30, 2022.

Financial Inclusion Officer

Financial Inclusion Officers ("**FIO**") are our specially trained employees who assist and educate our customers at certain of our Banking Outlets to promote adoption of digital platforms. FIOs help our customers use digital channels and move from 'assisted' to 'self-service' mode of digital banking.

Treasury Department

Our treasury team focuses primarily on the management of our funds, maintenance of statutory reserves (cash reserve ratio and statutory liquidity ratio), asset liability gaps, interest rate risks, liquidity positions, investments and trading activities. We have a Board-approved investment policy framed in accordance with RBI guidelines and a standard operating procedure for carrying out treasury transactions and governing investments in various instruments such as bonds, treasury bills, commercial papers, certificate of deposits, mutual funds, debentures and other products.

We have an asset and liability management desk and a proprietary desk to manage our investment portfolio in fixed income securities. We follow investment strategies to optimize duration and return on investments. We have an automated treasury software system to capture, authorize, verify and settle transactions and generate information and MIS reports. We believe that we have been able to access cost-effective debt financing due to our stable credit history, improving credit ratings and conservative risk management policies.

We maintain liquidity and contingency buffers to absorb market volatilities and meet customer requirements. We use a variety of transactions to manage our funding requirements, including borrowing in the call money market, collateralized lending and borrowing obligations, market repo, variable rate reverse repo and liquidity adjustment facilities.

Our resource mobilization strategy plays a vital role in managing our sources of funds with an optimal mix of CASA, Term Deposits, Certificates of Deposit and Interbank Deposits. The Bank has bilateral limits in place with most major interbank participants. We are active in money market instruments including certificate of deposits. In comparison to our peer banks, we have actively issued CD's at competitive rates. Our Bank has consistently set benchmarks for SFBs in the CD market. Our Bank's visibility in the CD market has attracted investments from major PSU Banks, Private Sector Banks, SFBs and Mutual Funds.

We also actively monitor the Banks' Priority Sector Lending portfolio ("**PSL**"). We explore opportunities to generate PSL income and/or raise liquidity from our excess PSL pool. We have generated PSL income by way of issuance of priority sector lending certificates. We have also raised short term liquidity via issuing of IBPC at rates below the policy repo rate.

Our trading desk which deals in SLR and non SLR securities contributes to the Bank's bottom-line by capitalizing on trading opportunities presented by the market. Judicious and efficient management of the SLR Portfolio has ensured consistent above market returns. Our portfolio consists of central and state government bonds and treasury bills invested at high yields and lower duration to absorb shocks in adverse market conditions. The below table showcases the treasury net income generated for Fiscal 2022 and the quarter ended June 30, 2022.

All figures in ₹ crore

Portfolio	**Fiscal 2022**	**Quarter ended June 30, 2022**
Held for Trading	2.17	0.90
Available for Sale	28.09	6.82
Held to Maturity	168.32	57.44
Money Market	(18.27)	2.96
Total	**180.31**	**68.12**

Our treasury infrastructure is fully compliant with the Bank's information security protocols and is fully equipped for seamless and efficient functionality during 'off-premise dealing' and 'work from home' environments.

Capital Adequacy Ratios

Under the SFB Operating Guidelines, we are required to maintain a minimum capital adequacy of 15% of credit risk weighted assets only, to be computed as per the Basel II norms prescribed by RBI, including a minimum Tier I capital of 7.5%, and the Tier II capital should be limited to a maximum of 100% of total Tier I capital. However, under the SFB Operating Guidelines, we are not required to maintain any capital conservation buffer or any counter-cyclical capital buffer. Our CAR was 28.82%, 26.44% and 18.99%, as of March 31, 2020, 2021 and 2022 respectively and was 20.03% as of June 30, 2022. For further information, see "*Selected Statistical Information*" on page 322.

Compliance

Our Compliance Department supports the Bank in maintaining high level of corporate governance. Our Compliance Department performs annual compliance risk assessment of the business, support and control functions to assess and mitigate the compliance risk. The compliance monitoring, testing and reporting division deployed self-certification tool CERMO across all the divisions and branches and through periodic evaluations ensures compliance with regulatory guidelines in product monitoring and continuous adherences to the regulatory and statutory compliances guidelines through its testing framework. Further prompt regulatory reporting is ensured through maintaining the calendar of regulatory returns. The Compliance Department also ensures accurate and timely submission of data for the annual Risk Based Supervision (RBS) Tranches as mandated by RBI.

We have also established KYC/AML/ CFT (Combating the Financing of Terrorism) Policy and KYC Cell of Compliance Department ensures adherence to the regulatory guidelines on the KYC i.e. customer acceptance and on-boarding and ensures adherence to the KYC framework through periodical thematic KYC reviews.

Our AML monitoring mechanism is automated with stringent risk assessment and transaction monitoring framework in place. Through our AML framework we monitor financial transactions for ensuring compliance with anti-money laundering laws and to ensure compliance with applicable laws in India and international standards with reference to money laundering. The policy covers matters such as customer acceptance, background check of customers, KYC and AML risk management, customer identification procedures, monitoring of transactions, combating financing of terrorism, correspondent banking, maintenance of records obligations reporting obligations under Prevention of Money Laundering Act, 2002, filing of suspicious transaction reports, and organizational set-up.

As a part of ongoing monitoring, individuals and entities are screened against negative lists, including those notified by the regulators/ statutory authorities. The AML team updates the lists in accordance with the lists of terrorist individuals and organizations issued by the Security Council Committee established pursuant to various United Nations' Security Council Resolutions.

Risk Management

Risk management forms an integral part of our business. As a lending institution, we are exposed to several risks related to our lending business and operating environment. We have established a risk management framework to identify, measure, monitor and manage various types of internal and external risks. This framework is driven by our Board through the Risk Management Committee and the Audit Committee and at a management level through the Credit Risk Management Committee ("**CRMC**"), the ALCO, the Operational Risk Management Committee ("**ORMC**"), the Information Security and Business Continuity Management Committee, Credit Risk Units, Business Units and the Internal Audit Department.

The CRMC was formed to review and identify current and emerging risks that can have an impact on the wholesale and retail asset portfolio, develop risk assessment and measurement systems and establish policies, practices and other control mechanisms. The ALCO is tasked with overseeing the liquidity management, assess our Bank's funding requirement on a month on month basis, review the concentration of its funding sources and also provide directions to develop a 'Contingency Funding Plan'. ALCO meets each month or at more frequent intervals, if required. The ORMC reviews risks related to people, process and systems, while the Information Security and Business Continuity Management Committee reviews our Bank's adherence to information security and cyber security requirements. Credit risk units, with support from business units, implement processes for credit risk identification, assessment, monitoring and control, develop credit risk appetite statements, monitor credit risk parameters/ exposure, implement credit scorecards and execute portfolio risk management and NPA management protocols. Business units are primarily responsible for day-to-day risk management as regards processing transactions and establishment of internal controls to treat risks associated with such transactions. Our internal audit department provides an assessment of the design and operational effectiveness of our overall credit risk management framework.

Credit Risk

Credit risk is the risk of loss that may occur from defaults by our customers under our loan agreements or diminution in credit quality of customers or their counterparts. In order to address credit risk, each of our business lines has defined product programs and a separate set of credit policies that outline a standardized approach for customer selection and other essential policy parameters for each of the asset products. Credit approvers and field officers are responsible for ensuring adherence to these policies. Our internal audit team periodically checks for adherence to policy parameters. We have set-up a robust collections management system, which includes a collection control unit that manages from four regions, under the supervision of a central collection unit. Allocation between collection agents is done with the use of analytics for optimum allocation of cases to the collections team. We have also established standardized operating procedures that are backed by our technology platform. For newer asset portfolios, like MSE and housing, we have developed expert judgement scorecards in the absence of substantial historical data. Our credit teams track cases for early signs of stress, ensuring that corrective action is taken in the case of non-starter or early delinquency cases.

Interest Rate Risk

We are subject to interest rate risk, principally because we lend to our customers mainly at fixed interest rates and for periods that may differ from our funding sources, while our borrowings are at both fixed and variable interest rates for different periods. We assess and manage our interest rate risk by managing our assets and liabilities. The ALCO evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. As required by the regulator, we periodically assess the erosion in the economic value of the 'Banking Book' by applying a standardized interest rate shock of 200 basis points to determine its impact on the market value of equity.

Liquidity Risk

Liquidity risk arises due to the unavailability of adequate funds at appropriate cost or tenure. Our treasury department sources funds from multiple sources, including from banks and financial institutions, while our liabilities department sources funds in the form of deposits from wholesale and retail customers. Our treasury department is responsible for diversifying fund raising sources, managing interest rate risks and maintaining a strong relationship with banks, financial institutions, mutual funds, insurance companies, other domestic and foreign financial institutions and rating agencies. The efforts of our treasury are complemented by our financial institution group and are based wholly on analysis and input provided by Treasury Mid Office, based on data and market trends

Operational Risk

Operational risks arise from inadequate or failed internal processes, people or systems, or from external events. We control our operational risk by maintaining a comprehensive system of internal controls. An internally developed scorecard, helps us track risk parameters at a granular level, with corrective measures initiated where risk factors are recurring. Our dedicated operation risk management team identifies all people and process related risks and updates them in a risk register with rank, impact and controllability. We have developed a set of 'key risk indicators' which are tracked at bi-monthly intervals, with a defined action plan prepared in cases where threshold is breached. We also manage compliance with requirements set forth by regulatory bodies and internal standards.

Cash Management Risk

Our Banking Outlets collect and deposit a large amount of cash through a high volume of transactions taking place in our network. To address cash management risks, we have developed advanced cash management checks that we employ at every level to track and tally accounts. We ensure that cash collected up to a certain time is deposited at our Banking Outlets on the same day. Cash that is to be deposited is accounted for at the branch level and at a central level to avoid discrepancies. Moreover, we conduct regular audits to ensure the highest levels of compliance with our cash management systems. The emphasis is increasingly on cashless repayments for the microfinance business. Customers are encouraged to open an account with us where disbursement is made. Customers are encouraged to use this account for repayment of loans, by providing standing instructions. In addition, various payment gateways have been made available to enable repayment.

Asset Risk

Asset risks arise due to the decrease in the value of collateral over time. The selling price of a re-possessed asset may be less than the total amount of loan and interest outstanding in such borrowing and we may be unable to realize the full amount lent to our customers due to such a decrease in the value of collateral. We also face certain practical and execution difficulties during the process of seizing collateral of defaulting customers. We have also set up a collateral appraisal system and legal and technical teams for our MSE and housing loan business to mitigate collateral risk across geographies.

Inflation Risk

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. A return of high inflation rates may result in an increase in overall interest rates which may adversely affect our results of operations. High rates of inflation in the Indian economy could impact the results of our operations, by leading to a lower demand for our vehicle and MSE loans. High inflation rates may also adversely affect growth in the Indian economy and our operating expenses.

Risk Management Architecture

In order to address the risks that are inherent to our business, we have developed a risk management architecture that includes monitoring by our Board through the Risk Management Committee of the Board, ALCO, CRMC, IT & Operational Risk Management Committee.

Risk Management Committee of the Board. The Risk Management Committee of the Board assists our Board by overseeing and reviewing our risk management principles, policies, strategies, processes and controls. Its functions include reviewing our credit risk policies and overseeing credit risk management, reviewing NPAs, reviewing capital adequacy computations, reviewing audit and regulatory findings and any related non-compliances. This committee is supported by our CRMC, ALCO and the IT & Operational Risk Management Committee.

Audit Committee. Our Audit Committee reviews reports of the statutory, internal, concurrent and branch auditors, selects and establishes accounting policies, evaluates internal financial controls and risk management systems. The Audit Committee acts as a link between the management, internal auditors and statutory auditors.

Asset Liability Management Committee. The ALCO evaluates liquidity and other risks, devises strategies to mitigate such risks and reports its findings to our Board. It annually reviews the effectiveness of asset liability management, the pricing of loans and deposits, the funding sources available, and overall balance sheet management. The Committee also reviews the Bank's position against targets under priority sector lending guidelines.

Credit Risk Management Committee. The CRMC is responsible for overseeing implementation of credit risk management framework across our Bank. The CRMC for retail and institutional lending was formed to review and identify current and emerging risks, develop risk assessment and measurement systems and establish policies, practices and other control mechanisms to manage risks, develop risk tolerance limits for approval by management, and monitor positions against approved risk tolerance limits.

IT & Operational Risk Management Committee. The IT & Operational Risk Management Committee identifies, evaluates, controls and works to mitigate our operational risks. From a governance perspective, though this is not required by RBI, we follow the basic indicator approach for calculating operational risk capital requirements.

We have also formulated a vigil mechanism framework to enable employees to report genuine concerns about unethical behavior and actual or suspected fraud or violation of any of our policies.

Internal Audit Department

The Internal Audit Department ("**IAD**") is an independent function and provides independent assurance on the effectiveness of management's control of business activities and of the processes maintained by the risk functions.

In order to conduct the audits in line with the industry best standards, IAD is equipped with a combination of business and audit professionals who have necessary experience and knowledge to execute the audit plan.

As an SFB, we have the following audit verticals:

- Banking Outlet Audit: All our Banking Outlets are audited by internal regional audit teams consisting of audit managers and field auditors headed by regional audit managers. Various reports are analyzed to detect risk triggers and for inputs to field auditors to conduct the audit of Banking Outlets.

- Central Function Audit: The Central Function Audit is responsible for conducting process audit for all departments at our head office and regional offices. It also undertakes compliance audits for ensuring compliance with all regulatory requirements.

- Information System Audit: IT infrastructure and information security audits are undertaken with support of co-sourced audit firms.

- Concurrent Audit: Concurrent audits are conducted by independent chartered accountant firms in each of the four regions of our Bank under the supervision of regional audit team and managed by head office.

- Credit Audit: Credit audits are managed centrally at our head office with support teams at all the four regions.

Periodically the IAD presents its plan and achievement status/ changes/ modifications along with significant audit findings of all verticals and audit issue closure status to the Audit Committee. It also ensures regular tracking and follow-ups with branches and processing units to rectify any audit irregularities that are observed.

Information Technology

We are leveraging technology to better serve our customers, identify opportunities, deliver innovative products and services and advance on our goal of financial inclusion.

We provide digital end-to-end onboarding with instant savings bank account opening with limited documentation through handheld devices. All transactions are processed through a digital core banking system solution and loan management systems for all assets sourced by our Bank. Customers can register Ujjivan Bank Savings Account on UPI based applications to perform financial and non-financial transactions using Virtual Payment Address. We have enabled digital facilities including internet banking, mobile banking, corporate internet banking, SMS banking, bill payments, biometric ATMs and RuPay Platinum debit cards.

We have set up a dedicated "Innovation Centre" department to focus on identification, evaluation and implementation of solutions and partners in order to increase the adoption of digital platforms in the Bank. The bank is building an API platform to enable API banking with fintech companies.

Data Security

We have adopted a multi-layered approach to security, which encompasses areas of policy level controls, user awareness, security operations and governance among others. Information security is implemented based on a top-down approach.

We are regulated by the RBI and we conduct assessments of our compliance with the RBI's Cyber Security Framework in Banks, RBI's Guidelines on Information Security, Electronic Banking, Technology Risk Management and Cyber Frauds, and the Information Technology Act, 2000. We conduct periodic vulnerability assessments and penetration testing exercises on our applications and infrastructure components. Any application has to mandatorily undergo security testing before going live. All observations and vulnerabilities are rated for criticality using a risk-based approach, and tracked till closure. We have a dedicated in-house 'Red Team' whose primary responsibility is to simulate attacks on our infrastructure with the objective of compromising it. When it comes to security threat mitigation, we track latest security threats and developments in the industry through feeds and subscriptions. To achieve this, we hold membership in various industry bodies and subscribe to technical security feeds from different organizations. We also appoint an external 'Information Security Auditor' to periodically audit our systems. We also have an information security policy to manage information security breaches and a cyber security policy to uphold cyber security and ensure safe banking environment in accordance with the RBI guidelines.

We have established a cyber security operations centre which performs security monitoring on a 24x7 basis. The centre utilizes multiple host and network level controls are used in conjunction to proactively mitigate threats.

We also ensure that relevant data security controls are present. Some of these are hashing, encryption of data fields at rest, in motion and in use, role-based access controls, segregation of duties, least privilege and effective user access management. We employ preventive measures to minimize the attack surface for malicious attackers. When onboarding any vendor, we perform pre-onboarding vendor risk assessment. For all critical vendors, third party information security risk assessments are also done every year. All observations are rated for criticality and are followed up until closure. Brief summaries of the assessments are also presented to the management and Board level committees.

Intellectual Property

We are currently using the word mark, 'Ujjivan', pursuant to a license agreement dated August 22, 2017 entered between our Promoter, UFSL, the owner of the trademark, and our Bank. Further, the license agreement permits us to create derivatives of the licensed trademarks. In addition, pursuant to another trademark licensing agreement dated December 28, 2018, UFSL is permitted to use certain licensed trademarks owned and developed by us only for purposes specifically permitted by us. Further, UFSL is also permitted to develop variations/ derivations of these licensed trademarks under our supervision and any use of such variations/ derivations shall be subject to our prior written approval. Pursuant to the Proposed Scheme of Amalgamation, all trademarks, trade names, service marks, logos, corporate names, brand names and domain names belonging to UFSL shall stand transferred to and vested in the Bank.

Our domain name "*ujjivansfb.in*" has been registered with the trademark registry as a word mark in classes 16, 35, 36 and 41. Our corporate logo, has also been registered with the trademark registry, under classes 16, 35, 36 and 41. We have also obtained trademark registrations for some of the terms coined by us, like *"Ujjivan - DigiBuddy*" (under classes 16, 35 and 36) and *"Ujjivan MicroBanking"* (under classes 16, 35, 36 and 41). In addition, we recently received trademark registration for "*Ujjivan Sampoorna Family Banking*" (word and logo) and *UJJIVAN BANK raFTaar Loan* (logo).

We believe our intellectual property has significant value and is materially important to our business. We are proactive about protection of our intellectual property by taking appropriate action where any other entity uses or attempts to use any mark similar to trademarks owned by our Bank or makes attempts to secure registration of marks similar to trademarks owned by the Bank.

Marketing

Marketing initiatives include customer and employee communication. Customer communication on the brand, products and services is through various marketing collaterals including in regional languages. These are disseminated through our Banking Outlets and promotional campaigns on different media such as print, radio, TV and outdoor displays. We also leverage the digital media space through our social media handles, websites coupled with digital marketing campaign to reach out to our desired audience in an effective and efficient way. The customer initiatives are twin fold, to acquire new customers while strengthening and ring-fence our relationships with our existing customers.

Competition

We face significant competition from unorganized, small participants in the market across all our business segments in addition to other small finance banks, scheduled commercial banks and NBFCs as well as local moneylenders. There are several successful microfinance institutions functioning in India, and we regularly compete with them for business throughout India.

If the number of scheduled commercial banks, small finance banks, public sector banks, private sector banks, payment banks, small finance banks, and foreign banks with branches in the country increases, or if such existing entities expand their operations, we will face increased competition across business segments, which could have a material adverse effect on our financial condition and results of operations.

Insurance

We maintain insurance policies that we believe are customary for banks. These include, amongst others, group health insurance policy, group personal accident insurance policy, group term life insurance policy, workmen's compensation policy, burglary policy, standard fire and perils policy, directors' and officers' liability policy and special perils policy. Our insurance policies may not be sufficient to cover our economic loss. For further information, see "*Risk Factors – Internal Risk Factors-Our insurance coverage may be inadequate to cover claims. If we incur substantial uninsured loss or loss that exceeds our insurance coverage, it could have a material adverse effect on our business, cash flows, results of operations and financial condition.*" on page 56.

Employees

As of June 30, 2022, we had 16,664 employees. As part of our customer-centric approach, we recruit employees locally, which assists us in gaining a better understanding of customers in that region and their requirements. We train our employees on a regular basis, and focus primarily on three areas through our training programs: (i) leadership development; (ii) behavioral development; and (iii) functional development. The following table sets forth employee details as of June 30, 2022:

Particulars	Number of Employees
Sales	13,510
Collections	815
Credit	937
Operations	335
Finance and accounts	58
Legal	25
Risk	48
IT	195
HR	139
Infrastructure and administration	66
Internal audit	77
Treasury	6
Others	453
Total	16,664

We undertake the following initiatives:

- *Manpower planning and recruitment*. We intend to continue hiring personnel from local communities to build our sales force and hire qualified personnel for functions such as risk management, treasury, digital banking and IT. We conduct a training program for new personnel with classroom sessions on our Bank's values and culture, advanced banking concepts, processes and systems complemented by field visits and branch-based training for fresh recruits and plan to continue the same. During the COVID-19 pandemic, we also enhanced our digital training capacities and ensured that we utilized our Learning Management System (Swayam) effectively.

  Skill-building. We have an effective induction program for all our new joinees. We have also introduced training programs for all front-line business employees and key backend roles right from functional to behavioral training and also managerial development programs based on the role they perform. We focus on training our sales personnel on products, operations, regulations, selling and services. We utilize the services of in-house trainers and external training agencies to train our personnel for credit assessment, risk modeling and IT security. We also run certification programs for important roles in credit, risk, information security etc. Training accreditations are conducted for the Information Technology team as well.

- *Digitization of HR processes*: We have invested in digitized HR processes (HRMS) to ensure that all processes from talent acquisition to integration and the entire employee life cycle from hire to retire and employee communication in digitized to ensure that best experience for all our employees.

- *Performance management*. We utilize our current appraisal process mapped to our HRMS for transparent PMS processing and also have an incentive structure which motivates the sales team through. The recognition mechanism of monthly and quarterly awards for special contributions for backend teams is also followed to ensure an environment of recognition and motivation.

- *Leadership development*. We invest in developing leaders across functions in the organization through targeted leadership development initiatives. We also invest in sending high potential leaders in the organization for exposure to prestigious reputed universities.

- *Well defined HR structur*e. With a significant increase in our employee base, our HR team is strengthened to ensure adequate focus on employee engagement and development. Our HR team is governed by well-defined policies on all HR processes including recruitment, training and performance management. Each HR manager has teams for performing functions such as recruitment, training and development, talent management, employee engagement, resource deployment and payroll management.

Corporate Social Responsibility

We have adopted a Corporate Social Responsibility ("**CSR**") policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 notified by the Central Government. We have a board approved CSR policy. We believe that our CSR initiatives contribute to our overall strategy of engaging with our target customers and we have contributed to CSR initiatives in areas such as education, healthcare and community development. We are particularly focused on: (i) COVID relief activities including improving the health infrastructure, distribution of medical equipment to hospitals in partnership with non-profit organisations, COVID education programme to create awareness about the pandemic and vaccination drives for staff and their families, (ii) disaster relief activities by helping the victims of floods, cyclones and fire breakouts with required relief materials including providing the affected families and beneficiaries with food and shelter; and (iii) community development projects including facilities for people with disabilities, slum and rural area development projects, promotion of education to school children and skill building through infrastructural support to educational institutions, construction of community centres and providing vocational training programmes. Our Bank was awarded with the Mother Teresa Award for the Corporate Citizenship 2021 by Loyola Institute of Business Administration (LIBA).

We have entered into a strategic partnership with Parinaam Foundation to execute social welfare activities for the benefit of underprivileged communities. The financial inclusion initiatives undertaken in partnership with Parinaam Foundation are covered under the financial literacy programme. Within the financial literacy programme, we run the following programmes:

Diksha+: Through this programme, low-income families are imparted with the knowledge and tools they may need to save safely, reduce financial risks and make informed & intelligent financial decisions. It is designed to help women mobilise savings options, manage their cash flows and plan for their future. In essence, our aim is to make banking accessible to all.

Chillar Bank: This programme is designed to encourage shared learning between parents and children. As part of the programme parents are encouraged to aid children with their own bank accounts with an intent to educate them on the importance of savings. In turn, children are encouraged to help their parents use mobile apps and technology to manage their finances. This helps families work together to understand the importance of savings and manage their finances.

Properties

Our registered and corporate office is situated at Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095, Karnataka, India, both located on lease premises. As of June 30, 2022, our operations were spread across 24 states and union territories, and through 575 Banking Outlets including 144 Banking Outlets in URCs, all of which are located on leased premises. For risks in this regard, see "*Risk Factors - All our Banking Outlets along with our Registered Office are on leased premises and we are also in the process of entering into new lease arrangements for our proposed Banking Outlets. Any inability on our part to identify suitable premises or enter into or renew lease agreements on terms acceptable to us, may have an adverse effect on our operations*." on page 50.

SELECTED STATISTICAL INFORMATION

The selected statistical information contained in this section is based on or derived from our Audited Financial Statements for Fiscal 2020, 2021 and 2022 and from the Unaudited Condensed Interim Financial Statements for the three months ended June 30, 2021 and June 30, 2022. The following discussion should be read together with the information included in the sections "Selected Financial Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" included elsewhere in this Placement Document.

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance have been included in this section and elsewhere in this Placement Document. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other banks in India or elsewhere.

Our Bank's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that year. Unless otherwise indicated any reference to our Bank's Ind AS financial statements is a reference to our Bank's Ind AS financial statements prepared solely for the purpose of consolidation of the financial statements of UFSL. For further information, see "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 77 and 253, respectively.

Unless otherwise indicated average balances are the averages as of the last day of the relevant period and as of the first day of the relevant period. All ratios are calculated based on the relevant days of operations during the period unless specified, and annualized for the relevant days of operations during the period.

Average Balance Sheet of the Bank

The tables below present the average balances for interest-earning assets and interest-bearing liabilities of the Bank together with the related interest income and expense amounts, resulting in the presentation of the average yields and cost for each period. The average balance is the average of advances and deposits for the period. The average yield on average assets is the ratio of interest income to average interest-earning assets (except that investments include equity investments and interest income with respect to investments includes dividends on such equity investments). The average cost on average interest-bearing liabilities is the ratio of interest expense to average interest-bearing liabilities.

	Three Months Ended June 30,					
	2021			2022		
	Average Balance	Interest Income/ Expensed	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)
	(₹ crores, except percentages)					
Interest Earning Assets:						
Advances	13,877.39	586.04	4.22%	16,394.52	818.44	4.99%
Investments	2,792.77	41.26	1.48%	4,495.49	76.42	1.70%
Others[(1)]	2,280.36	14.36	0.63%	1,888.95	10.51	0.56%
Total Interest Earning Assets	18,950.52	641.66	3.39%	22,778.96	905.37	3.97%
Non-interest Earning Assets:						
Fixed assets	276.11	-	-	254.80	-	-
Other assets	745.75	-	-	886.05	-	-
Total Non-Interest Earning Assets	1,021.85	-	-	1,140.85	-	-
Total Assets	19,972.37	-	-	23,919.81	-	-
Interest-bearing Liabilities:						
CASA	2,737.58	29.72	1.09%	5,074.05	63.26	1.25%

	Three Months Ended June 30,					
	2021			2022		
	Average Balance	Interest Income/ Expensed	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)
	(₹ crores, except percentages)					
Other Deposits	10,666.74	179.89	1.69%	13,296.49	208.63	1.57%
Total deposits	13,404.32	209.61	1.56%	18,370.54	271.89	1.48%
Borrowings	2,694.00	47.65	1.77%	1,853.39	33.77	1.82%
Total Interest-bearing Liabilities	16,098.32	257.26	1.60%	20,223.93	305.66	1.51%
Non-interest bearing Liabilities:						
Capital and reserves	3,102.95	-	-	2,904.82	-	-
Other liabilities	771.10	-	-	791.06	-	-
Total non-interest bearing Liabilities	3,874.05	-	-	3,695.88	-	-
Total Liabilities	19,972.37	-	-	23,919.81	-	-

Note:

1. *Includes balance with RBI in other accounts, balance with banks in other deposits and money at call and short notice.*

	Year ended March 31,								
	2020			2021			2022		
	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)
	(₹ crores, sexcept percentages)								
Interest Earning Assets:									
Advances	12,298.05	2,551.71	20.75%	14,268.80	2,600.38	18.22%	15,398.56	2,575.78	16.73%
Investments	1,961.38	138.70	7.07%	2,456.29	172.98	7.04%	3,334.69	185.14	5.55%
Others[1]	1,074.83	13.19	1.23%	1,770.12	32.71	1.85%	2,193.81	51.88	2.36%
Total Interest Earning Assets	**15,334.26**	**2,703.60**	**17.63%**	**18,495.21**	**2,806.07**	**15.17%**	**20,927.06**	**2,812.80**	**13.44%**
Non-interest Earning Assets:									
Fixed assets	292.47	-	-	290.61	-	-	265.06	-	-
Other assets	450.00	-	-	610.03	-	-	800.33	-	-
Total Non-Interest Earning Assets	742.46	-	-	900.63	-	-	1,065.39	-	-
Total Assets	16,076.72	-	-	19,395.84	-	-	21,992.46	-	-
Interest-bearing Liabilities:									
CASA	1,121.76	33.21	2.96%	2,079.48	61.43	2.95%	3,846.27	166.96	4.34%
Other Deposits	7,958.20	698.68	8.78%	9,878.64	719.75	7.29%	11,867.73	726.47	6.12%
Total deposits	9,079.96	731.89	8.06%	11,958.13	781.18	6.53%	15,713.99	893.42	5.69%
Borrowings	4,059.70	338.12	8.33%	3,600.29	296.33	8.23%	2,505.44	145.78	5.82%

	Year ended March 31,								
	2020			2021			2022		
	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)	Average Balance	Interest Income/ Expense	Average Yield/ Cost (%)
	(₹ crores, sexcept percentages)								
Total Interest-bearing Liabilities	13,139.64	1,070.01	8.14%	15,558.42	1,077.51	6.93%	18,219.43	1,039.21	5.70%
Non-interest bearing Liabilities:									
Capital and reserves	2,503.68	-	-	3,203.24	-	-	3,010.69	-	-
Other liabilities	433.41	-	-	634.19	-	-	762.33	-	-
Total non-interest bearing Liabilities	2,937.08	-	-	3,837.43	-	-	3,773.03	-	-
Total Liabilities	16,076.72	-	-	19,395.84	-	-	21,992.46	-	-

Note:

(1) Includes balance with RBI in other accounts, balance with banks in other deposits and money at call and short notice.

Yields, Spreads and Margins

The following tables set forth, for the periods indicated, the yields, spreads and interest margins on the Bank's interest-earning assets. Unless otherwise indicated average balances are the averages for the period.

Three Months Ended June 30,		
	2021	2022
(₹ crores, except percentages)		
Interest income on interest-earning assets (advances)	586.04	818.44
Interest expense on interest-bearing liabilities	257.26	305.66
Average interest-earning assets*	19,661.42	25169.94
Average interest-earning assets (advances)	14,588.50	18,785.53
Average interest-bearing liabilities**	16,098.32	20,223.93
Average total assets	19,972.37	23,919.81
Net Interest Income(1)	384.40	599.71
Average interest-earning assets (advances) as a percentage of average total assets	73.04%	78.54%
Average interest-bearing liabilities as a percentage of average total assets	80.60%	84.55%
Average interest-earning assets (advances) as a percentage of average interest-bearing liabilities	90.62%	92.89%
Yield(2)	13.05%	14.39%
Loan Yield(3)	16.07%	17.43%
Cost of Funds(4)#	6.54%	6.08%
Spread(5)	9.53%	11.35%
Net Interest Margin(6)	7.84%	9.56%
Other Income to Total Income ratio(7)	10.42%	9.50%
Average cost of borrowings	7.29%	6.71%

Notes:

**Average interest earning assets are interest-earning assets calculated on the basis of quarterly average.*

***Average interest bearing liabilities are interest-bearing liabilities calculated on the basis of quarter end balance averages.*

1. *Net Interest Income is difference of total interest earned and total interest expended.*
2. *Yield is interest income divided by average interest-earning assets(Annualised).*
3. *Loan Yield is interest income on advances divided by average interest-earning assets (advances).(Annualised)*
4. *Cost of funds is interest expense divided by average interest-bearing liabilities calculated on the basis of day end balances. (On Book Portfolio)*
5. *Spread is difference between Loan Yield and Cost of Funds.*
6. *Net Interest Margin is the difference of interest earned and interest expended divided by the average interest-earning assets calculated on the basis of quarterly average.*
7. *Other income to total income ratio is calculated as a ratio of other income divided by total income.*

Year ended March 31,			
	2020	2021	2022
(₹ crores, except percentages)			
Interest income on interest-earning assets (advances)	2,551.71	2,600.38	2,575.78
Interest expense on interest-bearing liabilities	1,070.01	1,077.51	1,039.21
Average interest-earning assets*	15,490.07	18635.02	20838.13
Average interest-earning assets (advances)	12,693.20	14,237.40	15,663.20
Average interest-bearing liabilities**	13107.49	15,265.57	17,103.66
Average total assets	15982.87	19,282.02	20,851.17
Net Interest Income(1)	1,633.59	1,728.55	1,773.60
Average interest-earning assets (advances) as a percentage of average total assets	79.42%	73.84%	75.12%
Average interest-bearing liabilities as a percentage of average total assets	82.01%	79.17%	82.03%
Average interest-earning assets (advances) as a percentage of average interest-bearing liabilities	96.84%	93.27%	91.58%
Yield(2)	17.45%	15.06%	13.50%
Loan Yield(3)	20.10%	18.26%	16.44%
Cost of Funds(4)#	8.20%	7.25%	6.26%
Spread(5)	11.90%	11.01%	10.18%
Net Interest Margin(6)	10.55%	9.28%	8.51%
Other Income to Total Income ratio(7)	10.65%	9.73%	10.02%
Average cost of borrowings	9.06%	7.71%	6.97%

Notes:

**Average interest earning assets are interest-earning assets calculated on the basis of quarterly average.*

***Average interest bearing liabilities are interest-bearing liabilities calculated on the basis of month end balance averages.*

1. *Net Interest Income is difference of total interest earned and total interest expended.*
2. *Yield is interest income divided by average interest-earning assets.*
3. *Loan Yield is interest income divided by average interest-earning assets (advances).*
4. *Cost of funds is interest expense divided by average interest-bearing liabilities calculated on the basis of day end balances. (On Book portfolio)*
5. *Spread is difference between Loan Yield and Cost of Funds.*
6. *Net Interest Margin is the difference of interest earned and interest expended divided by the average interest-earning assets calculated on the basis of quarterly average.*
7. *Other income to total income ratio is calculated as a ratio of other income divided by total income (total of net interest income and non-interest income).*

Analysis of Changes in Interest Income and Interest Expense by Volume and Rate

The following tables sets forth, for the periods indicated, details of the Bank's interest income, interest expense and Net Interest Income and the allocation of the changes in the Bank's interest income (including, with respect to equity investments, dividend income) and interest expense between average volume and changes in average rates. The changes in Net Interest Income between periods have been reflected as attributed either to volume or rate changes. For the purposes of these tables, changes that are due to both volume and rate have been allocated solely to changes in rate.

	Three Months Ended June 30, 2021 vs. Three Months Ended June 30, 2022		
	Increase (Decrease)(1) Due to		
	Net Change	Change in Average Volume	Change in Average Rate
	(₹ crores, except percentages)		
Interest Income			
Advances	232.40	106.30	126.10
Investments	35.16	25.16	10.00
Others	(3.85)	(2.46)	(1.39)
Total interest-earning assets	263.71	128.99	134.72
Interest Expense			
Total deposits(1)	62.28	77.66	(15.38)
Borrowings	(13.88)	(14.87)	0.99
Total interest-bearing liabilities	48.40	62.79	(14.39)
Net Interest Income	215.31	66.20	149.11

Note:

(1) Total deposit includes saving deposits, current deposits and term deposits.

(2) Formula:
Volume Change – Impact of change in volume if the rate is constant
Rate Change – Impact of change in rate applied on the new volume

	Fiscal 2020 vs. Fiscal 2021			Fiscal 2021 vs. Fiscal 2022		
	Increase (Decrease)(1) Due to			Increase (Decrease)(1) Due to		
	Net Change	Change in Average Volume	Change in Average Rate	Net Change	Change in Average Volume	Change in Average Rate
	(₹ crores, except percentages)			(₹ crores, except percentages)		
Interest Income						
Advances	48.67	408.91	(360.24)	(24.60)	205.89	(230.49)
Investments	34.28	35.00	(0.72)	12.16	61.86	(49.70)
Others	19.52	8.53	10.99	19.17	7.83	11.34
Total interest-earning assets	102.47	452.44	(349.97)	6.73	275.58	(268.85)
Interest Expense						
Total deposits(1)	49.29	231.99	(182.71)	112.24	245.36	(133.12)
Borrowings	(41.79)	(38.26)	(3.52)	(150.55)	(90.11)	(60.44)
Total interest-bearing liabilities	7.51	193.73	(186.23)	(38.31)	155.24	(193.55)
Net Interest Income	94.97	258.71	(163.74)	45.04	120.34	(75.30)

Note:

1. *Total deposit includes saving deposits, current deposits and term deposits.*
2. *Formula:*
   Volume Change – Impact of change in volume if the rate is constant
   Rate Change – Impact of change in rate applied on the new volume

Financial Ratios of the Bank

The following tables set forth certain key financial indicators as of and for the dates and periods indicated for the Bank.

	As of and for the three months ended June,	
	2021	2022
Return on equity(1)	(7.52)%	6.99%
Return onassets(2)	(1.19)%	0.86%
Dividend payout ratio(3)#	-	-
Cost to average assets(4)	5.94%	7.09%
Average net worth to total average assets(5)	15.54%	12.14%
Credit to total deposit ratio(6)	102.66%	105.20%
Retail to total deposit ratio	47.65%	58.33%
CASA to total deposits ratio	20.28%	27.94%
Cost to income ratio(7)	64.82%	61.00%

Notes:

1. *Return on equity is the ratio of the net profit after tax to the average net worth (capital plus reserves excluding revaluation reserves).*
2. *Return on assets is the ratio of the net profit after tax to the average assets.*
3. *Dividend payout ratio is the ratio of dividend to adjusted net profit (after dividend tax).*
4. *Cost to average assets is the ratio of the operating expenses, excluding lease depreciation, to the average assets.*
5. *Average net worth to total average assets is the ratio of quarterly average capital and reserves (excluding revaluation reserves) divided by total average assets.*

6. *Credit to deposit ratio is calculated as a ratio of total domestic advances excluding interbank advances to total domestic deposits excluding interbank deposits.*
7. *Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).*

\# *Dividend payout ratio is not applicable as we did not declare any dividend on our Equity Shares.*

	As of and for the year ended March 31,		
	2020	2021	2022
Return on equity[1]	13.98%	0.26%	(13.77)%
Return on assets[2]	2.21%	0.04%	(2.04)%
Dividend payout ratio[3]#	-	-	-
Cost to average assets[4]	8.20%	6.34%	6.80%
Average net worth to total average assets[5]	15.57%	16.52%	13.69%
Credit to total deposit ratio[6]	131.27%	115.26%	99.29%
Retail to total deposit ratio	43.83%	47.52%	54.24%
CASA to total deposits ratio	13.54%	20.54%	27.29%
Cost to income ratio[7]	67.42%	60.57%	71.70%

Notes:

1. *Return on equity is the ratio of the net profit after tax to the average net worth (capital plus reserves excluding revaluation reserves).*
2. *Return on assets is the ratio of the net profit after tax to the average assets.*
3. *Dividend payout ratio is the ratio of dividend to adjusted net profit (after dividend tax).*
4. *Cost to average assets is the ratio of the operating expenses, excluding lease depreciation, to the average assets.*
5. *Average net worth to total average assets is the ratio of quarterly average capital and reserves (excluding revaluation reserves) divided by total average assets.*
6. *Credit to deposit ratio is calculated as a ratio of total domestic advances excluding interbank advances to total domestic deposits excluding interbank deposits.*
7. *Cost to income ratio is calculated as a ratio of operating expenses divided by total operating income (total of net interest income and non-interest income).*

\# *Dividend payout ratio is not applicable as we did not declare any dividend on our Equity Shares.*

Return on Equity and Assets

The following tables presents selected financial ratios for the Bank for the periods indicated:

	Three Months Ended June,	
	2021	2022
	(₹ crores, except percentages)	
Net profit	(233.48)	202.94
Average shareholders' equity	3,102.95	2,904.82
Net profit as a percentage of average total assets	(1.19)%	0.86%
Net profit as a percentage of average shareholders' equity	(7.52)%	6.99%
Average shareholders' equity as a percentage of average total assets	15.54%	12.14%
Gross Advances (including securitization / IBPC / direct assignment)	14,037.08	19408.95
Gross Advances (excluding securitization / IBPC / direct assignment)	14,037.08	17,614.77
Net Advances	13,260.83	16,485.87

	Fiscal		
	2020	2021	2022
	(₹ crores, except percentages)		
Net profit	349.92	8.30	(414.58)
Average shareholders' equity	2,503.68	3,203.23	3,010.69
Net profit as a percentage of average total assets	2.21%	0.04%	(2.04)
Net profit as a percentage of average shareholders' equity	13.98%	0.26%	(13.77)%
Average shareholders' equity as a percentage of average total assets	15.57%	16.52%	13.69%
Gross Advances (including securitization / IBPC / direct assignment)	14153.30	15,139.97	18,162.06
Net Advances	14,043.64	14,493.95	16,303.17

Gross Advances (excluding securitization / IBPC / direct assignment) as of 31 March 2022 ₹ 17,487.65 crores

Funding

The Bank's funding operations are designed to ensure stability, low cost of funding and effective liquidity management. The Bank's primary sources of funds are deposits from retail customers. Retail deposits raised were 43.82%, 47.52% and 54.24% of total deposits as of March 31, 2020, 2021 and 2022, respectively, and were 58.33% as of June 30, 2022. Of the Bank's total deposits as of March 31, 2022, 2.76% was current account deposits and 24.54% were savings bank deposits, while 72.71% were time deposits while as of June 30, 2022 current account deposits were 2.38% and savings bank deposits were 25.57% of the Bank's total deposits.

	Three Months Ended June 30,	
	2021	2022
	(₹ crores, except percentages)	
Period end balance	15,813.55	20,392.08
Average balance during the period not captured(1)	13,617.95	18,134.46
Interest on deposits	209.61	271.89
Average interest rate during the period(2)	6.38%	6.01%
Interest at period end(3)	209.61	271.89

Notes:

1. *Average balances outstanding.*
2. *Represents the ratio of interest expense on all deposits to the average of balances of all deposits.*
3. *Represents the total interest paid on account of all deposits during the period.*

	Year ended March 31,		
	2020	2021	2022
	(₹ crores, except percentages)		
Year end balance	14,733.75	16,383.08	20,055.78
Average balance during the year not captured(1)	9,311.16	11,020.86	14,513.81
Interest on deposits	731.89	781.18	893.42
Average interest rate during the year(2)	7.86%	7.09%	6.16%
Interest at year end(3)	731.89	781.18	893.42

Notes:

1. *Average balances outstanding.*
2. *Represents the ratio of interest expense on all deposits to the average of balances of all deposits.*
3. *Represents the total interest paid on account of all deposits during the period.*

Deposits

The following tables set forth, for the periods indicated, the Bank's deposits and the percentage composition by each category of deposits. As of March 31, 2020, 2021 and 2022, the average cost (interest expense divided by the average of balance for the relevant period) of current and savings deposits was 3.65%,4.06% and 5.22%, respectively, and the average cost of time deposits was 8.43%, 7.61% and 6.48%, respectively. As of June 30, 2022, the average cost (interest expense divided by the average of balance for the relevant period) of current and savings deposits was 5.24%, and the average cost of time deposits was 6.36%. These rates are annualized.

The deposits for the periods set forth are as follows:

	Three Months Ended June 30,			
	2021		2022	
	Amount	% of Total	Amount	% of Total
	(₹ crores, except percentages)			
Demand deposits	334.36	2.45%	438.40	2.38%
Savings deposits	2,441.27	17.85%	4717.04	25.57%
Time deposits	10,897.24	79.70%	13293.42	72.06%
Total Deposits	13,672.87	100.00%	18,448.86	100.00%

	Year ended March 31,					
	2020		2021		2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹ crores, except percentages)					
Demand deposits	228.45	2.12%	442.88	3.37%	504.42	2.76%
Savings deposits	1230.99	11.42%	2256.65	17.18%	4,488.24	24.54%
Time deposits	9321.05	86.46%	10436.24	79.45%	13,299.56	72.71%
Total Deposits	10780.48	**100%**	13135.77	**100%**	18,292.22	**100%**

The details of Retail Deposits and Institutional Deposits are as set forth below:

	Three Months Ended June 30,			
	2021		2022	
	Amount	% of Total	Amount	% of Total
	(₹ crores, except percentages)			
Retail Deposits[(1)]	6,514.60	47.65%	10,760.74	58.33%
Institutional Deposits[(2)]	7,158.27	52.35%	7,688.12	41.67%
Total	**13,672.87**	**100%**	**18,448.86**	**100%**

Notes:

1. *Retail deposits are deposits sourced by our retails verticals which are branch banking, micro banking, housing finance and MSE and includes staff deposits.*
2. *Institutional deposits typically include deposits from financial institutions, banks (including co-operative banks), mutual funds, TASC, government offices and local bodies such as panchayats and municipal corporations.*

	Year ended March 31,					
	2020		2021		2022	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(₹ crores, except percentages)					
Retail Deposits[(1)]	4,723.74	43.83%	6,242.28	47.52%	9,920.94	54.24%
Institutional Deposits[(2)]	6,056.74	56.17%	6,893.49	52.48%	8,371.28	45.76%
Total	**10,780.48**	**100%**	**13,135.77**	**100%**	**18,292.22**	**100%**

Notes:

1. *Retail deposits are deposits sourced by our retails verticals which are branch banking, micro banking, housing finance and MSE and includes staff deposits.*
2. *Institutional deposits typically include deposits from financial institutions, banks (including co-operative banks), mutual funds, TASC, government offices and local bodies such as panchayats and municipal corporations.*

Borrowings

The following tables sets forth, for the periods indicated, information related to the Bank's borrowings.

	Three Months Ended June 30,	
	2021	2022
	(₹ crores, except percentages)	
Period end balance	2,140.69	1,943.22
Average balance during the period not captured[(1)]	2,637,07	2,019.20
Interest on RBI/Inter-bank borrowings and other interest expended	3.38	13.22
Average interest rate during the period[(2)]	7.29%	6.71%
Interest at period end[(3)]	47.64	33.77

Notes:

1. *Average balances outstanding.*
2. *Represents the ratio of interest expense on all borrowings to the average of balances of all borrowings.*
3. *Represents the total interest paid on account of all borrowings during the period.*

	Year ended March 31,		
	2020	2021	2022
	(₹ crores, except percentages)		
Year end balance	3,953.27	3,247.32	1,763.56
Average balance during the year not captured[(1)]	3,739.44	3,856.54	2,110.21
Interest on RBI/Inter-bank borrowings and other interest expended	41.98	26.42	24.36
Average interest rate during the year[(2)]	9.06%	7.71%	6.97%
Interest at year end[(3)]	338.12	296.33	145.78

Notes:

1. *Average balances outstanding.*
2. *Represents the ratio of interest expense on all borrowings to the average of balances of all borrowings.*
3. *Represents the total interest paid on account of all borrowings during the period.*

Cash Flow Mismatch Analysis

The following tables set forth the Bank's structural liquidity gap position for its domestic operations as of the dates indicated:

	As of June 30, 2022[(4)(5)(6)(7)]											
	1 Day	**2 Days to 7 Days**	**8 Days to 14 Days**	**15 Days to 30 Days**	**31 Days to 2 Months**	**Over 2 Months to 3 Months**	**Over 3 Months to 6 Months**	**Over 6 Months to 12 Months**	**Over 1 Year to 3 Years**	**Over 3 Years to 5 Years**	**Over 5 Years**	**Total**
	(₹ crores, except percentages)											
Cash and bank balances[(8)]	1,345.20	5.92	4.45	16.55	29.91	18.68	59.09	179.54	243.46	27.74	0.78	1,931.32
Advances[(1)]	1.90	176.13	293.85	124.98	598.73	832.10	1,493.96	4,226.47	5,723.89	679.83	2,334.03	16,485.87
Investments	1,451.68	43.30	22.43	168.88	173.31	216.52	427.81	1,334.19	932.95	51.39	15.56	4,838.04
Fixed assets	-	-	-	-	-	-	-	-	-	-	260.21	260.21
Other assets[(2)]	50.50	1.92	32.30	170.87	15.53	18.99	56.27	280.27	543.83	0.01	462.74	1,633.25
Total inflows	2,849.29	227.28	353.04	481.29	817.48	1,086.29	2,037.14	6,020.48	7,444.13	758.97	3,073.32	25,148.70
Capital and Reserves	-	-	-	-	-	-	-	-	-	200.00	2,763.38	2,963.38
Deposits	47.02	405.74	359.60	684.01	652.01	876.90	1,682.79	5,303.89	8,204.60	220.84	11.46	18,448.86
Borrowings	7.70	-	1.14	99.74	113.56	207.80	155.68	400.90	749.10	61.60	146.00	1,943.22
Other liabilities[(3)]	932.69	29.53	17.93	102.41	254.74	31.31	132.98	154.90	96.93	6.58	33.25	1,793.25
Total outflows	987.41	435.27	378.68	886.15	1,020.31	1,116.02	1,971.46	5,859.68	9,050.63	489.02	2,954.08	25,148.70
Liquidity gap	1,861.88	(207.98)	(25.64)	(404.86)	(202.83)	(29.73)	65.68	160.80	(1,606.50)	269.94	119.24	-
Cumulative liquidity gap	1,861.88	1,653.89	1,628.25	1,223.39	1,020.57	990.84	1,056.52	1,217.32	(389.18)	(119.24)	0.00	-
Cumulative liabilities	987.41	1,393.15	1,752.75	2,436.76	3,088.77	3,965.67	5,648.46	10,952.35	19,156.95	19,377.80	19,389.25	-
Cumulative liquidity gap as a % of cumulative liabilities	188.56%	118.72%	92.90%	50.21%	33.04%	24.99%	18.70%	11.11%	(2.03)%	(0.62)%	0.00%	

Notes:

1. *Advances includes the unavailed portion of overdraft facility and NPAs*
2. *Other assets include interest receivable*
3. *Other liabilities include interest payable and unavailed loan*

4. *Classification methodologies are based on the Asset Liability Management Guidelines issued by the RBI*
5. *Assets and liabilities are classified into categories as per residual maturity*
6. *Assets and liabilities that do not mature or have ambiguous maturities are classified as per historical behavioral analysis, regulatory guidance or management judgment*
7. *Investments and balance with RBI mature as per DTL maturity*
8. *Cash and bank balances include reverse repo*

	As of March 31, 2022(4)(5)(6)(7)											
	1 Day	**2 Days to 7 Days**	**8 Days to 14 Days**	**15 Days to 30 Days**	**31 Days to 2 Months**	**Over 2 Months to 3 Months**	**Over 3 Months to 6 Months**	**Over 6 Months to 12 Months**	**Over 1 Year to 3 Years**	**Over 3 Years to 5 Years**	**Over 5 Years**	**Total**
	(₹ crores, except percentages)											
Cash and bank balances(8)	425.21	1,276.93	9.74	13.81	28.41	28.97	46.02	118.51	194.95	24.91	0.64	2,168.10
Advances(1)	1.90	161.49	266.12	330.75	780.11	786.16	1,862.15	3,978.60	4,396.62	1,530.10	2,209.18	16,303.17
Investments	894.54	64.67	51.44	169.77	378.41	219.26	470.84	931.81	913.52	43.51	15.16	4,152.93
Fixed assets	-	-	-	-	-	-	-	-	-	-	249.39	249.39
Other assets(2)	50.00	6.82	20.48	165.28	93.90	16.19	46.45	55.55	446.48	0.01	423.61	1,324.76
Total inflows	1,371.65	1,509.91	347.79	679.62	1,280.82	1,050.58	2,425.45	5,084.46	5,951.57	1,598.52	2,897.99	24,198.36
Capital and Reserves	-	-	-	-	-	-	-	-	-	200.00	2,560.44	2,760.44
Deposits	52.55	495.23	477.37	709.86	1,432.16	916.90	1,968.68	3,896.26	8,138.43	194.60	10.17	18,292.22
Borrowings	-	-	1.14	-	151.14	17.80	272.50	373.48	647.50	-	300.00	1,763.56
Other liabilities(3)	600.24	16.41	33.77	83.86	208.57	31.64	123.92	135.82	103.01	7.63	37.27	1,382.15
Total outflows	652.79	511.65	512.28	793.72	1,791.87	966.34	2,365.11	4,405.56	8,888.93	402.24	2,907.88	24,198.36
Liquidity gap	718.86	998.26	(164.49)	(114.10)	(511.05)	84.24	60.34	678.90	(2,937.36)	1,196.29	(9.89)	-
Cumulative liquidity gap	718.86	1,717.12	1,552.63	1,438.53	927.48	1,011.71	1,072.05	1,750.96	(1,186.40)	9.89	0.00	-
Cumulative liabilities	652.79	1,148.03	1,625.40	2,335.26	3,767.41	4,684.32	6,653.00	10,549.26	18,687.69	18,882.29	18,892.46	-
Cumulative liquidity gap as a % of cumulative liabilities	110.12%	149.57%	95.52%	61.60%	24.62%	21.60%	16.11%	16.60%	(6.35%)	0.05%	0.00%	-

Notes:
1. *Advances includes the unavailed portion of overdraft facility and NPAs*
2. *Other assets include interest receivable*

3. *Other liabilities include interest payable and unavailed loan*
4. *Classification methodologies are based on the Asset Liability Management Guidelines issued by the RBI*
5. *Assets and liabilities are classified into categories as per residual maturity*
6. *Assets and liabilities that do not mature or have ambiguous maturities are classified as per historical behavioral analysis, regulatory guidance or management judgment*
7. *Investments and balance with RBI mature as per DTL maturity*
8. *Cash and bank balances include reverse repo*

Classification of Investments

	Three Months ended June 30,	
	2021	2022
	(₹ crores)	
Held to Maturity[(1)]	2,507.00	3,838.30
Available for Sale[(2)]	552.12	970.17
Held for Trading[(3)]	9.96	29.57
Total	**3,069.08**	**4,838.04**

Notes:

1. *Investments that our Bank intends to hold till maturity are classified as "Held to Maturity".*
2. *Investments, which are not classified in "Held to Maturity" and "Held for Trading", are classified as "Available for Sale" investments.*
3. *Investments that are held principally for sale within 90 days from the date of purchase are classified as "Held for Trading".*

	Year ended March 31,		
	2020	2021	2022
	(₹ crores)		
Held to Maturity[(1)]	1,620.19	2,202.78	3,517.57
Available for Sale[(2)]	775.95	313.67	601.12
Held for Trading[(3)]	0.00	0.00	34.24
Total	**2,396.14**	**2,516.45**	**4,152.93**

Notes:

1. *Investments that our Bank intends to hold till maturity are classified as "Held to Maturity".*
2. *Investments, which are not classified in "Held to Maturity" and "Held for Trading", are classified as "Available for Sale" investments.*
3. *Investments that are held principally for sale within 90 days from the date of purchase are classified as "Held for Trading".*

Loan Portfolio

As of June 30, 2022, the Bank's Gross Advances (including securitization / IBPC / direct assignment) were ₹19,408.95 crores. The Bank's Gross Advances (including securitization / IBPC / direct assignment) are to borrowes in India.

The table below sets forth the Bank's advances by segment as of June 30, 2021 and June 30, 2022:

	As of June 30,			
	2021		2022	
	(₹ crores)	% of total	(₹ crores)	% of total
Micro banking	9,613.25	68.48%	13,363.18	68.85%
Micro and Small Enterprise Loans	1,271.68	9.06%	1,767.12	9.10%
Affordable Housing Loans	2,096.47	14.94%	2,904.63	14.97%
Financial Institutional Group Loans	744.62	5.30%	871.58	4.49%
Others	311.06	2.22%	502.44	2.59%
Total Gross Advances (including securitization / IBPC / direct assignment)	14,037.08	100.00%	19,408.95	100.00%
Secured Advances (As % of Total Gross Advances (including securitization / IBPC / direct assignment))	30.12%	-	28.97%	-

Gross Advances (excluding securitization / IBPC / direct assignment) as of 30 June 2022: ₹ 17,614.77 crores

The table below sets forth the Bank's Gross Advances (including securitization / IBPC / direct assignment) by segment as of March 31, 2020, 2021 and 2022:

	As of March 31,					
	2020		2021		2022	
	(₹ crores)	% of total	(₹ crores)	% of total	(₹ crores)	% of total
Micro banking	10,932.94	77.26%	10,868.15	71.78%	12,344.48	67.97%
Micro and Small Enterprise Loans	980.15	6.93%	1,286.44	8.50%	1,710.26	9.42%
Affordable Housing Loans	1,523.74	10.77%	2,049.65	13.54%	2,734.47	15.06%
Financial Institutional Group Loans	548.99	3.88%	648.48	4.28%	855.19	4.71%
Others	167.48	1.17%	287.22	1.90%	517.66	2.85%

	As of March 31,					
	2020		2021		2022	
	(₹ crores)	% of total	(₹ crores)	% of total	(₹ crores)	% of total
Total Gross Advances (including securitization / IBPC / direct assignment)	14,153.30	100.00%	15,139.94	100.00%	18,162.06	100.00%
Secured Advances (As % of Total Gross Advances (including securitization / IBPC / direct assignment))	21.56%	-	26.89%	-	29.60%	

Gross Advances (excluding securitization / IBPC / direct assignment) as of 31 March 2022: ₹ 17,487.65 crores

The table below sets forth the Bank's disbursements by segment as of June 30, 2021 and June 30, 2022:

	As of June 30,			
	2021		2022	
	(₹ crores)	% of total	(₹ crores)	% of total
Micro banking	810.07	61.77%	3514.77	81.24%
Micro and Small Enterprise Loans	105.53	8.05%	253.61	5.86%
Affordable Housing Loans	111.89	8.53%	287.53	6.65%
Financial Institutional Group Loans	195.00	14.87%	150	3.47%
Others	88.87	6.78%	120.45	2.78%
Total Disbursements	1,311.37	100.00%	4326.36	100.00%

The table below sets forth the Bank's disbursements by segment as of March 31, 2020, 2021 and 2022:

	As of March 31,					
	2020		2021		2022	
	(₹ crores)	% of total	(₹ crores)	% of total	(₹ crores)	% of total
Micro banking	11,004.65	83.24%	6,482.01	77.19%	10,667.68	75.58%
Micro and Small Enterprise Loans	609.82	4.61%	517.16	6.16%	1,086.59	7.70%
Affordable Housing Loans	843.76	6.38%	666.20	7.93%	1,063.68	7.54%
Financial Institutional Group Loans	543.00	4.11%	467.00	5.56%	715.00	5.07%
Others	219.88	1.66%	264.60	3.15%	580.53	4.11%
Total Disbursements	13,221.12	100.00%	8,396.97	100.00%	14,113.49	100.00%

The table below sets forth the Bank's total loans disbursed by segment for the three months ended June 30, 2021 and 2022:

	Three Months Ended June 30,	
	2021	2022
Micro banking	183276	564888
Micro and Small Enterprise Loans	649	1427
Affordable Housing Loans	946	2531
Financial Institutional Group Loans	5	5
Others	3896	1685
Total	188772	570536

The table below sets forth the Bank's total loans disbursed by segment for Fiscal 2020, 2021 and 2022:

	Year Ended March 31,		
	2020	2021	2022
Micro banking	2981938	14,97,659	20,81,385
Micro and Small Enterprise Loans	4,586	4,412	6,048
Affordable Housing Loans	8,600	6,463	9,485
Financial Institutional Group Loans	31	21	30
Others	7,411	12,528	23,595
Total	3002566	15,21,083	21,20,543

The table below sets forth the Bank's average ticket size by segment as of June 30, 2021 and 2022:

	As of June 30,	
	2021	2022
	(₹)	
Micro banking	44,199.46	62220.65
Micro and Small Enterprise Loans	1626040.06	1777224.95
Affordable Housing Loans	1182769.56	1136033.19
Financial Institutional Group Loans	39,00,00,0000	30,00,00,0000

The table below sets forth the Bank's average ticket size by segment as of March 31, 2020, 2021 and 2022:

	As of March 31,		
	2020	2021	2022
	(₹)		
Micro banking	36,904.35	43,280.91	51252.80
Micro and Small Enterprise Loans	13,29,745.24	11,72,164.94	1796610.45
Affordable Housing Loans	9,81,116.76	10,30,797.64	1121433.84
Financial Institutional Group Loans	17,51,61,290.32	22,23,80,952.38	23,83,33,333.33

The table below sets forth the Bank's average tenor by segment as of June 30, 2021 and 2022:

	As of June 30,	
	2021	2022
	(No. of Months)	
Micro banking	20.72	22.47
Micro and Small Enterprise Loans	70.27	41.18
Affordable Housing Loans	148.85	165.04
Financial Institutional Group Loans	16.34	32.26

The table below sets forth the Bank's average tenor by segment as of March 31, 2020, 2021 and 2022:

	As of March 31,		
	2020	2021	2022
	(No. of Months)		
Micro banking	20.18	20.62	22.05
Micro and Small Enterprise Loans	63.07	69.11	78.18
Affordable Housing Loans	146.95	148.84	163.71
Financial Institutional Group Loans	12.86	14.93	33.10

The table below sets forth the Bank's yields by segment for the three months ended June 30, 2021 and 2022:

	Three Months Ended June 30,	
	2021	2022
Micro banking	17.60%	20.57%
Micro and Small Enterprise Loans	12.76%	13.85%
Affordable Housing Loans	12.79%	12.71%
Financial Institutional Group Loans	9.14%	9.11%

The table below sets forth the Bank's yields by segment for Fiscal 2020, 2021 and 2022:

	Year Ended March 31,		
	2020 (1)	2021(1)	2022(1)
Micro banking	21.50%	20.16%	18.49%
Micro and Small Enterprise Loans	16.97%	14.87%	13.82%
Affordable Housing Loans	13.70%	13.36%	12.73%
Financial Institutional Group Loans	11.64%	10.40%	9.13%

The table below sets forth the Bank's portfolio at risk by segment as of June, 2021 and 2022:

(₹ crores)

	As of June 30,	
	2021	2022
Micro banking	3,564.14	928.15
Micro and Small Enterprise Loans	369.22	294.83

	As of June 30,	
	2021	2022
Affordable Housing Loans	347.56	267.09
Financial Institutional Group Loans	4.42	4.42
Others	37.45	47.20
Total	4322.79	1,541.69

The table below sets forth the Bank's portfolio at risk by segment as of March 31, 2020, 2021 and 2022:

(₹ crores)

	As of March 31,		
	2020	2021	2022
Micro banking	184.57	1,716.44	1,140.09
Micro and Small Enterprise Loans	52.42	299.36	298.39
Affordable Housing Loans	28.40	210.65	257.14
Financial Institutional Group Loans	0.00	4.46	4.42
Others	2.79	23.97	41.50
Total	268.17	2,254.88	1,741.54

Capital Adequacy

Our Bank is subject to the CAR requirements prescribed by the RBI. As of June 30, 2022, we were required to maintain a minimum CAR of 15.00%, based on the total capital to risk-weighted assets. The following tables set forth certain information relating to the CAR of our Bank as of the periods indicated:

(₹ crores, except percentages)

	As of and for the three month period ended June 30,	
	2021	2022
Tier I Capital	2,545.96	2,422.77
Tier II Capital	143.42	172.33
Total Capital	2,689.38	2,595.11
Total Risk Weighted Assets	10,393.13	12,956.26
Capital Adequacy Ratio		
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	24.50%	18.70%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	1.38%	1.33%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	25.88%	20.03%

(₹ crores, except percentages)

	As of and for the year ended March 31,		
	2020	2021	2022
Tier I Capital	3,018.29	2,862.67	2,279.05
Tier II Capital	86.59	157.26	166.48
Total Capital	3,104.88	3,019.93	2,445.52
Total Risk Weighted Assets	10,774.57	11,419.96	12,879.09
Capital Adequacy Ratio			
Tier I Capital (as a Percentage of Total Risk Weighted Assets (%))	28.01%	25.07%	17.70%
Tier II Capital (as a Percentage of Total Risk Weighted Assets (%))	0.80%	1.38%	1.29%
Total Capital (as a Percentage of Total Risk Weighted Assets (%))	28.82%	26.44%	18.99%

Interest Rate Coverage Ratio

The table below sets forth the Bank's interest coverage ratio for the three months ended June 30, 2021 and Jun 30, 2022 and for the year ended March 31, 2020, 2021 and 2022:

(₹ crores)

	As of and for the three month period ended June 30,	
	2021	2022
(A) Net Profit for the year	(233.48)	202.94
Add:		
(B) Provision for tax	(78.81)	67.73
(C) Depreciation	19.76	21.24
(D) Finance costs	257.26	305.66
Earnings before Interest, Tax and Depriciation (A+B+C+D)	**(35.27)**	**597.57**

	As of and for the three month period ended June 30,	
	2021	2022
(F) Interest Coverge Ratio (E/D)	(0.14)	1.96

(₹ crores)

	As of March 31,		
	2020	2021	2022
(A) Net Profit for the year	349.92	8.30	(414.58)
Add:			
(B) Provision for tax	116.32	1.90	(135.77)
(C) Depreciation	72.63	76.80	80.44
(D) Finance costs	1,070.01	1,077.51	1,039.21
Earnings before Interest, Tax and Depriciation (A+B+C+D)	**1,608.88**	**1,164.51**	**569.30**
(F) Interest Coverge Ratio (E/D)	1.50	1.08	0.55

Regional Concentration

The Bank's widespread branch network enables the Bank to diversify its lending risks geographically. The following tables present an analysis of the Bank's advances and deposits by region as of the dates indicated.

The following tables set forth the Bank's Gross Advances (including securitization / IBPC / direct assignment) by geographical split as of the dates indicated:

	As of June 30,			
	2021		2022	
	(₹ crores)	% of total	(₹ crores)	% of total
Metropolitan	4582.51	32.65%	6,317.70	32.55%
Semi-Urban	3,820.40	27.22%	5,114.96	26.35%
Urban	4,698.62	33.47%	6,685.26	34.44%
Rural	935.55	6.66%	1,291.03	6.65%
Total Gross Advances (including securitization / IBPC / direct assignment	14,037.08	100%	19408.95	100%

	As of March 31,					
	2020		2021		2022	
	(₹ crores)	% of total	(₹ crores)	% of total	(₹ crores)	% of total
Metropolitan	4256.88	30.08%	4764.11	31.47%	6,037.97	33.24%
Semi-Urban	4088.79	28.89%	4198.62	27.73%	4776.43	26.30%
Urban	4887.11	34.53%	5141.93	33.96%	6,170.08	33.97%
Rural	920.52	6.50%	1035.31	6.84%	1,177.58	6.48%
Total Gross Advances (including securitization / IBPC / direct assignment)	14153.30	100.00%	15139.97	100.00%	18,162.06	100%

The following tables set forth the Bank's Gross Advances (including securitization / IBPC / direct assignment) by region as of the dates indicated:

Region	States	As of June 30,	
		2021	2022
		(₹ crores)	
East	Assam	288.73	184.87
	Bihar	831.43	1327.05
	Jharkhand	277.64	430.33
	Meghalaya	15.98	19.05
	Odisha	360.45	480.77
	Tripura	158.83	235.34
	West Bengal	1,848.48	2,366.98
	Total	3,781.54	5,044.39
North	Chandigarh (UT)	21.66	36.07
	Chhattisgarh	71.53	91.82
	Haryana	643.87	1,046.43
	Himachal Pradesh	14.54	24.72
	Madhya Pradesh	202.53	287.55

Region	States	As of June 30,	
		2021	2022
		(₹ crores)	
	New Delhi	512.51	694.45
	Punjab	315.68	478.77
	Rajasthan	580.64	807.70
	Uttar Pradesh	617.79	1,104.75
	Uttarakhand	60.45	92.44
	Total	3,041.38	4,664.69
South	Goa	9.74	13.11
	Karnataka	2,023.91	2739.10
	Kerala	232.81	344.57
	Pondicherry	97.61	121.86
	Tamil Nadu	2,310.58	3,026.21
	Total	4,674.62	6,244.85
West	Gujarat	1,176.82	1,626.43
	Maharashtra	1,362.69	1,828.59
	Total	2,539.51	3,455.02
Grand Total		14,037.08	19408.95

Region	States	As of March 31,		
		2020	2021	2022
		(₹ crores)		
East	Assam	398.02	352.94	197.19
	Bihar	874.58	927.27	1208.62
	Jharkhand	295.11	310.42	400.42
	Meghalaya	20.05	17.26	17.66
	Odisha	365.00	402.43	445.84
	Tripura	164.97	172.04	224.79
	West Bengal	1951.98	2020.05	2229.73
	Total	4069.72	4202.40	4724.25
North	Chandigarh (UT)	24.70	24.39	31.51
	Chhattisgarh	82.02	81.41	89.97
	Haryana	698.80	722.07	944.57
	Himachal Pradesh	17.36	16.41	22.44
	Madhya Pradesh	222.28	227.72	266.60
	New Delhi	299.19	449.57	699.13
	Punjab	391.61	370.76	422.52
	Rajasthan	568.81	642.92	751.28
	Uttar Pradesh	524.22	669.08	987.91
	Uttarakhand	60.08	66.74	83.18
	Total	2889.07	3271.07	4299.11
South	Goa	10.17	11.00	12.66
	Karnataka	2170.66	2179.98	2660.72
	Kerala	251.33	243.84	280.35
	Pondicherry	111.21	107.82	117.59
	Tamil Nadu	2239.71	2399.34	2808.94
	Total	4783.08	4941.98	5880.26
West	Gujarat	1107.04	1250.99	1526.82
	Maharashtra	1301.92	1472.26	1732.54
	Total	2408.96	2723.25	3259.36
Grand Total		14153.30	15139.97	18162.06

The following tables set forth the Bank's deposits by region as of the dates indicated:

Region	States	As of June 30,	
		2021	2022
		(Deposits, ₹ crores)	
East	Assam	224.72	293.90
	Bihar	249.62	477.61
	Jharkhand	186.63	270.75
	Meghalaya	9.44	17.29
	Odisha	121.94	205.89
	Tripura	193.29	183.11
	West Bengal	1,007.71	1,450.44
	Total	1,993.36	2,898.98
North	Chandigarh (UT)	432.61	887.65

Region	States	As of June 30,	
		2021	2022
		(Deposits, ₹ crores)	
	Chhattisgarh	50.92	85.06
	Haryana	730.07	960.39
	Himachal Pradesh	339.99	391.00
	Madhya Pradesh	71.62	134.44
	New Delhi	377.49	617.54
	Punjab	1,531.27	2,081.72
	Rajasthan	365.75	802.31
	Uttar Pradesh	573.11	849.56
	Uttarakhand	418.63	421.38
	Total	4,891.45	7,231.04
South	Goa	23.28	37.25
	Karnataka(1)	1,704.17	2,792.86
	Kerala	975.89	1,026.01
	Pondicherry	27.36	91.04
	Tamil Nadu	1,138.93	1,547.82
	Total	3,869.62	5,494.97
West	Gujarat	382.49	583.44
	Maharashtra	2,535.95	2,240.43
	Total	2,918.44	2,823.87
Grand Total		13,672.87	18,448.86

Notes

1. *CDs being a treasury product have been added to Karnataka basis treasury function being a part of the Corporate Office.*

Region	States	As of March 31,		
		2020	2021	2022
		(Deposits, in crores)		
East	Assam	302.20	200.20	272.30
	Bihar	186.36	257.39	449.03
	Jharkhand	113.24	182.72	246.62
	Meghalaya	5.72	10.05	16.25
	Odisha	94.88	132.06	193.50
	Tripura	75.77	193.27	168.59
	West Bengal	802.63	959.13	1,351.53
	Total	1580.79	1934.82	2,697.83
North	Chandigarh (UT)	811.51	615.12	892.37
	Chhattisgarh	31.84	43.02	110.15
	Haryana	660.02	763.99	842.54
	Himachal Pradesh	96.08	97.76	364.10
	Madhya Pradesh	53.00	73.19	126.61
	New Delhi	420.71	365.52	471.02
	Punjab	783.20	1271.81	1,959.85
	Rajasthan	199.11	361.40	697.69
	Uttar Pradesh	305.31	563.46	791.01
	Uttarakhand	470.40	333.39	482.92
	Total	3831.18	4488.72	6,738.26
South	Goa	21.00	18.93	25.47
	Karnataka(1)	1927.07	1765.80	2,964.89
	Kerala	433.70	910.92	938.98
	Pondicherry	23.51	27.49	88.64
	Tamil Nadu	776.42	1127.38	1,688.66
	Total	3181.69	3850.51	5,706.63
West	Gujarat	261.37	359.96	556.15
	Maharashtra	1925.45	2501.76	2,593.34
	Total	2186.82	2861.72	3,149.50
Grand Total		10780.48	13135.77	18,292.22

Notes

1. *CDs being a treasury product have been added to Karnataka basis treasury function being a part of the Corporate Office.*

The following tables set forth the Bank's Banking Outlets (including Asset Centres) by region as of the dates indicated:

Region	States	As of June 30,	
		2021	2022
		(No. of Banking Outlets (including Asset Centres))	
East	Assam	18	18
	Bihar	37	37
	Jharkhand	14	14
	Meghalaya	1	1
	Odisha	19	19
	Tripura	8	8
	West Bengal	83	83
	Total	180	180
North	Chandigarh (UT)	1	1
	Chhattisgarh	4	4
	Haryana	36	36
	Himachal Pradesh	1	1
	Madhya Pradesh	11	11
	New Delhi	8	8
	Punjab	16	16
	Rajasthan	26	26
	Uttar Pradesh	31	31
	Uttarakhand	4	4
	Total	138	138
South	Goa	2	2
	Karnataka	80	80
	Kerala	15	15
	Pondicherry	1	1
	Tamil Nadu	74	74
	Total	172	172
West	Gujarat	44	44
	Maharashtra	41	41
	Total	85	85
Grand Total		575	575

Region	States	As of March 31,		
		2020	2021	2022
		(No. of Banking Outlets (including Asset Centres))		
East	Assam	18	18	18
	Bihar	37	37	37
	Jharkhand	14	14	14
	Meghalaya	1	1	1
	Odisha	19	19	19
	Tripura	8	8	8
	West Bengal	83	83	83
	Total	180	180	180
North	Chandigarh (UT)	1	1	1
	Chhattisgarh	4	4	4
	Haryana	36	36	36
	Himachal Pradesh	1	1	1
	Madhya Pradesh	11	11	11
	New Delhi	8	8	8
	Punjab	16	16	16
	Rajasthan	26	26	26
	Uttar Pradesh	31	31	31
	Uttarakhand	4	4	4
	Total	138	138	138
South	Goa	2	2	2
	Karnataka	80	80	80
	Kerala	15	15	15
	Pondicherry	1	1	1
	Tamil Nadu	74	74	74
	Total	172	172	172
West	Gujarat	44	44	44
	Maharashtra	41	41	41
	Total	85	85	85
Grand Total		575	575	575

The following tables set forth the Bank's Banking Outlets (including Asset Centres) by geographical regions as of the dates indicated:

	As of June 30,	
	2021	2022
Metropolitan	115	115
Semi-Urban	157	157
Urban	175	175
Rural	128	128
Total Banking Outlets	575	575

	As of March 31,		
	2020	2021	2022
Metropolitan	115	115	115
Semi-Urban	157	157	157
Urban	175	175	175
Rural	128	128	128
Total Banking Outlets	575	575	575

Recognition of NPAs and Provisioning

RBI Classification and Provisioning Requirements

The Bank classifies its assets in accordance with the RBI guidelines. Under these guidelines, an asset is classified as non-performing if any amount of interest or principal remains overdue for more than 90 days in respect of term loans. In respect of overdraft and cash credit, an asset is classified as non-performing if the account remains out of order for a continuous period of 90 days, and in respect of bills purchased and discounted, if the account remains overdue for more than 90 days.

Assets are classified as described below:

Standard asset	Performing assets are Standard Assets which do not disclose any problem and which do not carry more than the normal risk attached to the business. The performing asset is one which generates income for the bank.
Sub-standard asset	With effect from March 31, 2005, a Sub-standard Asset would be one which has remained a NPA for a period less than or equal to 12 months.
Doubtful asset	With effect from March 31, 2005, an account would be classified as doubtful if it had continuously remained in the sub-standard category for 12 months. Doubtful assets will further be sub-classified into following three categories.
- Doubtful – I	All NPAs after completion of 12 months from date of categorization as an NPA will slip to Doubtful –I category.
- Doubtful – II	All NPAs after completion of 24 months (up to 48 months) from date of categorization as an NPA will slip to Doubtful-II category.
- Doubtful – III	All NPAs after completion of 48 months from date of categorization as an NPA will slip to Doubtful-III category.
Loss asset	A loss asset is one where the loss has been identified by the bank, internal auditor, external auditors or the RBI inspectors, but the amount has not been written off wholly. In other words, such an asset is considered uncollectible with little salvage or recovery value.
Accounts where there is erosion in the value of securities/frauds committed by the borrowers	In respect of accounts where there are potential threats for recovery on account of erosion in the value of security or non-availability of security and existence of other factors such as frauds committed by borrowers it will not be prudent that such accounts should go through various stages of asset classification. In cases of such serious credit impairment, the asset should be straightaway classified as doubtful or loss asset as appropriate: 1. Erosion in the value of security can be reckoned as significant when the realisable value of the security is less than 50 per cent of the value assessed by the bank or accepted by RBI at the time of last inspection, as the case may be. Such NPAs may be straightaway classified under doubtful category. 2. If the realisable value of the security, as assessed by the bank/ approved valuers/ RBI is less than 10 per cent of the outstanding in the borrowal accounts, the existence of security should be ignored and the asset should be straightaway classified as loss asset.

The following tables provide a summary of the Bank's gross loan assets as of the periods indicated, in accordance with RBI classifications.

Asset Category	As of June 30,	
	2021	2022
	(₹ crores)	
Standard assets	12,662.09	18,262.23
Sub-standard assets	1,367.65	565.50
Doubtful assets	7.28	578.37
Loss assets	0.06	2.80
Total (including IBPC / securitization / direct assignment)	14,037.08	19,408.95

Asset Category	As of March 31,		
	2020	2021	2022
	(₹ crores)		
Standard assets	14,016.15	14,069.37	16,877.99
Sub-standard assets	124.92	832.32	779.89
Doubtful assets	10.56	49.47	501.36
Loss assets	1.67	188.81	2.82
Total (including IBPC / securitization / direct assignment)	14,153.30	15,139.97	18,162.06

The following tables set forth the Bank's provisions for possible credit losses at the dates indicated:

Asset Category	As of June 30,	
	2021	2022
	(₹ crores, except percentages)	
Provision held	1,149.16	1,259.74
Gross Advances (including IBPC / securitization / direct assignment)	14,037.08	19,408.95
Provision held as percentage of gross advances	8.19%	6.49%
Provision held as percentage of gross NPAs	83.58%	109.86%

Asset Category	As of March 31,		
	2020	2021	2022
	(₹ crores, except percentages)		
Provision held	229.98	954.56	1,333.81
Gross Advances (including IBPC / securitization / direct assignment)	14,153.30	15,139.97	18,162.06
Provision held as percentage of gross advances	1.62%	6.30%	7.34%
Provision held as percentage of gross NPAs	167.70%	89.16%	103.87%

Non-Performing Assets

The Bank has suffered losses through impairment of loans as some borrowers were impacted by negative trends in the global market place, recessionary conditions in the domestic economy, increased competition and volatility in industrial growth and commodity prices. The Bank has adopted several measures to refine its credit selection processes and appraisal capabilities.

Once loan accounts are identified as non-performing, interest and other fees charged in the account, if uncollected, are reversed. In compliance with regulations governing the presentation of financial information by banks, we report non-performing assets net of cumulative provision. In accordance with the RBI guidelines, interest income from advances for NPAs is recognized upon realization, rather than on an accrual basis as with all other loans. Any recoveries in the non performing advances account will be first appropriated to fees/charges outstanding if any, then interest outstanding and then principal outstanding except in those cases where bank has a specific agreement with a borrower with regards to appropriation of recoveries.

The Bank's gross NPA (including securitization / IBPC / direct assignment) ratio increased from 0.97% as of March 31, 2020 to 7.07% as of March 31, 2021 and 7.34% as of March 31, 2022 and subsequently decreased to 5.91% as of June 30, 2022. The Bank's net NPA ratio increased from 0.20% as of March 31, 2020 to 2.93% as of March 31, 2021 and subsequently decreased to 0.61% as of March 31, 2022 and was 0.11% as of June 30, 2022.

See "*Risk Factors — Risks Relating to the Bank's Business — If we are not able to control the level of non-performing assets in our portfolio or any increase in our NPA portfolio, RBI mandated provisioning requirements could adversely affect our business, financial conditions and results of operations.*"

The following tables set forth, for the periods indicated, information about the Bank's NPA portfolio.

	As of June 30,	
	2021	2022
	(₹ crores, except percentages)	
Non-Performing Assets		
Gross NPAs	1,374.98	1,146.71
Specific provisions	776.25	908.91
Floating provisions	250.00	220.00
NPA net of provisions	348.73	17.80
Gross advances (including securitization / IBPC / direct assignment)	14,037.08	19,408.95
Net Advances (excluding securitization / IBPC / direct assignment)	13,260.83	16,485.87
Gross NPAs/gross advances (%)	9.79%	6.51%
Net NPAs/Net advances (%)	2.68%	0.11%
Specific provision as a percentage of gross NPAs	56.5%	79.26%
Total provisions as a percentage of gross NPAs	83.58%	109.86%
Provision cover (including prudential write-offs)	74.64%	98.45%

Note: Ratios are computed on Gross Advances (excluding securitization / IBPC / direct assignment).

	As of March 31,		
	2020	2021	2022
	(₹ crores, except percentages)		
Non-Performing Assets			
Gross NPAs	137.14	1,070.60	1,284.08
Specific provisions	109.65	646.01	934.48
Floating provisions	-	-	250.00
NPA net of provisions	27.49	424.58	99.60
Gross Advances (including securitization / IBPC / direct assignment)	14,153.30	15,139.97	18,162.06
Net Advances (excluding securitization / IBPC / direct assignment)	14,043.64	14,493.94	16,303.17
Gross NPAs/gross advances (%)	0.97%	7.07%	7.34%
Net NPAs/Net advances (%)	0.20%	2.93%	0.61%
Specific provision as a percentage of gross NPAs	79.96%	60.34%	72.77%
Total provisions (including standard asset provision) as a percentage of gross NPAs	167.70%	89.16%	103.61%
Provision cover (including prudential write-offs)	79.96%	60.34%	92.20%

Note: Ratios are computed on Gross Advances (excluding securitization / IBPC / direct assignment)

The table below sets forth the Bank's gross NPAs by segment as of June 30, 2021 and 2022:

	As of June 30,			
	2021		2022	
	(₹ crores)	% of advances	(₹ crores)	% of advances
Micro banking	1,112.51	11.57%	797.52	5.97%
Micro and Small Enterprise Loans	147.51	11.60%	191.45	10.83%
Affordable Housing Loans	93.77	4.47%	128.03	4.41%
Financial Institutional Group Loans	4.42	0.59%	4.42	0.51%

The table below sets forth the Bank's gross NPAs by segment as of March 31, 2020, 2021 and 2022:

	As of March 31,					
	2020		2021		2022	
	(₹ crores)	% of advances	(₹ crores)	% of total	(₹ crores)	% of advances
Micro banking	96.23	0.88%	849.48	7.82%	939.96	7.61%
Micro and Small Enterprise Loans	28.13	2.87%	132.83	10.33%	189.60	11.09%
Affordable Housing Loans	11.64	0.76%	74.00	3.61%	127.80	4.67%
Financial Institutional Group Loans	0.00	0.00%	0.00	0.00%	4.42	0.52%

The Bank's provision coverage ratio as of March 31, 2020 2021 and 2022, computed as per RBI guidelines, was 79.96%,60.34% and 92.24%, respectively while it was 74.64% and 98.45% as of June, 2021 and 2022, respectively.

Provisioning and Write-Offs

RBI guidelines on provisioning and write-offs are as follows:

<table>
<tr><td>Standard asset</td><td colspan="2">A general provision on Standard Assets with a minimum of 0.40% is to be made with the exception of Farm credit to agriculture activities, SME sectors and Individual Housing Loans sanctioned on or after June 7, 2017 for which a provision of 0.25% will be made, and for residential housing loans under “teaser” loan category, a provision of 2.00% will be made. For commercial real estate loans and commercial real estate loans for residential housing sector, provision will be made at 1.00% and 0.75% respectively. For restructured standard assets and DCCO extension beyond stipulated maximum for infrastructure and non-infrastructure projects, provision is held at 5%. A Restructured NPA account upgraded to standard category attracts a provision of 5% in the first year from the date of upgrade.</td></tr>
<tr><td>Sub-standard asset</td><td colspan="2">A general provision of 15.00% on total outstanding loans should be made without making any allowance for Export Credit Guarantee Corporation of India (ECGC) guarantee cover and securities available. The unsecured outstanding which are identified as sub-standard would attract an additional provision of 10.00% (i.e. a total of 25.00% on the outstanding balance). However, in case escrow accounts available in respect of infrastructure lending, infrastructure loan accounts which are classified as sub-standard will attract a provisioning of 20 per cent instead of the aforesaid prescription of 25 per cent

Unsecured outstanding is defined as an outstanding where the realizable value of security, as assessed by the bank, the approved values and the RBI’s inspecting officers, is not more than 10.00%, ab-initio, of the outstanding. Security will mean tangible security properly discharged to the bank and will not include intangible securities such as guarantees and comfort letters.</td></tr>
<tr><td rowspan="5">Doubtful asset</td><td colspan="2">Provisioning at 100.00% is to be made for the deficit portion i.e. to the extent to which advances are not covered by the realizable value of the security to which the Bank has a valid recourse and the realizable value is estimated on a realistic basis. With regard to the secured portion, as per the guidelines of the RBI, provision is to be made at rates ranging from 25% to 100.00% of the secured portion depending upon the period for which the advance has remained in the doubtful category. In regard to the secured portion, provision is to be made in accordance with the table below:</td></tr>
<tr><td>Period for which advance remained in “Doubtful” category</td><td>Provision requirement (%)</td></tr>
<tr><td>Up to one year</td><td>25.00%</td></tr>
<tr><td>One to three years</td><td>40.00%</td></tr>
<tr><td>More than three years</td><td>100.00%</td></tr>
<tr><td>Loss asset</td><td colspan="2">The entire asset is written off or 100.0% provision is made on outstanding amount.</td></tr>
</table>

Restructuring of Advances

All loans of the Bank, where the repayment terms of existing advances have been revised in order to extend the repayment period and/or decrease the instalment amount and/or reduction in interest rate as per the borrower’s request shall be marked as rescheduled loans.

This will result in immediate down-gradation of the loan, i.e., a standard loan will become sub-standard and attract provisions as per the asset classification and subsequent provisioning norms. The NPAs, upon restructuring, would continue to have the same asset classification as prior to restructuring and slip into further lower asset classification categories as per extant asset classification norms with reference to the pre-restructuring repayment schedule. If the account performs regularly, it will be upgraded to standard asset after one year of satisfactory performance of the loan.

The erosion in the fair value of the advance is computed as the difference between the fair value of the loan before and after restructuring. Fair value of the loan before restructuring is computed as the present value of cash flows representing the interest at the existing rate charged on the advance before restructuring and the principal, discounted at a rate equal to the Bank’s one year MCLR rate as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring. Fair value of the loan after restructuring is computed as the present value of cash flows representing the interest at the rate charged on the advance on restructuring and the principal, discounted at a rate equal to the Bank’s one year MCLR rate as on the date of restructuring plus the appropriate term premium and credit risk premium for the borrower category on the date of restructuring.

Restructure of Advances under COVID-19 1.0

We restructured our Micro finance, Vehicle Finance, Small Business Loans and MSE advances as per the Board approved Policy on Resolution Framework for COVID-19 related stress dated September 4, 2020 in line with the RBI circulars dated August 6, 2020. The Advances restructured under this policy were standard and not in default for more than 30 days with the Bank as on March 1, 2020. Further, these accounts remained standard till the date of invocation. The resolution under this policy can be invoked not later than December 31, 2020 and to be implemented within 180 days from the date of invocation. In respect of MSME, the restructuring plan to be implemented by March 31, 2021.

We allowed the extension of the residual tenor of the loan, with or without payment moratorium, by a period not more than two years. Additional Finance sanctioned to the borrowers before implementation of the resolution plan were classified as Standard, regardless of the actual performance of the borrower with respect to such facilities in the interim. However, where the resolution plan was not implemented within the stipulated timelines, the asset classification of the additional finance sanctioned was classified as per the actual performance of the borrower with respect to the additional finance or the rest of the credit facilities, whichever was worse.

Wherever resolution plan was implemented in adherence to the provisions of this facility, the asset classification of borrowers' accounts classified as Standard, retained as such upon implementation. Whereas the borrowers' accounts which have slipped into NPA between invocation and implementation were upgraded as Standard, as on the date of implementation of the plan.

We have provided standard provision, higher of the provision held as per the extant IRAC norms immediately before implementation or 10 % of the total debt for Advances restructured under Other exposures.

We have provided additional 5% of standard Provision over and above the provision already held for MSME Advances restructured under the above policy.

For Other exposures, the Bank reversed half of the provisions upon repayment of 20% of the carrying debt and the other half reversed upon repayment of another 10% of the carrying debt, subject to the required IRAC provisions being maintained.

For MSME advances, the Bank will reverse the additional provision at the end of the specified period, subject to the account demonstrating satisfactory performance during the specified period.

'Specified Period' means a period of one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of restructuring package.

'Satisfactory Performance' means no payment (interest and/or principal) shall remain overdue for a period of more than 30 days. In case of cash credit / overdraft account, satisfactory performance means that the outstanding in the account shall not be more than the sanctioned limit or drawing power, whichever is lower, for a period of more than 30 days.

Restructure of Advances under COVID-19 2.0

Bank restructured Micro finance, Vehicle Finance, Small Business Loans and MSE advances as per Board approved Policy on Resolution Framework 2.0 for COVID-19 Related Financial Stress on Borrowal Accounts of Individuals, Small Businesses and MSMEs dated June 1, 2021 in line with the RBI circulars dated May 5, 2021.

As per the policy the Bank has restructured eligible advances which were standard as on March 31, 2021.The resolution plans include rescheduling of payments, conversion of any interest accrued or to be accrued into another credit facility, revisions in working capital sanctions, granting of moratorium etc. based on an assessment of income streams of the borrower. The moratorium period was granted, for a maximum of two years. The extension of the residual tenor of the loan facilities also granted to borrowers, with or without payment moratorium. The overall cap on extension of residual tenor, inclusive of moratorium capped at two years.

We used this framework to modify restructured account as per already implemented Resolution Plan 1.0 based on board approved Policy on Resolution Framework for COVID-19 related stress, only to the extent of increasing the period of moratorium / extension of residual tenor subject to the caps mentioned above, and the consequent changes necessary in the terms of the loan for implementing such extension. The overall caps on moratorium and / or extension of residual tenor granted under Resolution Framework – 1.0 and this framework combined, will be two years.

Wherever resolution plan was implemented in adherence to the provisions of this facility, the asset classification of borrowers' accounts classified as Standard, retained as such upon implementation, whereas the borrowers' accounts which have slipped into NPA between invocation and implementation were upgraded as Standard, as on the date of implementation of the plan.
Additional Finance sanctioned to the borrowers before implementation of the resolution plan classified as Standard, regardless of the actual performance of the borrower with respect to such facilities in the interim However, where the resolution plan is not implemented within the stipulated timelines, the asset classification of the additional finance sanctioned classified as per the actual performance of the borrower with respect to the additional finance or the rest of the credit facilities, whichever was worse.

The restructuring of the borrower accounts in respect of Individuals, Small Businesses and MSMEs to be invoked by September 30, 2021. The resolution plan will be finalised and implemented within 90 days from the date of invocation of the resolution process under this window.

In case of advances to individuals and small businesses, the Bank has provided Standard Assets provision higher of the provisions held as per the extant IRAC norms immediately before implementation, or 10% of the renegotiated debt exposure post implementation (residual debt).

Half of the above provisions can be written back upon the borrower paying at least 20% of the residual debt without slipping into NPA post implementation of the plan, and the remaining half can be written back upon the borrower paying another 10% of the residual debt without slipping into NPA subsequently. Provided that in respect of exposures other than personal loans, the above provisions will not be written back before one year from the commencement of the first payment of interest or principal (whichever is later) on the credit facility with longest period of moratorium.

In case of advances to Micro, Small and Medium Enterprises (MSMEs) and restructured, the Bank has provided Standard Assets provision of 10% of the residual debt of the borrower.

For MSME advances, the Bank will reverse the additional provision at the end of the specified period, subject to the account demonstrating satisfactory performance during the specified period.

'Specified Period' means a period of one year from the commencement of the first payment of interest or principal, whichever is later, on the credit facility with longest period of moratorium under the terms of restructuring package.

'Satisfactory Performance' means no payment (interest and/or principal) shall remain overdue for a period of more than 30 days. In case of cash credit / overdraft account, satisfactory performance means that the outstanding in the account shall not be more than the sanctioned limit or drawing power, whichever is lower, for a period of more than 30 days.

NPA Management

The Bank is committed to efficiently managing and reducing its NPAs and has implemented the following measures to manage and reduce its NPA ratio:

- The Bank has a structured portfolio quality monitoring framework inclusive of Early Warning Signals (EWS), branch credit risk scoring, daily overdue and collections management, branch reviews, concentration risk analysis, stress testing and effective use of bureau services.

- The Bank also has a recovery team focused on NPAs and written-off accounts in micro banking and early interventions for other verticals.

Productivity Ratios

The following tables sets forth certain information relating to our productivity ratios:

	As of June 30,	
	2021	**2022**
Banking Outlets (Including Asset Centres)	575	575
ATMs	491	492
Total number of employees	16102	16664
Gross Advances (including securitization / IBPC / direct assignment) per employee (₹ crores)	0.87	1.16
Gross Advances (including securitization / IBPC / direct assignment) per Banking Outlet and Asset Centres (₹ crores)	24.41	33.75
Total Accounts		
- Lending Accounts (in crores)	0.39	0.39
- Deposit Accounts (in crores)	0.55	0.63
Disbursements per Banking Outlet and Asset Centres (₹ crores)	2.28	7.52
Disbursements per employee (₹ crores)	0.08	0.26
Deposits per employee (₹ crores)	0.85	1.11
Deposits per Banking Outlet (₹ crores)	23.78	32.08

	As of March 31,		
	2020	**2021**	**2022**
Banking Outlets (Including Asset Centres)	575	575	575
ATMs	475	491	492
Total number of employees	17841	16571	16895

Gross Advances (including securitization / IBPC / direct assignment) per employee (₹ crores)	0.79	0.91	1.07
Gross Advances (including securitization / IBPC / direct assignment) per Banking Outlet and Asset Centres (₹ crores)	24.61	26.33	31.59
Total Accounts			
- Lending Accounts (in crores)	0.44	0.40	0.38
- Deposit Accounts (in crores)	0.42	0.56	0.62
Disbursements per Banking Outlet and Asset Centres (₹ crores)	22.99	14.60	24.55
Disbursements per employee (₹ crores)	0.74	0.51	0.84
Deposits per employee (₹ crores)	0.60	0.79	1.08
Deposits per Banking Outlet (₹ crores)	18.75	22.84	31.81

Additional Disclosures

The following tables sets forth certain information relating to our borrowing profile:

	As of June 30,	
	2021	**2022**
Current Accounts	334.36	438.39
Savings Accounts	2441.26	4717.04
Term Loans	0.00	0.00
Non-Convertible Debentures (₹ crores)	0.00	0.00
Refinancing	1,811.24	1,055.48

	As of March 31,		
	2020	**2021**	**2022**
Current Accounts	228.45	442.88	504.42
Savings Accounts	1,230.99	2,256.65	4488.24
Term Loans	0.00	0.00	0.00
Non-Convertible Debentures (₹ crores)	0.00	0.00	0.00
Refinancing	3,144.41	3,109.32	1,075.56

The following tables sets forth information relating to our customer base:

	As of June 30,	
	2021	**2022**
Asset Customers only	3,33,686	2,64,213
Asset and Liability Customers	35,26,315	35,90,021
Liability Customers only	19,55,755	27,41,731
Total Customers	58,15,756	65,95,965

	As of March 31,		
	2020	**2021**	**2022**
Asset Customers Only	10,35,937	3,39,587	2,65,477
Asset and Liability Customers	33,13,807	36,72,780	35,20,352
Liability Customers Only	9,00,282	19,12,339	26,92,739
Total Customers	52,50,026	59,24,706	64,78,568

ORGANIZATIONAL STRUCTURE

Corporate History

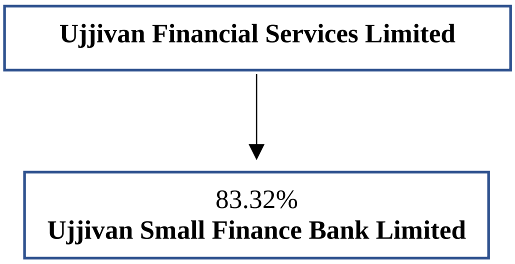
UFSL, our Promoter, was granted the RBI In-Principle Approval to establish an SFB, on October 7, 2015. Our Bank was incorporated as 'Ujjivan Small Finance Bank Limited' on July 4, 2016 at New Delhi, as a public limited company under the Companies Act, 2013, and was granted a certificate of incorporation by the Registrar of Companies, National Capital Territory of Delhi and Haryana. UFSL was thereafter granted the RBI Final Approval, to establish and carry on business as an SFB in India, on November 11, 2016.

Subsequently, UFSL transferred its business undertaking comprising of its lending and financing business to our Bank, pursuant to the Business Transfer Agreement. Our Bank commenced its business on February 1, 2017. Our Bank became a scheduled bank pursuant to a notification dated July 3, 2017 issued by the RBI, through which our Bank was included in the second schedule to the RBI Act.

The CIN of our Bank is L65110KA2016PLC142162 and our Registered Office and Corporate Office is situated at Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095, Karnataka, India.

Our corporate structure chart is as follows:

As on the date of this Placement Document, our Promoter and holding company, UFSL holds 83.32% in our Bank.



As on the date of this Placement Document, our Bank does not have any subsidiary, associate or joint venture.

Proposed Scheme of Amalgamation

Our Bank proposes to enter into a scheme of amalgamation for the amalgamation of UFSL (being holding company of our Bank) into our Bank along with their respective shareholders, employees, creditors and other stakeholders, in accordance with sections 230-232 of the Companies Act, 2013, the other applicable provisions of the Companies Act, 2013 and SEBI Master Circular on Schemes of Arrangement dated December 22, 2020, pursuant to which the undertaking of UFSL is proposed to be amalgamated into and with our Bank and all its assets, liabilities, contracts, employees, licenses, records and approvals shall stand transferred and shall be deemed to have been transferred to and vested in our Bank, as a going concern, without any further act, instrument or deed, together with all its properties, assets, liabilities, rights, benefits and interest therein, subject to the provisions of the scheme and receipt of the relevant regulatory and statutory approvals and in accordance with applicable law and the conditions prescribed by the SEBI and RBI ("**Proposed Scheme of Amalgamation**").

The objective of the Proposed Scheme of Amalgamation is primarily to meet the requirement laid down in the RBI Final Approval and the SFB Licensing Guidelines which requires our Promoter to reduce its shareholding in our Bank to at least 40% within a period of five years from the date commencement of business of our Bank (which period expired on January 31, 2022).

Our Board and the board of directors of UFSL, at their respective meetings dated October 30, 2021, had accorded their approval for a scheme of amalgamation of UFSL with our Bank.

In this regard, our Bank and UFSL pursuant to the letter dated November 1, 2021 sought *inter alia* the following exemptions from SEBI for the purposes of implementation of the scheme of amalgamation:

a) Our Bank and UFSL sought an exemption under Regulation 300 of the SEBI ICDR Regulations to relax the three-year minimum promoter lock-in requirements under Regulation 16(1)(a) of the SEBI ICDR Regulations, to the extent required to implement the Proposed Scheme of Amalgamation.

b) Our Bank and UFSL sought prior permission of SEBI pursuant to its circular dated February 12, 2018 to allow the Bank to meet minimum public shareholding requirements through the Proposed Scheme of Amalgamation.

SEBI pursuant to its letter dated December 2, 2021 to our Bank acceded to relax the three-year minimum promoter lock-in requirements under Regulation 16(1)(a) of the SEBI ICDR Regulations ("**Exemption**"), to facilitate the proposed scheme of amalgamation. The Exemption is subject to the no-objections certificates to be obtained from the Stock Exchanges to the Proposed

Scheme of Amalgamation and the period of exemption is from the approval of the Proposed Scheme of Amalgamation by the NCLT till the expiry of the lock-in period, and compliance with applicable law, including compliance with the minimum public shareholding requirements.

Accordingly, our Bank is undertaking the Issue with an objective to achieve minimum public shareholding requirement by reducing the shareholding of UFSL in our Bank from 1,44,00,36,800 Equity Shares representing 83.32% of the total paid-up Equity Share capital as on the date of this Placement Document to 75% of the total post-issue equity share capital or below. Subsequently, upon the Proposed Scheme of Amalgamation becoming effective, the equity shares held by UFSL in our Bank, shall stand cancelled and extinguished and similarly, the preference shares held by UFSL in our Bank shall stand cancelled and extinguished, if not redeemed earlier by exercise of call option by our Bank in accordance with the scheme.

Further, upon the Proposed Scheme of Amalgamation becoming effective, the stock options granted by UFSL to the employees under UFSL ESOP scheme shall automatically stand cancelled and extinguished and upon such cancellation, the fresh stock options shall be granted by our Bank to the employees on the basis of share exchange ratio and on the same terms and conditions as provided in UFSL ESOP scheme.

The Proposed Scheme of Amalgamation is proposed to be filed upon completion of the Issue, subject to receipt of the requisite approvals under applicable law. See also, "*Risk Factors*" on page 39.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Banking Regulation Act, 1949, the Companies Act, 2013, the rules prescribed thereunder, the SEBI Listing Regulations and the Articles. In accordance with the Articles, our Bank shall not have less than three Directors and not more than fifteen Directors. As on the date of this Placement Document, our Board comprises of ten Directors including one Executive Director, one Non-Executive Non-Independent Director, six Non-Executive Independent Directors, one Non-Executive Nominee Director of SIDBI and one Non-Executive Nominee Director as nominated by the RBI. Our Board comprises of three women Directors.

The following table sets forth details regarding our Board as of the date of this Placement Document:

Sr. No.	Name, Address, Occupation, Nationality, Date of Birth, Term and DIN	Age (in years)	Designation
1.	**Ittira Davis Poonollil** **Address**: No. 550/55, Dodsworth Layout, Near Whitefield Post Office, Whitefield, Bangalore North, Bengaluru 560 066, Karnataka, India **Occupation**: Professional **Nationality:** Indian **Term**: Appointed with effect from January 14, 2022 for a period of one year and not liable to retire by rotation **Date of birth:** March 4, 1955 **DIN**: 06442816	67	Managing Director and Chief Executive Officer
2.	**Banavar Anantharamaiah Prabhakar**# **Address**: 333/13, Halagevoderahalli, BEML Layout V Stage, R.R. Nagar, Bangalore 560 098, Karnataka, India **Occupation**: Retired banker **Nationality:** Indian **Term**: Appointed with effect from November 23, 2021 for a period of three years **Date of birth:** August 4, 1953 **DIN**: 02101808	69	Part-time Chairperson and Non-Executive Independent Director^
3.	**Samit Kumar Ghosh** **Address:** Pairi Daeza, 550/49, Borewell Road, 5th Cross, Whitefield, Bengaluru 560 066, Karnataka, India **Occupation:** Retired banker **Nationality:** Indian **Term:** Appointed with effect from August 20, 2021 for a period of three years and liable to retire by rotation **Date of birth:** December 1, 1949 **DIN**: 00185369	72	Non-Executive Non-Independent Director^
4.	**Satyaki Rastogi***	54	Non-Executive Nominee Director

Sr. No.	Name, Address, Occupation, Nationality, Date of Birth, Term and DIN	Age (in years)	Designation
	Address: Flat no. 302, Alpine Place, X Block, SIDBI Officers' Apartments, (Opposite Palace Guttahalli), No. 105, First Main Road, Seshadripuram, Bengaluru 560 020, Karnataka, India **Occupation**: Professional **Nationality:** Indian **Term**: Appointed with effect from December 22, 2021 and not liable to retire **Date of birth:** September 6, 1968 **DIN**: 02189494		
5.	**Anita Ramachandran** **Address**: 2401-2402, Raheja Atlantis, G.K. Marg, Lower Parel, Delisle Road, Mumbai 400 013, Maharashtra, India **Occupation**: Professional **Nationality:** Indian **Term**: Appointed with effect from July 1, 2022 for a period of three years and not liable to retire by rotation **Date of birth:** April 28, 1955 **DIN**: 00118188	67	Non-Executive Independent Director##
6.	**Sudha Suresh** **Address**: C1, Farvella Apartments, 92/1 Lavelle Road 3rd Cross, Bangalore 560 001, Karnataka, India **Occupation**: Professional (Financial Consultant) **Nationality:** Indian **Term**: Appointed with effect from April 1, 2022 for a period of three years and not liable to retire by rotation **Date of birth:** December 21, 1963 **DIN**: 06480567	58	Non-Executive Independent Director
7.	**Rajesh Kumar Jogi** **Address**: 701, Dheeraj Devika, Hill Road, Bandra West, Mumbai 400 050, Maharashtra **Occupation**: Professional **Nationality:** Indian **Term**: Appointed with effect from August 25, 2021 for a period of two and half years and not liable to retire by rotation **Date of birth:** March 4, 1968 **DIN**: 03341036	54	Non-Executive Independent Director^
8.	**Ravichandran Venkataraman** **Address**: No.18, 14th Main Road, 5th Sector HSR Layout, Bengaluru 560 102, Karnataka, India **Occupation**: Educationist and Leadership Consultant	60	Non-Executive Independent Director^

Sr. No.	Name, Address, Occupation, Nationality, Date of Birth, Term and DIN	Age (in years)	Designation
	Nationality: Indian **Term**: Appointed with effect from August 20, 2021 for a period of three years and not liable to retire by rotation **Date of birth:** March 22, 1962 **DIN**: 02064557		
9.	**Rajni Anil Mishra** **Address**: No 1102, Block P7, SNN Raj Serenity, Begur Koppa Road, Bangalore 560 068, Karnataka, India **Occupation**: Professional **Nationality:** Indian **Term**: Appointed with effect from December 16, 2020 for a period of three years and not liable to retire by rotation **Date of birth:** January 23, 1957 **DIN**: 08386001	65	Non-Executive Independent Director^
10.	**Raghunath Narasimhachar Patel**** **Address**: CRA-24, Reserve Bank Officers Quarters, Cunningham Road, Vasanthanagar, Bengaluru 560 001, Karnataka, India **Occupation**: Professional **Nationality:** Indian **Term**: Appointed with effect from November 29, 2021 to November 28, 2023 for a period of two years **Date of birth:** April 14, 1964 **DIN**: 09428287	58	Non-Executive Nominee Director

Banavar Anantharamaiah Prabhakar is also a Non-Executive Independent Director of our Bank appointed with effect from August 20, 2021 for a period of three years and not liable to retire by rotation.

^ *The appointment of Samit Kumar Ghosh, Rajesh Kumar Jogi, Banavar Anantharamaiah Prabhakar, Ravichandran Venkataraman and Rajni Anil Mishra was regularised with effect from September 27, 2021 pursuant to the Shareholders' resolution dated September 27, 2021.*

The appointment of Anita Ramachandran was regularised with effect from July 1, 2022 pursuant to the Shareholders' resolution dated July 12, 2022.

* *Satyaki Rastogi is a nominee of SIDBI.*

** *Raghunath Narasimhachar Patel is nominated by the RBI.*

Brief Biographies of the Directors

Ittira Davis Poonollil is the Managing Director and Chief Executive Officer of our Bank. He holds a bachelor's degree in commerce from the Bangalore University and a post-graduate diploma in management from the Indian Institute of Management, Ahmedabad. He was associated with Arab Bank Group in Middle East and UK for 31 years and also worked with Citibank N.A. in India. He has been associated with our Bank since 2015 and was subsequently appointed as additional director (non-executive non-independent) on the Board on March 13, 2021. He was appointed as the Managing Director and Chief Executive Officer on the Board on January 14, 2022.

Banavar Anantharamaiah Prabhakar is a Part-time Chairperson and a Non-Executive Independent Director of our Bank. He holds a bachelor's degree in commerce from the University of Mysore. He is a qualified chartered accountant from the Institute of Chartered Accountants of India. He was associated with Andhra Bank as its chairman and managing director and also worked with BOI Shareholding Limited, Karnataka Bank Limited, Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited and Baroda Asset Management India Limited. He is also the chairman of National Securities Depository Limited, a director in the L&T Finance Holdings Limited and an independent director in Conatus Finserve Private Limited.

Samit Kumar Ghosh is a Non-Executive Non-Independent Director of our Bank. He holds a bachelor's degree in arts with honours in economics from the Jadavpur University and a master's degree in business administration from the University of Pennsylvania.

He was associated with First National City Bank in 1975 and subsequently worked with Standard Chartered Bank, HDFC Bank, Citibank N.A. and the Bank Muscat Al Ahli Al Omani. He was the president of Microfinance Institutions Network and the chairman of Association of Karnataka Microfinance Institutions. He is also the founder of UFSL and director on its board of directors since 2020 and Parinaam Foundation since 2020.

Satyaki Rastogi is a Non-Executive Nominee Director of our Bank. He holds a bachelor's degree of technology in electrical and electronics engineering from Faculty of Engineering, University of Calicut. He is currently a general manager at SIDBI's Bengaluru Office. He is also a director in Kerala Financial Corporation, Fincare Business Services Limited and Karnataka State Financial Corporation.

Anita Ramachandran is a Non-Executive Independent Director of our Bank. She holds a bachelor's degree in commerce and a master's degree in management studies from the University of Bombay. She was associated with A.F. Ferguson & Co. (a former KPMG network company in India) as an assistant consultant in the management services division. She is the founder and director of Cerebrus Consultants Private Limited and a director on the board of directors of various companies including FSN E-Commerce Ventures Limited, Aditya Birla Housing Finance Limited, Happiest Minds Technologies Limited, Godrej and Boyce Manufacturing Company Limited and Kotak Mahindra Life Insurance Company Limited.

Sudha Suresh is a Non-Executive Independent Director of our Bank. She holds a bachelor's degree in commerce from the University of Calcutta. She is a fellow member of the Institute of Chartered Accountants of India and a qualified cost and work accountant from the Institute of Cost and Work Accountants of India. She was associated with S. Rao & Associates, Chartered Accountants, as its partner for eight years and later worked with UFSL as its managing director and CEO. She is also a sole proprietor at Mani Capital since 2019 and was associated with the Mysore Kirloskar Ltd. and Miraj Marketing Co. Private Ltd.

Rajesh Kumar Jogi is a Non-Executive Independent Director of our Bank. He holds a bachelor's degree in economics from St. Joseph's College (Autonomous), Tiruchirappalli. He is a fellow member of the Institute of Chartered Accountants of India. He was associated with Citibank N.A. as its director and later worked with NatWest Group India (erstwhile RBS Services India Private Limited) as its head of risk.

Ravichandran Venkataraman is a Non-Executive Independent Director of our Bank. He holds a bachelor's degree in commerce from the Bangalore University. He is a fellow member of the Chartered Association of Certified Accountants and an associate member of the Chartered Institute of Management Accountants. He also completed a certified course on 'HP – Becoming a Business Partner: The CFP Mindset' from the Wharton School, University of Pennsylvania. He is the chairman trustee of the eVidyaloka Trust and a director at Smrti Academy Private Limited and Outpost Visual Effects Private Limited.

Rajni Anil Mishra is a Non-Executive Independent Director of our Bank. She holds a master's degree in commerce from the Maharaja Sayajirao University of Baroda. She was associated with the State Bank of India for 38 years and currently is a director at NCL Buildtek Limited since 2019.

Raghunath Narasimhachar Patel is a Non-Executive Nominee Director of our Bank nominated by the Reserve Bank of India. He holds a bachelor's and a master's degree of science in agriculture from the Andhra Pradesh Agricultural University. He also holds a master's degree in business administration from the Indira Gandhi National Open University, New Delhi. He is currently a general manager at the Reserve Bank of India, Bengaluru Regional Office.

Relationship with other Directors

None of our Directors are related to each other.

Borrowing powers of our Board

Pursuant to a resolution passed by the Shareholders of our Bank on December 30, 2016 and subject to the Companies Act, 2013, Articles of Association, capital adequacy norms as prescribed by RBI and any other applicable laws, rules, regulations and guidelines from time to time, the Board is authorised to borrow from time to time all such sums of money for the purpose of business of the Bank, notwithstanding that the moneys to be borrowed together with the moneys already borrowed by the Bank (apart from the temporary loans obtained or to be obtained from the bankers in the ordinary course of business) and including the borrowings of UFSL which have been novated to the Bank pursuant to the acquisition of the business of UFSL, exceeding the aggregate of the paid-up capital and free reserves, i.e., reserves not set part for any specific purpose, provided that the maximum amount of monies so borrowed by the Board and outstanding shall not, at any time, exceed the sum of ₹10,000 crore.

Interests of our Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Bank. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

Except as stated in "*Financial Statements*" on page 77, and as disclosed in this section, our Directors do not have any other interest in our business.

The Directors may also be regarded as interested in the Equity Shares held by them (as disclosed below) or that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue.

None of the Directors, Promoter or Key Managerial Personnel of our Bank have any financial or other material interest in this Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Director was selected as a Director except Raghunath Narasimhachar Patel, who is a Non-Executive Nominee Director nominated for appointment by the RBI, and Satyaki Rastogi, who is a Non-Executive Nominee Director nominated for appointment by SIDBI, from whom our Bank has certain outstanding borrowings.

Furthermore, our Directors have not taken any loans from our Bank.

Shareholding of Directors

As per our Articles of Association, our Directors are not required to hold any qualification shares.

None of our Directors hold any employee stock options of the Bank.

As on the date of this Placement Document, except as disclosed below, none of our Directors hold any Equity Shares of the Bank.

S. No.	Name of the Director	Number of Equity Shares	Percentage of the Equity Share Capital (%)
1.	Ittira Davis Poonollil	2,00,000	0.01
2.	Samit Kumar Ghosh	35,47,143	0.21

Terms of appointment of Directors

1. **Remuneration to Executive Director:**

Pursuant to a letter dated January 12, 2022 issued by the RBI, Ittira Davis Poonollil was appointed as the Managing Director and Chief Executive Officer of our Bank by a Board resolution dated December 6, 2021 and Shareholders' resolution dated January 6, 2022 with effect from January 14, 2022. Set out below is the remuneration payable to the Managing Director and Chief Executive Officer in accordance with the terms approved by our Bank and by the RBI pursuant to the letter dated March 3, 2022.

Particulars	Remuneration per annum
PART – A: Fixed Pay (including Perquisites)	
Salary	₹ 0.58 crore
Retiral/Superannuation benefits	
- Provident Fund	₹ 0.07 crore
- Gratuity	₹ 0.02 crore
Leave Fare Concession/ Allowance	₹ 0.05 crore
Other fixed allowances	
- Miscellaneous Allowance	₹ 0.47 crore
- Food Coupon	₹ 28,800
- Telephone Allowance	₹ 12,000
- Vehicle Maintenance	₹ 39,600
- House Rent Allowance	₹ 0.23 crore
Perquisites	
- Conveyance Allowance/Free use of bank's car for	• Official purposes - Free • Private purposes - By compensating the bank along with suitable amount
- Reimbursement of medical expenses	₹ 20,568
Total Fixed pay (including perquisites)	**₹ 1.47 crore**
PART – B: Variable Pay	
Cash component	₹ 0.49 crore
Total monetary value of non-cash component(s)	₹ 0.98 crore
Total monetary value of Variable Pay (Cash and non-cash components)	**₹ 1.47 crore**

Further, set out below is the remuneration payable to the Managing Director and Chief Executive Officer for Fiscal 2023 pursuant to the resolution passed by the Board at its meeting dated May 12, 2022, which is subject to the approval of the RBI:

- Fixed pay: ₹ 1.47 crore
- Variable pay: (i) cash component: ₹ 0.49 crore; and (ii) non-cash component: ₹ 0.98 crore

2. Remuneration to Part-time Chairperson

Pursuant to the RBI letter dated November 23, 2021, Banavar Anantharamaiah Prabhakar was appointed as the Part-time Chairperson and Non-Executive Independent Director of our Bank by a Board resolution dated August 19, 2021 and Shareholders' resolution dated September 27, 2021.

Pursuant to the RBI letter dated November 23, 2021, Banavar Anantharamaiah Prabhakar is entitled to receive sitting fees for attending meetings of the Board and committees including reimbursement of expenses incidental thereto.

3. Remuneration to Non-Executive Directors:

Pursuant to the resolution passed by the Board at its meeting held on June 8, 2022, set out below are details of the sitting fees which the Non-Executive Directors of our Bank are entitled to receive:

S. No.	Type of meeting	Details of sitting fees to be paid per meeting
1.	Board	₹1,00,000
2.	Audit Committee	₹1,00,000
3.	Nomination and Remuneration Committee	₹1,00,000
4.	IT Strategy Committee	₹1,00,000
5.	Business Strategy Committee	₹1,00,000
6.	Risk Management Committee	₹1,00,000
7.	Meeting of Independent Directors	₹1,00,000
8.	CSR Committee	₹75,000
9.	Stake Holders Relationship Committee	₹75,000
10.	Customer Service Committee	₹75,000
11.	Merger and Placement Committee	₹75,000
12.	Review committee of willful defaulters	₹75,000
13.	Special committee for monitoring for high value frauds	₹75,000
14.	Other Committees	₹75,000

Further, Raghunath Narasimhachar Patel, Non-Executive Nominee Director is not entitled to receive sitting fees for attending meetings of the Board and committees of the Board and sitting fees payable to Satyaki Rastogi, Non-Executive Nominee Director are paid directly to SIDBI.

Compensation to Non-Executive Directors

The following table sets forth the compensation paid by our Bank to the Non-Executive Directors of our Bank during the quarter ended June 30, 2022, Fiscals 2022, 2021 and 2020:

(in ₹ crore)

S. No.	Name of Director	Remuneration^			
		Fiscal 2020	Fiscal 2021	Fiscal 2022	From April 1, 2022 to June 30, 2022
1.	Banavar Anantharamaiah Prabhakar	-	-	0.19	0.04
2.	Samit Kumar Ghosh(1)	--	-	0.18	0.06
3.	Satyaki Rastogi#	-	-	0.05	0.01
4.	Anita Ramachandran(2)	-	-	-	-
5.	Sudha Suresh(3)	-	-	0.18	0.05
6.	Rajesh Kumar Jogi(4)	-	0.01	0.29	0.05
7.	Ravichandran Venkataraman	-	-	0.21	0.07
8.	Rajni Anil Mishra	-	0.04	0.27	0.05
9.	Raghunath Narasimhachar Patel	-	-	-	-

^ *Only sitting fees are paid to the Non-Executive Directors. The above table has details of sitting fees paid to non-executive directors as on June 30, 2022.*

(1) *Samit Kumar Ghosh was appointed as Non-Executive Non-Independent Director with effect from August 20, 2021. In Fiscal 2020 he received remuneration of ₹3.41 crores (including perquisite value arising out of subscription of equity shares under employee stock purchase scheme 2019 and previous arrears based on RBI approval) in the capacity of managing director and chief executive officer of the Bank.*

(2) *Anita Ramachandran was appointed as Non-Executive Independent Director of the Bank with effect from July 1, 2022.*

(3) *Sudha Suresh was appointed as non-executive non-independent additional director of the Bank with effect from August 20, 2021. She was re-categorised as Non-Executive Independent Director with effect from April 1, 2022.*

(4) *Rajesh Kumar Jogi was appointed as non-executive non-independent additional director of the Bank with effect from March 13, 2021. He was re-categorised as Non-Executive Independent Director with effect from August 25, 2021.*

Sitting fees payable to Satyaki Rastogi is paid directly to SIDBI.

Compensation to the Executive Director

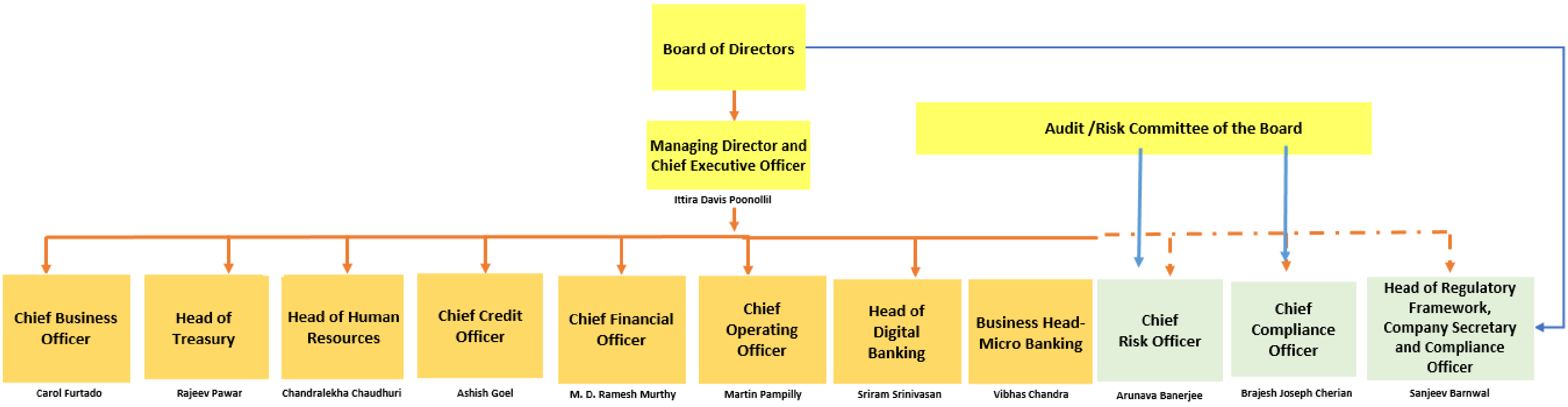
The following table sets forth the compensation paid by our Bank to the Executive Director of our Bank during the quarter ended June 30, 2022, Fiscals 2022, 2021 and 2020:

(in ₹ crore)

S. No.	Name of Director	Remuneration			
		Fiscal 2020	Fiscal 2021	Fiscal 2022	From April 1, 2022 to June 30, 2022
1.	Ittira Davis Poonollil[(1)]	-	-	0.29	0.34

[(1)] *Ittira Davis Poonollil was appointed as non-executive non-independent director of the Bank with effect from March 13, 2021 till July 23, 2021. In Fiscal 2021, he received remuneration of ₹0.01 crores in the capacity of non-executive non-independent director of the Bank. Later, he was appointed as the Managing Director and Chief Executive Officer with effect from January 14, 2022. The above information includes salary paid as per pay slip to Ittira Davis Poonollil and does not include sitting fees paid.*

Organisation Chart of our Bank



Key Managerial Personnel

The Key Managerial Personnel are permanent employees of our Bank. In addition to the Executive Director, whose details are provided in "*Brief Biographies of our Directors*" above, the details of our other Key Managerial Personnel in terms of the Companies Act and the SEBI ICDR Regulations as on the date of this Placement Document are set forth below:

S. No.	Name of KMP/SMP	Designation
1.	Ittira Davis Poonollil	Managing Director and Chief Executive Officer
2.	Carol Kripanayana Furtado	Chief Business Officer
3.	Arunava Banerjee	Chief Risk Officer
4.	Martin Pampilly S.	Chief Operating Officer
5.	Sanjeev Barnwal	Head of Regulatory Framework, Company Secretary and Compliance Officer
6.	M. D. Ramesh Murthy	Chief Financial Officer
7.	Ashish Goel	Chief Credit Officer
8.	Rajeev Padmanabh Pawar	Head of Treasury
9.	Sriram Srinivasan	Head of Digital Banking
10.	Brajesh Joseph Cherian	Chief Compliance Officer
11.	Vibhas Chandra	Business Head, Micro Banking
12.	Chandralekha Chaudhuri	Head of Human Resources

Brief biographies of the Key Managerial Personnel

Ittira Davis Poonollil is the Managing Director and Chief Executive Officer of our Bank. For further details see "*–Brief Biographies of Directors*" and "*Remuneration to Executive Director*" each on pages 352 and 354.

Carol Kripanayana Furtado is the Chief Business Officer of our Bank. She holds a bachelor's degree in science from the Bangalore University and a post graduate diploma in business administration with specialization in finance from Mount Carmel Institute of Management, Bangalore. She was associated with the Esanda Finanz & Leasing Limited, Bank Muscat, Standard Chartered Finance Limited and Centurion Bank Ltd. She also received 'The 2009 Financial Women's Association Award' by Women's World Banking.

Arunava Banerjee is the Chief Risk Officer of our Bank. He holds a master of arts degree in economics from the University of Calcutta. He is an associate of the Indian Institute of Bankers. He was associated with State Bank of India, Standard Chartered Bank and the Bahraini Saudi Bank and later worked with USFL and Remza Investment Company W.L.L as its chief financial officer.

Martin Pampilly S. is the Chief Operating Officer of our Bank. He holds a bachelor's degree in science from the Bangalore University. He was associated with Standard Chartered Grindlays Bank Ltd., Bank Muscat, Centurion Bank Limited, Centillion Solutions & Services (P) Ltd. and later worked with UFSL as its regional operations manager (South) since 2008.

Sanjeev Barnwal is the Head of Regulatory Framework, Company Secretary and Compliance Officer of our Bank. He holds a bachelor's degree in law from Chaudhary Charan Singh University, Meerut. He is an associate member of the Institute of Company Secretaries of India. He has also received a certification from NSE's Certification in Financial Markets for Compliance Officer (Corporate) Module. He has corporate experience of over 17 years and was associated with SMC Capitals Ltd., CMC Limited and later worked with UFSL as its chief executive officer and company secretary.

M. D. Ramesh Murthy is the Chief Financial Officer of our Bank. He is a qualified chartered accountant from the Institute of Chartered Accountants of India. He was associated with Commercial Bank International, Dubai as its head of corporate credit and risk and later also worked with Mashreq Bank, Dubai for 17 years.

Ashish Goel is the Chief Credit Officer of our Bank. He holds a bachelor's degree in mechanical engineering from Regional Engineering College, Kurukshetra and a post graduate diploma in management from Xavier Institute of Management, Bhubaneswar. He was associated with ICICI Bank.

Rajeev Padmanabh Pawar is the Head of Treasury of our Bank. He holds a bachelor's degree in science from the University of Bombay and a master's degree in marketing management from the University of Mumbai. He was associated with Standard Chartered Bank, Kotak Mahindra (UK) Ltd., Singapore, Growmore Leasing & Investments Pvt. Ltd. and ECL Finance Limited.

Sriram Srinivasan is the Head of Digital Banking of our Bank. He holds a bachelor's degree in engineering (honors) from the Birla Institute of Technology and Science and a post graduate diploma in management from the Indian Institute of Management, Bangalore. He was associated with Digital14 LLC in United Arab Emirates, Standard Chartered Bank and HSBC.

Brajesh Joseph Cherian is the Chief Compliance Officer of our Bank. He holds a bachelor's degree in pharmacy from the Tamil Nadu Dr. M.G.R. Medical University and a master's degree in business administration from the Sikkim Manipal University. He also qualified CAIIB examination from the Indian Institute of Banking & Finance. He was associated with Axis Bank as its vice president, compliance and risk officer.

Vibhas Chandra is the Business Head, Micro Banking of our Bank. He holds a post graduate diploma in management (rural management) from the Xavier Institute of Management, Bhubaneswar. He has completed a certified training course of the Women's World Banking Management Development Training of Trainers. He also worked in the asset production division for micro banking and rural banking of our Bank.

Chandralekha Chaudhuri is the Head, Human Resources of our Bank. She holds a bachelor's degree in business administration and law from the Symbiosis International University, Pune and a post graduate certificate in human resource from XLRI, Jamshedpur.

Shareholding of Key Managerial Personnel

As on the date of this Placement Document, except as stated below, none of the Key Managerial Personnel hold Equity Shares and employee stock options in our Bank:

Sr. No	Name	Number of Equity Shares	Number of vested employee stock options	Percentage of total number of outstanding Equity Shares (%)*
1.	Ittira Davis Poonollil	2,00,000	Nil	0.01
2.	Carol Kripanayana Furtado	1,09,684	Nil	Negligible
3.	Arunava Banerjee	25,000	20,790	Negligible
4.	Martin Pampilly S.	40,300	18,861	Negligible
5.	Sanjeev Barnwal	8,000	83,082	Negligible
6.	Ashish Goel	Nil	17,909	Negligible
7.	Rajeev Padmanabh Pawar	Nil	13,033	Negligible
8.	Brajesh Joseph Cherian	27,443	99,867	Negligible
9.	Vibhas Chandra	35,000	12,399	Negligible
10.	Chandralekha Chaudhuri	2,857	32,520	Negligible

On a fully diluted basis

Relationship

None of the Key Managerial Personnel are related either to each other or to the Directors.

Interest of Key Managerial Personnel

Our Key Managerial Personnel do not have any interest in our Bank other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in the Bank, if any.

Some of our KMPs are entitled to employee stock options and equity shares resulting from the exercise of options of our Promoter. Further, our KMPs are entitled to participate in the USFB ESOP Plan 2019.

None of the Key Managerial Personnel have been paid any consideration of any nature from our Bank, other than their remuneration.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel was selected as member of senior management.

Corporate Governance

Our Bank is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013, the SEBI ICDR Regulations and the guidelines issued by the RBI from time to time, in respect of corporate governance, including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, separation of our Board's supervisory role from the executive management team and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific functions. Our Bank's executive management provides our Board detailed reports on its performance periodically.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations.

The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Corporate Social Responsibility Committee; and (v) Risk Management Committee.

The following table sets forth details of members of the aforesaid committees, as on the date of this Placement Document:

S. No.	Committee	Name and Designation of Members
1.	Audit Committee	(1) Rajesh Kumar Jogi, *Chairperson;* (2) Ravichandran Venkataraman, Member; (3) Rajni Anil Mishra, Member; (4) Raghunath Narasimhachar Patel, Member; and (5) Sudha Suresh, Member.
2.	Nomination and Remuneration Committee	(1) Anita Ramachandran, *Chairperson*; (2) Ravichandran Venkataraman, Member; (3) Banavar Anantharamaiah Prabhakar, Member; (4) Rajesh Kumar Jogi, Member; and (5) Samit Kumar Ghosh, Member.
3.	Stakeholders' Relationship Committee	(1) Sudha Suresh, *Chairperson*; (2) Samit Kumar Ghosh, Member; (3) Ittira Davis Poonollil, Member; (4) Ravichandran Venkataraman, Member; and (5) Banavar Anantharamaiah Prabhakar, Member.
4.	Corporate Social Responsibility Committee	(1) Sudha Suresh, *Chairperson*; (2) Rajesh Kumar Jogi, Member; (3) Ittira Davis Poonollil, Member; (4) Rajni Anil Mishra, Member; and (5) Anita Ramachandran, Member.
5.	Risk Management Committee	(1) Rajni Anil Mishra, *Chairperson;* (2) Banavar Anantharamaiah Prabhakar, Member; (3) Rajesh Kumar Jogi, Member; (4) Sudha Suresh, Member; (5) Ittira Davis Poonollil, Member; and (6) Samit Kumar Ghosh, Member.

In addition to the above committees, our Board has also constituted a Merger and Placement Committee and other committees, including as required under applicable RBI regulations.

Other Confirmations

None of the Directors, Promoter or Key Managerial Personnel of our Bank has any financial or other material interest in the Issue and there is no effect of such interest as is different from the interest of other persons.

Neither our Bank, nor the Directors or Promoter have ever been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI or fraudulent borrowers as defined in the SEBI ICDR Regulations.

Neither our Bank, nor our Directors or Promoter have been debarred from accessing capital markets under any order or direction made by SEBI. Further, neither of the Promoter nor any of the Directors have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors, Promoter or Key Managerial Personnel of our Bank intends to subscribe to the Issue.

No change in control in our Bank will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

Regulation 9(1) of the SEBI Insider Trading Regulations applies to our Bank and its employees and requires our Bank to implement a code of internal procedures and conduct for the prevention of insider trading. Our Bank has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations, as per which, the Company Secretary of our Bank is the Compliance Officer for the purposes of this code.

Related Party Transactions

For details in relation to the related party transactions entered by our Bank during the last three Financial Years, immediately preceding the year of circulation of this Placement Document, please see the section entitled "*Related Party Transactions*" on page 38.

SHAREHOLDING PATTERN OF OUR BANK

The shareholding pattern of our Bank, as on June 30, 2022, is set forth below.

Summary statement showing the shareholding pattern of the Bank

Category	Category of shareholder	Number of shareholders	Number of fully paid up Equity Shares held	Number of partly paid-up Equity Shares held	Number of shares underlying depository receipts	Total number of shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total number of shares (As a % of (A+B+C2))	Number of voting rights held in each class of securities				Number of shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
								Number of voting rights			Total as a % of (A+B+C)			Number	As a % of total shares held	No.	As a % of total shares held	
								Class X	Class Y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)				(X)	(XI)	(XII)		(XIII)		(XIV)
(A)	Promoter & Promoter Group	1	1,44,00,36,800	-	-	1,44,00,36,800	83.32	1,44,00,36,800	-	1,44,00,36,800	83.32	-	83.32	34,56,44,634	24.00	-	-	1,44,00,36,800
(B)	Public	2,72,547	28,82,77,405	-	-	28,82,77,405	16.68	28,82,77,405	-	28,82,77,405	16.68	-	16.68	-	-	-	-	28,82,76,835
(C)	Non Promoter-Non Public	-		-	-		-		-		-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employees Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
				-	-				-			-						
	Total:	**2,72,548**	**1,72,83,14,205**	-	-	**1,72,83,14,205**	**100.00**	**1,72,83,14,205**	-	**1,72,83,14,205**	**100.00**	-	**100.00**	**34,56,44,634**	**20.00**	-	-	**1,72,83,13,635**

Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & name of the shareholder	Number of shareholders	Number of fully paid up Equity Shares held	Number of partly paid-up Equity Shares held	Number of shares underlying depository receipts	Total number of shares held (IV+V+VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957 (VIII) As a % of (A+B+C2	Number of voting rights held in each class of securities				Number of shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (VII)+(X) As a % of (A+B+C2)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
								Number of Voting Rights			Total as a % of (A+B+C)			Number	As a % of total shares held	Number	As a % of total shares held	
								Class X	Class Y	Total								
(1)	**Indian**																	
(a)	Individuals/Hindu undivided Family	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	**Any Other**	1	1,44,00,36,800	-	-	1,44,00,36,800	83.32	1,44,00,36,800	-	1,44,00,36,800	83.32	-	83.32	34,56,44,634	24.00	-	-	1,44,00,36,800
	UJJIVAN FINANCIAL SERVICES LIMITED	1	1,44,00,36,800	-	-	1,44,00,36,800	83.32	1,44,00,36,800	-	1,44,00,36,800	83.32	-	83.32	34,56,44,634	24.00	-	-	1,44,00,36,800
	Sub-Total (A)(1)	**1**	**1,44,00,36,800**	**-**	**-**	**1,44,00,36,800**	**83.32**	**1,44,00,36,800**	**-**	**1,44,00,36,800**	**83.32**	**-**	**83.32**	**34,56,44,634**	**24.00**	**-**	**-**	**1,44,00,36,800**
(2)	**Foreign**			-	-				-			-				-	-	
(a)	Individuals (Non-Resident Individuals/Foreign Individuals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	**Any Other**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**1**	**1,44,00,36,8000**	**-**	**-**	**1,44,00,36,800**	**83.32**	**1,44,00,36,800**	**-**	**1,44,00,36,8000**	**83.32**	**-**	**83.32**	**34,56,44,634**	**24.00**	**-**	**-**	**1,44,00,36,800**

Statement showing shareholding pattern of public Shareholders

Category	Category & name of the shareholder	Number of shareholders	Number of fully paid up Equity Shares held	Number of partly paid-up Equity Shares held	Number of shares underlying depository receipts	Total number of shares held (IV+V+VI)	Shareholding as a % of total number of shares (A+B+C2)	Number of voting rights held in each class of securities				Number of shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
								Number of voting rights			Total as a % of (A+B+C)			Number	As a % of total shares held	Number	As a % of total shares held	
								Class X	Class Y	Total								
(1)	**Institutions**																	
(a)	**Mutual Funds**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(b)	**Venture Capital Funds**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	**Alternate Investment Funds**	2	92,86,215	-	-	92,86,215	0.54	92,86,215	-	92,86,215	0.54	-	0.54	-	-	-	-	92,86,215
(d)	**Foreign Venture Capital Investors**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	**Foreign Portfolio Investors**	13	30,54,538	-	-	30,54,538	0.18	30,54,538	-	30,54,538	0.18	-	0.18	-	-	-	-	30,54,538
(f)	**Financial Institutions/Banks**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(g)	**Insurance Companies**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(h)	**Provident Funds/Pension Funds**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(i)	**Any Other**			-	-				-			-		-	-	-	-	
	Qualified Institutional Buyer	1	20,26,800	-	-	20,26,800	0.12	20,26,800	-	20,26,800	0.12	-	0.12	-	-	-	-	20,26,800
	Sub Total (B)(1)	**16**	**1,43,67,553**	-	-	**1,43,67,553**	**0.83**	**1,43,67,553**	-	**1,43,67,553**	**0.83**	-	**0.83**	-	-	-	-	**1,43,67,553**
(2)	**Central Government/State Government(s)/President of India**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total (B)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(3)	**Non-Institutions**			-	-				-			-		-	-	-	-	
(a)	i.Individual shareholders holding nominal share capital up to Rs.2 lakhs	2,68,571	18,23,98,406	-	-	18,23,98,406	10.55	18,23,98,406	-	18,23,98,406	10.55	-	10.55	-	-	-	-	18,23,98,406
	ii.Individual shareholders holding nominal share capital in excess of Rs. 2 Lakhs	1,164	7,24,85,636	-	-	7,24,85,636	4.19	7,24,85,636	-	7,24,85,636	4.19	-	4.19	-	-	-	-	7,24,85,636
				-	-				-			-		-	-	-	-	
(b)	**NBFCs Registered with RBI**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(c)	**Employee Trusts**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(d)	**Overseas Depositories (Holding DRs)(Balancing figure)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(e)	**Any Other**			-	-				-			-		-	-	-	-	
	TRUSTS	3	4,08,135	-	-	4,08,135	0.02	4,08,135	-	4,08,135	0.02	-	0.02	-	-	-	-	4,08,135
	NON RESIDENT INDIANS	1,786	91,74,882	-	-	91,74,882	0.53	91,74,882	-	91,74,882	0.53	-	0.53	-	-	-	-	91,74,882
	CLEARING MEMBERS	58	5,97,505	-	-	5,97,505	0.03	5,97,505	-	5,97,505	0.03	-	0.03	-	-	-	-	5,97,505
	NON RESIDENT INDIAN NON REPATRIABLE	647	19,85,036	-	-	19,85,036	0.11	19,85,036	-	19,85,036	0.11	-	0.11	-	-	-	-	19,85,036
	BODIES CORPORATES	302	68,60,252	-	-	68,60,252	0.40	68,60,252	-	68,60,252	0.40	-	0.40	-	-	-	-	68,60,252
	Sub Total (B)(3)	**2,72,531**	**27,39,09,852**	-	-	**27,39,09,852**	**15.85**	**27,39,09,852**	-	**27,39,09,852**	**15.85**	-	**15.85**	-	-	-	-	**27,39,09,282**
	Total Public Shareholding (B) = (B)(1)+(B)(2)+(B)(3)	**2,72,547**	**28,82,77,405**	-	-	**28,82,77,405**	**16.68**	**28,82,77,405**	-	**28,82,77,405**	**16.68**	-	**16.68**	-	-	-	-	**28,82,76,835**

Statement showing shareholding pattern of non-Promoter – non-public Shareholders

Category	Category & name of the shareholder	Number of shareholders	Number of fully paid up Equity Shares held	Number of partly paid-up Equity Shares held	Number of shares underlying depository receipts	Total number of shares held (IV+V+VI)	Shareholding as a % of total number of shares (A+B+C2)	Number of voting rights held in each class of securities				Number of shares underlying outstanding convertible securities (including warrants)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of Equity Shares held in dematerialized form
								Number of voting rights			Total as a % of (A+B+C)			Number	As a % of total shares held	Number	As a % of total shares held	
								Class X	Class Y	Total								
(1)	**Custodian/DR Holder**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(2)	**Employee Benefit Trust (under SEBI(Share based Employee Benefit) Regulations 2014)**	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Non-Promoter-Non Public Shareholding = I(1)+(C)(2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment of Application Amount, Allocation and Allotment of the Equity Shares to be issued pursuant to the Issue. The procedure followed in the Issue may differ from the one mentioned below and investors are assumed to have apprised themselves of the same from our Bank or the Book Running Lead Managers. Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see "Selling Restrictions" and "Transfer Restrictions" on pages 377 and 383, respectively.

Our Bank, the Book Running Lead Managers and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Bidders were advised to inform themselves of any restrictions or limitations that may be applicable to them and were required to consult their respective advisers in this regard. Bidders that have applied in the Issue were required to confirm and were deemed to have represented to our Bank, the BRLMs and their respective directors, employees, counsels, officers, agents, affiliates and representatives that they were eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Bank, the BRLMs and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Bidder on whether such Bidder was eligible to acquire the Equity Shares. For details, see the section titled, "Selling Restrictions" and "Transfer Restrictions" beginning on pages 377 and 383, respectively.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document have not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a Qualified Institutions Placement ("**QIP**"). Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, our Bank, being a listed company in India may issue Equity Shares to Eligible QIBs, provided that:

- the shareholders have adopted a special resolution approving the Issue. Such special resolution must specify (a) that the allotment of Equity Shares is proposed to be made pursuant to the Issue and (b) the Relevant Date;

- the explanatory statement to the notice to the shareholders for convening the general meeting must disclose, amongst others, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, equity shares of the same class of such issuer, which are proposed to be allotted through the qualified institutions placement or pursuant to conversion or exchange of eligible securities, are listed on a recognized stock exchange in India that has nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

- invitation to apply in the Issue must be made through a private placement offer letter (i.e., the Preliminary Placement Document and this Placement Document) and an application form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made, within 30 days of recording the name of such person in accordance with applicable law; the allotments with respect to any earlier offer or invitation made by the Bank shall have been completed or the Bank shall have withdrawn or abandoned such invitation or offer made, except as permitted under the Companies Act, 2013;

- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;

- our Bank shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- an offer to QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer cum application letter, the Bank must prepare and record a list of eligible QIBs to whom the offer will be made. The QIP must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;

- the Bank acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the QIP is prohibited;

- the Promoter and Directors are not fugitive economic offenders; and

- the Promoter or Directors are not declared as 'Fraudulent Borrower' by the lending Banks or financial institution or consortium, in terms of RBI master circular dated July 01, 2016.

Please note that the requirement under Regulation 172(1)(b) of the SEBI ICDR Regulations, i.e. the Equity Shares of the same class of our Bank, which are proposed to be allotted through the Issue, are listed on the Stock Exchanges, for a period of at least one year prior to the date of issuance of notice to our shareholders for convening the meeting to adopt the above-mentioned special resolution, is not applicable to this Issue, as the same is being undertaken to meet the minimum public shareholding requirements specified under the SCRR in accordance with the second proviso to Regulation 172(1)(b);

At least 10% of the Equity Shares issued to Eligible QIBs shall be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders are not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The Floor Price of the Equity Shares issued under this Issue shall not be less than the average of the weekly high and low of the closing prices of the Equity Shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or the Merger and Placement Committee decides to open the Issue and "Stock Exchange", for the purposes of determination of price, means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the resolution of the shareholders passed by way of a postal ballot dated March 26, 2022, the results of which were declared on March 26, 2022, our Bank may offer a discount of not more than 5% on the Floor Price in accordance with the SEBI ICDR Regulations.

The "relevant date" refers to the date of the meeting in which the board of directors or the committee of directors duly authorised by the board of the issuer opened the proposed issue and the "stock exchange" means any of the recognised stock exchanges in India in which the equity shares of the same class of the issuer are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The Equity Shares will be Allotted within 365 days from the date of the shareholders' resolution approving the Issue, being March 26, 2022 and within 60 days from the date of receipt of Application Amount from the Successful Bidders. For details of refund of Application Amount, see "*– Pricing and Allocation – Designated Date and Allotment of Equity Shares*" on page 374.

Subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of thie Preliminary Placement Document and this Placement Document, which shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Bank with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or Placement Document uploaded on the website of the Stock Exchanges or our Bank for making an application to subscribe to Equity Shares pursuant to the Issue.

This Issue was authorized and approved by our Board on February 5, 2022 and approved by our shareholders, by way of a postal ballot resolution dated March 26, 2022, the results of which were declared on March 26, 2022. This Issue is approved for raising a sum not exceeding ₹ 600 crore (including premium), in one or more tranches.

The minimum number of allottees with respect to a QIP shall not be less than:

- two, where the issue size is less than or equal to ₹ 250 crore; and

- five, where the issue size is greater than ₹ 250 crore.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", see the section "*—Bid Process—Application Form*" on page 370.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on a recognized stock exchange.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

Our Bank has filed a copy of this Placement Document with each of the Stock Exchanges. Our Bank has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE on September 12, 2022.

Issue Procedure

1. On the Issue Opening Date, our Bank and the Book Running Lead Managers have circulated serially numbered copies of this Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, and shall circulate serially numbered copies of the Placement Document to Eligible QIBs and the Application Form will be specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Bank shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom this Placement Document and the serially numbered Application Form have been dispatched. Our Bank will make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules. The list of Eligible QIBs to whom this Placement Document and Application Form is delivered will be determined by our Bank in consultation with the BRLMs, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which includes the details of the bank account wherein the Application Amount is to be deposited, is addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit the Application Form, including any revisions thereof along with the Application Amount and a copy of the PAN card or PAN allotment letter, during the Issue Period to the Book Running Lead Managers. Application Form may be signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB may submit an unsigned copy of the Application Form, as long as the Application Amount is paid along with submission of the Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and the Application Form is unsigned, it shall be assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Bidders will be required to indicate the following in the Application Form:

    - representation as set forth in the Application Form
    - full official name of the Eligible QIB to whom Equity Shares are to be Allotted, complete address, e-mail id, PAN details and bank account details;
    - number of Equity Shares Bid for;
    - price at which they are agreeable to subscribe for the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;
    - an undertaking that they will deliver an offshore transaction letter to our Bank prior to any sale of Equity Shares confirming that they will not re-offer, re-sell, pledge or otherwise transfer the Equity Shares, except in an offshore transaction on a recognized Indian stock exchange in compliance with Regulation S under the Securities Act;
    - Equity Shares held by the Eligible QIBs in our Bank prior to the Issue;
    - details of the depository account to which the Equity Shares should be credited; and

- Eligible FPIs are required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund will be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

5. Each Bidder shall be required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account within the Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares shall be made from the bank accounts of the relevant Bidders and our Bank shall keep a record of the bank account from where such payment has been received. Application Amount payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the Application Form. Pending Allotment, Application Amount received for subscription of the Equity Shares shall be kept by our Bank in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder is not allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, (c) the Application Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "*Bid Process – Refunds*" on page 374.

6. Once a duly completed Application Form is submitted by a Bidder and the Application Amount is transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and the Bid cannot be withdrawn or revised downwards after the Issue Closing Date. In case of an upward revision before the Issue Closing Date, an additional amount shall be required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. The Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

7. The Eligible QIBs acknowledged that in accordance with the requirements of the Companies Act, upon Allocation, our Bank has disclosed the names of proposed Allottees and the percentage of their post Issue shareholding in the Preliminary Placement Document and consents to such disclosure, if any Equity Shares were allocated to it.

8. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI.

9. Upon receipt of the duly completed Application Form and the Application Amount in the Escrow Account, after the Issue Closing Date, our Bank shall, in consultation with Book Running Lead Managers determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Managers will send the serially numbered CAN to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN, and this Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN shall contain details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. **Please note that the Allocation will be at the absolute discretion of our Bank and will be based on the recommendation of the Book Running Lead Managers.**

10. Upon determination of the Issue Price and the issuance of CAN and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Managers, shall, on our behalf, send a serially numbered Placement Document to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

11. Upon dispatch of the serially numbered Placement Document, our Bank shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. We will inform the Stock Exchanges of the details of the Allotment.

12. After passing the resolution for Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the depository participant, as indicated in their respective Application Form, our Bank shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

13. After receipt of the listing approvals of the Stock Exchanges, our Bank shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

14. Our Bank will then apply for the final trading approvals from the Stock Exchanges.

15. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

16. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Bank may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Bank and the Book Running Lead Managers shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Bank.

17. In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in the Refund Intimation which will be dispatched to such Bidder.

Qualified Institutional Buyers

Only Eligible QIBs are eligible to invest in the Equity Shares pursuant to the Issue, provided that with respect to foreign portfolio investors, only Eligible FPIs applying under Schedule II of the FEMA Rules will be considered as Eligible QIBs. FVCIs are not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions;
- Mutual Funds;
- pension funds with minimum corpus of ₹ 25 crore;
- provident funds with minimum corpus of ₹ 25 crore;
- public financial institutions;
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- SI-NBFC.

Eligible FPIs are permitted to participate through the portfolio investment scheme under Schedule II of FEMA Rules respectively, in this Issue. Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws and such that the shareholding of the FPIs do not exceed specified limits as prescribed under applicable laws in this regard. Other eligible non-resident QIBs shall participate in the Issue under Schedule I of the FEMA Rules.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10%

or more of the post-Issue equity share capital of our Bank, and the total holding of all FPIs, collectively, shall not exceed 24% of the paid-up equity share capital of our Bank. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

With effect from April 1, 2020, the aggregate limit for FPI investments shall be the sectoral caps applicable to our Bank (i.e. up to 49% under the automatic route and up to 74% under the government approval route). By a resolution of our Board dated July 30, 2019 and a resolution of our Shareholders dated August 3, 2019, our Bank has increased the aggregate limits of its shareholding by FPIs to 49%, and of NRIs (on a repatriation basis) to 24% of its paid-up Equity Share capital. Further pursuant to a resolution of our Board dated November 8, 2019 and a resolution of our Shareholders dated November 8, 2019, our Bank has increased the aggregate investment limit by NRIs (on a repatriation and non-repatriation basis) to 24% of its paid-up Equity Share capital. Further, if any FPI holds 10% or more of the Equity Share capital of our Bank, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (i) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

In accordance with the FEMA Rules and the SFB Licencing Guidelines, the total foreign ownership in a private sector bank cannot exceed 74% of the paid-up capital (49% of the paid-up capital under the automatic route and above 49% of the paid-up capital and up to 74% of the paid-up capital under the approval route). Pursuant to our Bank being established as an SFB and as per the extant FDI Policy and SFB Guidelines, foreign direct investment in our Bank is permitted up to 49% under the automatic route and up to 74% under the government approval route.

Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Restriction on Allotment

Under Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being, or any person related to, the Promoter. QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoter:

- rights under a shareholders' agreement or voting agreement entered into with the Promoter or members of the Promoter Group;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that a QIB which does not hold any Equity Shares in our Bank and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoter.

Our Bank, the BRLMs and any of their respective shareholders, employees, counsels, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of under subscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: *Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.*

Bid Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Bank and/or the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Placement Document, the Eligible QIB will be deemed to have made the following representations, warranties, acknowledgements and undertakings as well as those given or made under the sections "*Notice to Investors*", "*Representations by Investors*", "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 1, 3, 377 and 383, respectively:

1. The Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoter, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter;

3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoter or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoter;

4. The Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Issue Closing Date;

5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. The Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

7. The Eligible QIB confirms that its Bid would not result in triggering an open offer under the SEBI Takeover Regulations;

8. The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013 and rules made thereunder, our Bank reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Managers. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

9. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act 2013, upon Allocation, the Bank will be required to disclose names as proposed Allottees and percentage to post-Issue shareholding of the proposed Allottees in this Placement Document and consents to such disclosure, if any Equity Shares are Allocated to it. However the Eligible QIB further acknowledges and agrees, disclosure of such details in relation to the proposed Allottees in this Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of the Bank, in consultation with the BRLMs;

10. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    a. Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other QIB ; and

    b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

11. The Eligible QIB acknowledges that no Allotment shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price;

12. The Eligible QIB confirms that it is purchasing the Equity Shares in an "offshore transaction" in reliance upon Regulation S, and is not our affiliate or a person acting on behalf of such an affiliate;

13. The Eligible QIBs confirm that they shall not undertake any trade in the Equity Shares credited to their beneficiary accounts maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares Allotted in the Issue are issued by the Stock Exchanges; and

14. Each Eligible QIB acknowledges that, as required in terms of the Master Direction - Issue and Pricing of shares by Private Sector Banks, Directions, 2016 issued by RBI, our Bank shall report to RBI, upon completion of the Allotment

process, complete details of the issue including date of the issue, details of the type of issue, issue size, details of pricing, name and number of the allottees, post allotment shareholding position.

Each Eligible QIB acknowledges that they are aware that in accordance with Section 12B of the Banking Regulation Act, 1949 read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, dated November 19, 2015 and the Reserve Bank of India (Ownership in Private Sector Banks) Directions, 2016, dated May 12, 2016, no person (along with his relatives, associate enterprises or persons acting in concert with such person) can acquire or hold more than 5% or 10%, as applicable limits of the total paid-up share capital of our Bank, or be entitled to exercise more than 5% or 10%, as applicable limits of the total voting rights of our Bank, without prior approval of the RBI. Accordingly, you hereby represent that your (direct or indirect) aggregate holding in the paid-up share capital of our Bank, whether beneficial or otherwise after subscription to the Equity Shares in the Issue by you, your relatives, your associate enterprises or persons acting in concert with you, aggregated with any pre-Issue shareholding in the Bank of you, your relatives, your associate enterprises or persons acting in concert (as applicable) shall not amount to more than 5% or 10%, as applicable of the total paid-up share capital of our Bank or would not entitle you to exercise more than certain 5% or 10%, as applicable of the total voting rights of our Bank, except with the prior approval of the RBI.

In the event, your aggregate shareholding, whether direct or indirect, beneficial or otherwise, aggregating to more than 5% or 10%, as applicable of the total paid-up share capital of our Bank, you are required to submit the approval obtained from the RBI to the Bank prior to the finalisation of the Allotment. In case of failure by you to submit the approval obtained from the RBI within the above time period, our Bank may Allot maximum number of Equity Shares, that will limit your aggregate shareholding (along with your relatives, associate, enterprises or persons acting in concert with you and including existing shareholding, if any) to less than 5% or 10%, as applicable of the post-Issue paid-up share capital of our Bank.

ELIGIBLE QIBS MUST PROVIDE THEIR BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGERS TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGERS, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder to pay the entire Issue Price for the Equity Shares and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document (when dispatched) by our Bank in favour of the Successful Bidder.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for along with proof of payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form will include details of the relevant Escrow Account into which the Application Amounts will have to be deposited.The Application Amount shall be deposited in the Escrow Account as is specified in the Application Form and the Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at either of the following addresses:

IIFL Securities Limited 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg Lower Parel (West) Mumbai 400 013 Maharashtra, India **Contact Person:** Nishita Mody / Yogesh Malpani **Email:** ujjivan.qip@iiflcap.com **Phone No.:** +91 22 4646 4728	**DAM Capital Advisors Limited** One BKC, Tower C, 15th Floor, Unit No.1511 Bandra Kurla Complex, Bandra (East) Mumbai 400 051 Maharashtra, India **Contact Person**: Chandresh Sharma **E-mail**: ujjivansfb.qip@damcapital.in **Phone No.**: +91 22 4202 2500

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

Bidders Bidding in the Issue, shall pay the entire Application Amount along with the submission of the Application Form, within the Issue Period.

Payment of Application Amount

Our Bank has opened the "UJJIVAN S F BANK LTD A/C QIP 2022 ESCROW" with HDFC Bank Limited, our Escrow Bank, in terms of the arrangement among our Bank, the Book Running Lead Managers and the Escrow Bank. Bidders will be required to deposit the entire Application Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Payments are to be made only through electronic fund transfer.

Note: Payments through cheques or demand draft or cash shall be rejected.

If the payment is not made favouring the "UJJIVAN S F BANK LTD A/C QIP 2022 ESCROW" within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be cancelled.

Pending Allotment, our Bank undertakes to utilise the amount deposited in "UJJIVAN S F BANK LTD A/C QIP 2022 ESCROW" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Application Amount if our Bank is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder is not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "*Bid Process – Refunds*" on page 374.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the Income Tax Act, 1961 in the Application Form and enclose a copy of the PAN card or PAN allotment letter along with the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder shall mention the details of the bank account from which the payment of Application Amount has been made along with confirmation that such payment has been made from such account.

Pricing and Allocation

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Managers. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Managers.

Price Discovery and Allocation

Our Bank, in consultation with the Book Running Lead Managers, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Bank may offer a discount of not more than 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our shareholders through a postal ballot resolution dated March 26, 2022, the results of which were declared on March 26, 2022.

After finalisation of the Issue Price, our Bank shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as this Placement Document.

Method of Allocation

Our Bank shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR BANK IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR BANK, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR BANK NOR THE BOOK RUNNING LEAD MANAGERS ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Application Amount, our Bank, in consultation with the Book Running Lead Managers, in their sole and absolute discretion, shall decide the Successful Bidders to whom the serially numbered CAN shall be dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Application Amount for the Equity Shares Allotted shall be notified to such Successful Bidders.

The Successful Bidders would also be sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in the Bank) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to furnish all details that may be required by the Book Running Lead Managers. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

The Equity Shares in the Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.

Our Bank, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Successful Bidders' beneficiary accounts maintained with the Depository Participant, as indicated in the respective Application Form, our Bank will apply for final trading and listing approvals from the Stock Exchanges.

Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Bank along with this Placement Document Our Bank shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Bank have been disclosed in this Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Bank upon receipt of notice from the Book Running Lead Managers and the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

After finalization of the Issue Price, our Bank shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the Refund Intimation. The Refund Amount will be transferred to the relevant Bidders within two working days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Bank is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of the Application Amount, our Bank shall repay the Application Amount within 15 days from expiry of 60 days, failing which our Bank shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013.

Other Instructions

Right to Reject Applications

Our Bank, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Bank in consultation with the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding. In the event the Bid is rejected by our Bank, the Application Amount paid by the Bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For details see "*Bid Process – Refunds*" on page 374.

Equity Shares in dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Bank and the Book Running Lead Managers will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

Release of Funds to our Bank

The Escrow Bank shall not release the monies lying to the credit of the "UJJIVAN S F BANK LTD A/C QIP 2022 ESCROW" to our Bank until receipt of notice from the Book Running Lead Managers, the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC.

PLACEMENT

Placement Agreement

The Book Running Lead Managers have entered into the Placement Agreement dated September 12, 2022 with our Bank, pursuant to which the Book Running Lead Managers have agreed to manage the Issue and to act as placement agents in connection with the proposed Issue and procure subscription to Equity Shares on a reasonable efforts basis to be placed with the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, as amended and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

The Placement Agreement contains customary representations, warranties and indemnities from our Bank and the Book Running Lead Managers, and it is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "*offshore transactions*", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see the sections "*Selling Restrictions*" and "*Transfer Restrictions*" on pages 377 and 383, respectively.

This Placement Document has not been, and will not be, filed as a prospectus with the RoC and, no Equity Shares issued pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

In connection with the Issue, the Book Running Lead Managers (or their affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions. Affiliates of the Book Running Lead Managers may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "*Offshore Derivative Instruments*" on page 8.

From time to time, the Book Running Lead Managers, and their affiliates and associates have engaged in or may in the future engage in transactions with and perform services including but not limited to investment banking, advisory, banking, trading services for our Bank, group companies, affiliates and the shareholders of our Bank, as well as to their respective associates and affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Managers and their affiliates and associates.

Lock-in

None of the Equity Shares of the Bank shall be subject to any lock-in.

Further, pursuant to or for the purpose of the Issue, none of the Equity Shares held by the Promoter shall be subject to any lock-in.

SELLING RESTRICTIONS

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

General

No action has been taken or will be taken that would permit a public offering of the Equity Shares to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Placement Document or any other material relating to our Bank or the Equity Shares in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. The Issue will be made in compliance with the applicable SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Each purchaser of the Equity Shares in the Issue will be deemed to have made acknowledgments and agreements as described under "*Transfer Restrictions*" on page 383.

Republic of India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which the Offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Placement Document has not been and will not be filed as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction, and will not constitute a public offer in India or any other jurisdiction.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Placement Document and the Equity Shares that shall be offered pursuant to this Placement Document have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Placement Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Book Running Lead Manager for any such offer; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Bank or the BRLM of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the BRLM of such fact in writing and has received the consent of the BRLM in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the BRLM has been obtained to each such proposed offer or resale.

Our Bank, the BRLM and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

Japan

The Equity Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). This Placement Document is not an offer of shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used in this Placement Document means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

This document and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been nor will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Placement Document or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Equity Shares. The Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Equity Shares directly or indirectly to anyone in Malaysia.

Mauritius

The public of the republic of Mauritius is not invited to subscribe for the interests offered hereby. This memorandum relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the interests offered hereby. the interests are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. no regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius financial services commission does not accept any responsibility for the financial soundness of or any representations made in connection with the issue. The memorandum is for the use only of the named addressee and should not be given or shown to any other person.

Sultanate of Oman

The information contained in this Placement Document does not constitute a public offer of securities in Oman as contemplated by the Oman Commercial Companies Law (Sultani Decree 18/2019, as amended) or Article 3 of the Capital Market Authority Law (Sultani Decree 80/98, as amended). This Placement Document will only be made available to investors in Oman in accordance with the provisions of Article 139 of the Executive Regulations of the Capital Markets Law (Capital Markets Law Decision No. 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licenced by the Capital Market Authority of Oman to market non-Omani securities in Oman.

This Placement Document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient. Additionally, this Placement Document is not intended to lead to the making of any contract within the territory or under the laws of Oman.

This Placement Document has not been (and will not be) filed with the Capital Market Authority of Oman (except in accordance with Article 139 of the Executive Regulations) or any other regulatory authority in Oman and the Capital Market Authority of Oman neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this

Placement Document nor shall have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

Qatar (excluding the Qatar Financial Centre)

This Placement Document did not, and was not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Bank nor BRLMs are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing BRLMs are, by distributing this document, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar and Qatar Financial Centre

Nothing in this Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Bank has not been authorised or licenced by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Placement Document is strictly private and confidential. This Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person's request and initiative, and for the recipient's personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Bank and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority ("**CMA**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

i. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

ii. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(b) where no consideration is or will be given for the transfer;

(c) where the transfer is by operation of law;

(d) as specified in Section 276(7) of the SFA; or

(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment: Notice on Recommendations on Investment Products).

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Bank has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The Equity Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Equity Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Placement Document nor any other offering or marketing material relating to the Equity Shares constitutes a prospectus pursuant to the FinSA, and neither this Placement Document nor any other offering or marketing material relating to the Equity Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Equity Shares may, however, be offered in Switzerland to professional clients within the meaning of the FinSA, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Placement Document may only be used by those investors to whom it has been handed out in connection with the Offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Placement Document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "Promotion") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "**High Net Worth Individuals**") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

United Kingdom

No Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the BRLMs for any such offer; or

(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Shares shall require the Bank or any BRLMs to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Preliminary Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). The Preliminary Placement Document is directed only at relevant persons. Other persons should not act on the Preliminary Placement Document or any of its contents. The Preliminary Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in 'offshore transactions' (as defined in Regulation S) in reliance on Regulations S and the applicable laws of the jurisdiction where those offers and sales are made. For further information, see "*Transfer Restrictions*" on page 383.

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

TRANSFER RESTRICTIONS

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares Allotted in the Issue, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge or transfer of our Equity Shares. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" on page 377.

Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

By accepting delivery of the Preliminary Placement Document and this Placement Document, submitting a bid to purchase Equity Shares and/or accepting delivery of any Equity Shares, you will be deemed to have represented and agreed as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in reliance upon Regulation S and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, and (ii) such customer is located outside the United States (within the meaning of Regulation S), and such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S.

- It understands that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and other applicable U.S. state securities laws.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Bank or any of the BRLMs for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment.

- It has been provided access to the Preliminary Placement Document and this Placement Document and will be provided access to this Placement Document which it has read in its entirety.

- It agrees to indemnify and hold the Bank and each of the BRLMs harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold any of the Bank or the BRLMs liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by the Bank.

If such person is a dealer (as such term is defined under the U.S. Securities Act), it may not resell the Equity Shares in the United States prior to 40 days from the commencement of the offering of the Equity Shares. It acknowledges that the Bank and the BRLMs and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify the Bank and the BRLMs. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by the Bank, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes the Bank to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Bank or the Book Running Lead Managers or any of their respective affiliates or advisors.

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investor, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognised as a stock exchange under the SCRA in April 1993.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and bye-laws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Further the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 govern the voluntary and compulsory delisting of equity shares from the stock exchanges.

The SCRR requires all listed companies to maintain a minimum public shareholding of 25%, subject to certain time bound exceptions.

Disclosures under the SEBI Listing Regulations

Public listed companies are required to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Minimum Level of Public Shareholding

All listed companies are required to maintain a minimum public shareholding of 25%. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months. However, every public sector listed company whose public shareholding falls below 25% at any time on or after the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least 25%, within a period of two years from the date of such fall, in the manner specified by SEBI. Consequently, a listed company may be delisted from the Stock Exchanges for not complying with the above mentioned requirements. Our Bank is undertaking this Issue in order to comply with the minimum public shareholding, requirement. In this regard, SEBI pursuant to its letter dated December 2, 2021 to our Bank acceded to relax the three-year minimum promoter lock-in requirements under Regulation 16(1)(a) of the SEBI ICDR Regulations ("**Exemption**"), to facilitate the scheme of amalgamation subject to NOC to be obtained from the stock exchanges on the scheme of amalgamation (excluding upon lock-in provisions) and final approval by NCLT.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the SEBI Takeover Regulations, which provides for specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any unpublished price sensitive information ("**UPSI**") relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations.

The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum and Articles of Association, the Companies Act, 2013 and the Banking Regulation Act. Bidders are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Authorised share capital

The authorised share capital of our Bank is ₹25,00,00,00,000 divided into 2,30,00,00,000 Equity Shares of ₹10 each and 20,00,00,000 11% Preference Shares (perpetual, non-convertible, non-cumulative) of ₹10 each.

Bonus Shares and Sweat Equity Shares

In addition to permitting dividends to be paid out of current or retained earnings calculated under Indian GAAP, the Companies Act, 2013 permits our Board of Directors, subject to the approval of our Shareholders, to distribute to our Shareholders, in the form of fully paid-up bonus shares or sweat equity shares, an amount transferred from our Bank's profits or reserves in accordance with the Articles of Association, the Companies Act, 2013 and the Banking Regulation Act.

Bonus shares can only be issued if our Bank has not defaulted in payments of statutory dues of the employees, such as, contribution to provident fund, gratuity and bonus or principal or interest payments on fixed deposits or debt securities issued by it. Bonus shares may not be issued in lieu of dividend. Further, listed companies are also required to follow the SEBI ICDR Regulations for issuance of bonus shares.

General Meetings of our Shareholders

There are two types of General Meetings of our Shareholders:

- AGM and;
- EGM.

Our Bank must hold its AGM within six months after the expiry of each Financial Year provided that not more than 15 months shall elapse between one AGM and the next one, unless extended by the Registrar of Companies at its request for any special reason for a period not exceeding three months. Our Board of Directors may convene an EGM when necessary and is required to call an EGM at the request of shareholder(s) holding in the aggregate not less than one tenth of our Bank's paid-up share capital (carrying a right to vote in respect of the relevant matter on the date of receipt of the requisition).

Notices, either in writing or through electronic mode, convening a meeting setting out the date, day, hour, place and agenda of the meeting must be given to members at least 21 clear days prior to the date of the proposed meeting.

A company intending to pass a resolution relating to matters such as, but not limited to, amendment in the objects clause of the memorandum of association, the issuing of shares with differential rights as to voting or dividend, a variation of the rights attached to a class of shares or debentures or other securities, buy-back of shares, giving loans or extending guarantees in excess of limits prescribed, is required pass such the resolution by means of a postal ballot only instead of transacting the business in the company's general meeting. A notice to all the shareholders shall be sent along with a draft resolution explaining the reasons therefore and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 deal with the exercise of right to vote by members by electronic means. The Ministry of Corporate Affairs, has clarified that voting by show of hands would not be allowable in cases where Rule 20 is applicable. A proxy may not vote except on a poll and does not have a right to speak at meetings. A shareholder may exercise his voting rights by proxy to be given in the form prescribed. The instrument appointing a proxy is required to be lodged with our Bank at least 48 hours before the time of the meeting. Section 12 of the Banking Regulation Act provides that no shareholder shall exercise voting rights in excess of such percentage of the total voting rights of all the shareholders.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. Our Bank has entered into an agreement for such depository services with the NSDL and CDSL. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. Our Bank shall keep an electronic book in which every transfer or transmission of shares will be maintained.

Our Bank may, however, decline to register a transfer if not approved by RBI, wherever such approval is required in accordance with the Banking Regulation Act and any guidelines that may be issued by RBI.

Dividend

Subject to the provisions of the Banking Regulation Act, and the prevailing regulations / guidelines issued by the RBI and other applicable law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the AGM of shareholders. Dividends are declared on per share basis and distributed and paid to shareholders. The Companies Act, 2013 provides that shares of a company of the same class must receive equal dividend treatment. These distributions and payments are required to be deposited into a separate bank account held with a scheduled bank within five days of the declaration of such dividend and paid to shareholders within 30 days of the AGM where the resolution for declaration of dividends is approved.

The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period is to be transferred, within seven days from the date of expiry of the 30 day period, to a special bank account opened with a scheduled bank called the dividend unpaid account. Any money that remains unclaimed for seven years from the date of the transfer is to be transferred, along with the interest accrued, by our Bank to a fund, called the Investor Education and Protection Fund, created by the Government of India.

The Articles authorise our Board of Directors to declare interim dividends, which may be declared from time to time and shall be set off against the final dividend for the relevant period.

OPINION ON STATEMENT OF TAX BENEFITS

To Board of Directors
Ujjivan Small Finance Bank Limited
Grape Garden No.27, 3rd A Cross
18th Main, 6th Block
Koramangala
Bengaluru 560095
Karnataka, India

Dear Sir/Ma'am,

Sub: Qualified Institutions Placement of equity shares of face value of ₹10 each (the "Equity Shares") by Ujjivan Small Finance Bank Limited (the "Bank", and such placement, the "Issue") under Chapter VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations") and Section 42 of the Companies Act, 2013, as amended (the "Companies Act") read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended (the "QIP")

1. We hereby confirm that the enclosed **Annexure A**, prepared by the Bank, provides the possible direct tax benefits available to the Bank and to the shareholders of the Bank under the Income Tax Act, 1961 (the "**Act**") as amended by the Finance Act 2022, i.e. applicable for the financial year 2022-23 relevant to the assessment year 2023-24, presently in force in India. Several of these benefits are dependent on the Bank or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Bank and/ or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Bank faces in the future, the Bank or its shareholders may or may not choose to fulfil.

2. The benefits discussed in the enclosed **Annexure A** are not exhaustive and the preparation of the contents stated is the responsibility of the Bank's management. We are informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the QIP.

3. Our views are based on the existing provisions of tax law and its interpretations, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. Any such changes, which could also be retroactive, could have an effect on the validity of our views stated herein. We assume no obligation to update this statement on any events subsequent to its issue which may have a material effect on the discussions herein.

4. Our confirmation is based on information, explanations and representations obtained from the Bank and on the basis of our understanding of the business activities and operations of the Bank.

5. We do not express an opinion or provide any assurance as to whether:
   (a) The Bank or its shareholders will continue to obtain these benefits in future;
   (b) The conditions prescribed for availing the benefits, where applicable, have been/ would be met with; and
   (c) The revenue authorities/courts will concur with the views expressed herein.

6. The information in this certificate (including **Annexure A**) may be relied upon by the book running lead managers appointed pursuant to the Issue and may be submitted to the Stock Exchanges, the Securities and Exchange Board of India, the Registrar of Companies, Karnataka at Bengaluru and any other regulatory or statutory authority and in any investor presentations, releases or other document, and may be relied upon by the book running lead managers in respect of the Issue if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation and for the records to be maintained by the book running lead managers in connection with the Issue. We undertake to immediately inform the book running lead managers in case of any changes to the

above until the date when the Equity Shares pursuant to the Issue commence trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate.

7. This report is intended solely for inclusion in the Preliminary Placement Document and the Placement Document being prepared in connection with the QIP and is not to be used, referred to or distributed for any other purpose, other than as set out in the preceding paragraph, without our prior written consent.

Yours faithfully

For **Mukund M Chitale & Co.**
Chartered Accountants
ICAI Firm Registration Number: **106655W**

Nilesh RS Joshi
Partner
Membership Number: **114749**
UDIN: 22114749ARTTVG4935

Place of Signature: Bengaluru
Date: **September 12, 2022**

For **B K Ramadhyani & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: **002878S/S200021**

H S Vasuki
Partner
Membership Number: **212013**
UDIN: 22212013ARTTQC3572

Place of Signature: Bengaluru
Date: **September 12, 2022**

Enclosed : as above

Annexure A

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO THE BANK AND ITS SHAREHOLDERS UNDER THE – INCOME-TAX ACT, 1961

UNDER THE INCOME TAX ACT, 1961 (Act)

This statement sets out below the possible tax benefits available to the Bank and its investors to whom shares may be allotted in terms of proposed QIP issue under the current tax laws presently in force in India. Several of these benefits are dependent on fulfilling various conditions prescribed under the relevant tax laws and subject to General Anti Avoidance Rules covered under Chapter X-A of the Act. Accordingly, the ability of the Bank and its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which are based on the business imperatives, the Bank or the shareholders may or may not choose to fulfil.

This statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences/implications of the subscription, ownership and disposal of equity shares pursuant to the proposed QIP issue. This statement is only intended to provide general information to the investors and is neither exhaustive or comprehensive nor designed or intended to be a substitute for professional/legal tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement (DTAA), if any, read with the relevant multi-lateral instrument (MLI) between India and the country in which the non-resident is resident for tax purposes.

We understand that the proposed QIP issue by the bank will not cover individuals and hindu undivided families. Accordingly, tax benefits to them if any are not covered.

A. Tax benefits available for the Bank under the Act:

1. Section 36(1)(vii) of the Act – Allowance for bad debts written off

Under section 36(1)(vii) of the Act, the amount of any bad debt or part thereof, written off as irrecoverable in the accounts of the Bank for the previous year are allowable as deduction, subject to compliance with the provisions of section 36 (2) of the Act. In the case of an assessee to which section 36(1) (viia) applies, the deduction is limited to the amount by which such debt or part thereof exceeds the credit balance in the provision for bad and doubtful debts account made under that clause.

Where a deduction has been allowed in respect of a bad debt or part thereof under the provisions of section 36(1)(vii), then, if any amount is subsequently recovered, the said amount is deemed to be profits and gains of business and is taxable under section 41(4) of the Act, to the extent the amount subsequently so recovered is greater than the difference between the debt or part thereof and the amount so allowed.

2. Section 36(1) (viia) of the Act – Allowance of provision for bad & doubtful debts

Under section 36(1) (viia) of the Act, the Bank is entitled to deduction in respect of any provision made for bad and doubtful debts, for an amount not exceeding:

a) 8.5% of the total income (computed before making any deductions under this provision and Chapter VIA); and

b) 10% of the aggregate average advances made by rural branches (as defined in explanation (ia) to section 36(1) (via) of the Act) of the Bank computed in the manner prescribed in the Rule 6ABA of the Income Tax Rules

A scheduled bank or non-scheduled bank, shall, at its option, be allowed in any of the relevant assessment years, deduction in respect of any provision made by it for any assets classified by the Reserve Bank of India as doubtful/loss assets in accordance with the guidelines issued by it in this behalf, for an amount not exceeding five per cent of the amount of such assets shown in the books of account of the bank on the last day of the previous year:

3. Section 36(1)(viii)-Special reserve created and maintained

The bank will be eligible for a deduction in respect of any special reserve created and maintained, of an amount not exceeding twenty per cent of the profits derived from eligible business (as defined in explanation (b) to section 36(1)(viii)) computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) carried to such reserve account. The aggregate of the amounts carried to such reserve account from time to time shall not exceed twice the amount of the paid-up share capital and the general reserves of the bank.

4. Section 80JJAA – Deduction of additional employee cost

As per the provisions of section 80JJAA of the Act, any assessee subject to tax audit under section 44AB of the Act and whose gross total income includes any profits and gains derived from business shall be entitled to claim a deduction of an amount equal to thirty percent of additional employee cost(as defined in explanation (i) to the said section) incurred in the course of such business in the financial year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

5. Section 80M: Deduction on inter-corporate dividends

The dividend distribution tax (DDT) applicable to companies on declaration of dividend has been abolished by the Finance Act, 2020 with effect from April 01, 2020. Dividend income shall be taxable in the hands of shareholders with effect from Assessment Year 2021-22. The Finance Act, 2020 has inserted Section 80M effective from April 01, 2020 to eliminate the cascading tax effect in case of inter-corporate dividends by providing a deduction in respect of dividends received by a domestic company, to the extent such dividend is distributed by it on or before the due date of filing return of income.

6. Benefit of lower rate of tax under Section 115BAA of the Act

Section 115BAA provides that, with effect from previous year2020-21, all domestic companies shall have an option to pay income tax at the rate of 22% (plus applicable surcharge and cess), subject to the condition that they will not avail specified tax exemptions or deductions or set off as specified in sub-section [2] thereof. Proviso to section 115BAA (5) provides that once a Company opts for paying tax as per section 115BAA of the Act, such option cannot be subsequently withdrawn for the same or any other subsequent year.

B. Tax benefits/implications to Shareholder Investors of the Bank

1. For resident shareholders:

a. **Dividend income**

Dividend on shares declared by a company is to be included in the total income of the concerned shareholder and is taxable as applicable to his/its slab income.

Tax is required to be deducted by companies paying dividends [including dividend on preference shares] at 10% in terms of section 194 of the Act.

b. Capital asset

As per section 2(42A) of the Act, a share of a company listed on a recognized stock exchange in India is a short- term capital asset, if the period of holding of such share is 12 months or less.

Similarly, shares of a company (other than those listed on a recognised stock exchange) are considered short term capital asset, if the period of holding of such shares, is 24 months or less.

If the period of holding of the above-mentioned assets is more than 12 months or 24 months respectively, it will be considered a long-term capital asset as per section 2(29AA) of the Act.

Capital gains

c. Section 112A of the Act provides for concessional tax rate of 10% (plus applicable surcharge and cess) on long-term capital gains arising from the transfer of equity shares of a company, if Security Transaction Tax ('STT') under chapter VII of the Finance (No. 2) Act, 2004 (23 of 2004) has been paid on both acquisition and transfer of such shares and subject to fulfilment of other prescribed conditions (including Notification No. 60/2018/F.No.370142/9/2017-TPL dated 1 October 2018) in excess of Rs 1 lakh (such limit shall consist of long term capital gains arising on transfer of equity shares or units of an equity oriented fund or of a business trust). The benefit of indexation as provided under the second proviso to section 48 of the Act shall not be applicable for computing long-term capital gains taxable under section 112A of the Act.

Under the provisions of section 112 of the Act, long-term capital gains on transfer of equity shares of a company (other than those on which STT has been paid as mentioned earlier) are subject to tax @ 20% (plus applicable surcharge and cess) computed in the manner laid down in section 48 of the Act.

d. As per the provisions of section 111A of the Act, short-term capital gains arising from transfer of equity shares in a company through a recognized stock exchange and subject to payment of STT shall be taxable at a concessional rate of 15% (plus applicable surcharge and cess, if any).

e. As per provisions of section 71 read with section 74 of the Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.

f. As per provisions of section 71 read with section 74 of the Act, long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years.

g. Transfer for no or inadequate consideration

As per provisions of section 56(2)(x) of the Act and subject to exceptions provided therein, where any person receives shares without consideration or for a consideration which is less than the aggregate fair market value of the shares (as defined in explanation to section 56(2)(x) of the Act) by the amount specified therein , the fair market value (in case of no consideration) or the excess of fair market value of such shares over the said consideration (in case of inadequate consideration) is chargeable to tax under the head 'income from other sources' , subject to certain conditions.

2. Special provisions [Residents] - For shareholders who are Investment Funds

a. Under Section 10(23FBA) of the Act, any income except for income under the head "Profits and Gains of Business/ Profession" of Investment Funds, registered as category-I or category-II Alternative Investment Fund (as defined in explanation 1 to section 115UB of the Act) under the Securities and Exchange Board of India (Alternate Investment Fund) regulations, 2012 is exempt from tax, subject to conditions specified therein.

b. As per section 115UB (1) of the Act, any income accruing/arising/received by a person from his investment in the Investment Fund is taxable in the hands of such person in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly by him.

c. Under Section 115UB (4), the total income of an Investment Fund is charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm, and at maximum marginal rate in any other case.

d. Further, as per Section 115UB (6) of the Act, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund), shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.

e. Taxation of income of AIF Category III and its investors are governed by the other / normal provisions of the Act.

f. Investment Funds have withholding tax obligation under Section 194LBB while making distribution to unit holders at the rate of 10% where the payee is resident and at the rates in force where payee is non-resident.

3. Special provisions [Residents] - To Mutual Funds

a. In terms of section 10(23D) of the Act, mutual funds registered under the Securities and Exchange Board of India Act, 1992 and such other mutual funds set up by public sector banks or public financial institutions authorized by the Reserve Bank of India and subject to the conditions specified therein, are eligible for exemption from income tax on their entire income, including income from investment in the shares of the Company.

b. As per the provisions of section 14A, such mutual funds will not be eligible for deduction in respect of expenditure incurred in relation to income which do not form part of total income under this Act, irrespective of whether any dividends have been received or not during the previous year.

c. As per the provisions of section 94(7) of the Act, losses arising from the sale/transfer of shares within a period of three months prior to the record date (as defined in explanation (aa) to section 94 of the Act) and sold/ transferred within three months after such date, will be ignored to the extent dividend income on such shares is claimed as tax exempt.

d. Further, as per the provisions of Section 196 of the Act, no deduction of tax shall be made by any person from any sums payable to mutual funds specified under Section 10(23D) of the Act, where such sum is payable to it by way of interest or dividend in respect of any securities or shares owned by it or in which it has full beneficial interest, or any other income accruing or arising to it.

4. To non-resident shareholders

a. **Dividend income – Non-resident shareholders (other than a company) or of a foreign company other than specified class of investors:**

In case of non-resident shareholders (other than a company) or of a foreign company, the withholding tax rate applicable is 20 per cent plus applicable surcharge and cess under section 195 of the Act read with section 115A of the Act.

b. **Capital Gains**

i. Under the first proviso to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares of a company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made, in the manner specified in the first proviso to section 48 of the Act read with rule 115A of the Income Tax Rules. However, cost indexation benefit will not be available in such a case while computing capital gains.

ii. The rate of tax payable on long-term and short-term capital gains arising on transfer of a share of a company on which STT has been paid under chapter VII of the (No.2) Act, 2004 (23 of 2004) shall be the same as set out in paragraphs B (1) (c) and (d) detailed above for residents, in terms of section 112A of the Act. Under the provisions of section 112 of the Act, long-term capital gains (other than those on which STT referred earlier has been paid) are subject to tax @ 20%.

c. Special provisions-. To specified funds or foreign institutional investors ('FIIs')

a) Dividend income

As per section 115AD of the Act, dividend income of a specified fund or FII (both terms as defined in the explanations to section 115AD)is taxable at the rate of 20 per cent in the case of FIIs and 10% in the case of specified funds.

b) Capital Gains

The income by way of short-term capital gains or long-term capital gains realized by specified funds or FIIs on sale of such securities of the Company would be taxed at the following rates (plus applicable surcharge and education cess) as per section 115AD of the Act-

Nature	Tax rate (%)
LTCG on sale of equity shares referred to in Section 112A (Refer Note below)	10
LTCG on sale of equity shares (other than LTCG referred above)	10
STCG on sale of equity shares subjected to payment of STT	15
STCG on sale of equity shares not subjected to payment of STT	30

Note: LTCG exceeding one lakh rupees to the extent arising on transfer of these securities is taxable at 10 percent, provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition, unless the securities have been acquired through a mode, notified as not requiring to fulfil the pre-condition of chargeability to STT.

As per section 196D of the Act, no deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to foreign institutional investor.

d. Taxability as per DTAA

As per the provisions of section 90(2) of the Act, the provisions of the Act shall apply to the extent they are more beneficial to the non-resident. In respect of non-resident shareholders (including foreign companies), taxability and the rate of tax is further subject to any benefits available under the DTAA read with MLI provisions, if any, between India and the country in which the non-resident is a resident in terms of such DTAA read with MLI (with respect to the covered tax agreements). However, the non-resident shareholders will have to furnish a certificate (containing the prescribed particulars) of being a resident in a country outside India, to get the benefit of the applicable DTAA and such other document as prescribed as per the provision of section 90(4) of Act.

C. Surcharge and cess

In all cases detailed above, rates of tax indicated are exclusive of applicable surcharge and cess.

UNDER THE INDIRECT TAX LAWS

Tax benefits available for the Bank:

There are no special indirect tax benefits available to the Bank.

Tax Benefits to Shareholders of the Bank

There are no special indirect tax benefits available to the shareholders of the Bank.

Disclaimers:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership, and disposal of shares.

2. The above statement covers only relevant direct and indirect special tax benefits and does not cover any benefit under any other law.

3. The above statement of possible tax benefits is as per the current direct and indirect tax laws relevant for the financial year 2022-23 (assessment year 2023-24)

4. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

LEGAL PROCEEDINGS

Our Bank is, from time to time, involved in various litigation proceedings, which are primarily in the nature of criminal cases, regulatory/ statutory proceedings, and tax proceedings before various authorities.

Except as disclosed in this section, there are no outstanding legal proceedings which have been considered material in accordance with our Bank's 'Policy on Determination of Materiality' framed in accordance with Regulation 30 of the SEBI Listing Regulations and adopted by our Board pursuant to its resolution dated July 31, 2020 and the materiality policy adopted by the Board pursuant to its resolution dated September 7, 2022. Further, as on the date of this Placement Document, except as disclosed hereunder, our Bank, Promoter and Directors are not involved in: (i) any outstanding action initiated by regulatory and statutory authorities (such as SEBI, RBI, Stock Exchanges or such similar authorities); (ii) any outstanding civil litigation or tax proceedings, where the amount involved is ₹ 14.01 crore (being 0.50% of the net worth of the Bank for Fiscal 2022) or above; (iii) any outstanding criminal litigation; and (iv) any other litigation which may be considered material by our Bank for the purposes of disclosure in this section of this Placement Document, solely for the purpose of this Issue.

Except as disclosed in this section, there are no (i) inquiries, inspections or investigations initiated or conducted (for which notices have been issued) under the Companies Act, 2013 in the last three years preceding the year of this Placement Document involving our Bank, and any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Bank; (ii) any material fraud (above ₹ 1 crore) committed against our Bank in the last three years, and if so, the action taken by our Bank; (iii) any significant and material order passed by the regulators, courts and tribunals impacting the going concern status of our Bank or its future operations; (iv) any default by our Bank including therein the amount involved, duration of default and present status, in repayment of: (a) statutory dues; (b) debentures and interest thereon; (c) deposits and interest thereon; or (d) loan from any bank or financial institution and interest thereon; (v) any default in annual filing of our Bank under the Companies Act, 2013; and (vi) any litigation or legal actions, pending or taken, by any ministry or department of the government or a statutory authority against the Promoter of our Bank during the last three years immediately preceding the year of this Placement Document, and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action, if any.

It is clarified that for the purposes of the above, pre-litigation notices received by our Bank, our Promoter or our Directors as the case may be, have not been considered as litigation until such time that the above-mentioned entities are not impleaded as a defendant in litigation proceedings before any judicial forum.

Litigation involving our Bank

Litigation against our Bank

Civil Litigation

Nil

Criminal Litigation

As of the date of this Placement Document, there are no outstanding criminal litigation against our Bank.

However, certain FIRs have been filed against the employees/ ex-employees of our Bank, (of which, in one FIR, our head office has also been named as a party) under Sections 37, 294, 306, 323, 325, 341, 354, 379, 384, 120B, 406, 420, 504, 506 read with Section 34 of the IPC at the Kolabira Police Station, Safidon Police Station, the HAL Police Station, Moyna Police Station, Laheriyasaray Police Station, Tollygunge Police Station, Kolkata, Cuddalore Police Station, on the grounds that the employees of the Bank had, allegedly, *inter alia*, (i) visited the house of the complainants, who were customers of our Bank, for collection of instalments towards loans availed from the Bank and had misbehaved, sexually harassed, threatened, verbally abused, physically assaulted, threatened to have them vacate their house and kill such person who had availed the loan and harassed the complainant in this regard, (ii) given false assurances to the complainant when the complainant requested the employee of our Bank to inquire into the matter of multiple withdrawals from the account of the complainant by anonymous persons, (iii) fraudulently obtained the ATM PIN of the complainant for withdrawing amounts from the account of the complainant, (iv) pressurised the complainants relative to repay the loan availed from our Bank to a point of suicide and (v) updated a false phone number of the complainant with our Bank and withdrew cash from the ATM under their accounts. Further, certain private complaints have been filed against the employees/ ex-employees of our Bank before the Court of the Chief Judicial Magistrate, Bokaro, Chief Judicial Magistrate at Samastipur, Chief Judicial Magistrate at Jharkhand, Court of Ld. Executive Magistrate at Baruipu, the Office of the Additional Chief Judicial Magistrate, Rambagh, Additional Chief Judicial Magistrate, Hilsa, Nalanda, the Court of Chief Judicial Magistrate, Jamshedpur and the Court of the Additional Chief Judicial Magistrate at Alipore, under Sections 120B, 323, 324, 341, 354(B), 379, 384, 385, 387, 406, 409, 420, 447, 448, 467, 468, 504, 506 and 509 of the IPC on the grounds that the employees of the Bank had, allegedly, among others (i) committed the offenses of, *inter alia,* assault, cheating and outraging the modesty of the complainant, (ii) contacted the complainant seeking information with respect to activation of ATM card and had used the information received from the complainant for withdrawing amounts from the complainant's bank account, (iii) assisted in the fraudulent withdrawal of amounts from the bank account of the complainant, (iv) cheated and forged documents of the loan applicant, (v) induced the complainant to mortgage their property to avail a loan from our Bank and seized such property due to non-payment of EMI on the loan availed by the complainant, (vi) entered premises of such complainant against their will and threatened their family members in an attempt to have the complainant repay the loan availed from our Bank and (vii) illegally, unlawfully, and in violation of the guidelines prescribed by RBI, debited huge charges from the accounts of the complainant such as overdues charges, over limits fees, late fees, finance charges, processing fees etc., in respect of the loan against property availed by the complainant from the Bank; verbally abused, physically assaulted, manhandled, wrongfully restrained and threatened the complainant; demanded extortion money of ₹0.60 crore from the complainant; and criminally trespassed on the complaint's property. These matters are currently pending.

Actions Taken by Regulatory and Statutory Authorities

1. Our Bank received a notice dated March 16, 2021 ("**Notice**") from the Employees Provident Fund Organisation ("**EPFO**") under Section 7A of the EPF Act for non-payment of provident fund dues in respect of the employees of our Bank from February, 2017 up to March 2019 comprising of the report of the enforcement officer of the EPFO dated March 10, 2021 ("**Report**") elucidating that our Bank has not made contributions to the provident fund in proportion to all components of the 'basic wage' as defined under the EPF Act . The Notice stated that failure to remit the statutory dues is a punishable offence under Section 14 of the EPF Act and non-payment of employee's share of provident fund contributions would amount to criminal breach of trust under Section 405 and 406 of the IPC. Our Bank submitted a reply to the Notice on April 19, 2021 ("**Reply**"), and presented the wage register, attendance register for the period, February 2017 to December 2020 along with the ECR challans/financial statements for the last two years. Our Bank in their Reply highlighted that the provident fund contribution had been made on the basic wages as defined under section 2(b) of the EPF Act and that there has been no discrepancy in adhering to the provisions of contribution under the EPF Act. The Regional P.F. Commissioner – II passed an order dated August 9, 2021 ("**Order**") confirming the adhoc assessment of the enforcement officer to pay ₹ 22.70 crore. Our Bank filed an appeal before the Central Government Industrial Tribunal on September 6, 2021 in relation to the Order, due to the absence of a presiding officer, the appeal was not heard. An ad-interim order dated September 14, 2021 was passed for the stay operation and execution of the Order. Subsequently, Bank filed a writ petition before the High Court of Karnataka at Bengaluru to quash the Order.

Litigation by our Bank

Civil Litigation

Nil

Recovery proceedings under the SARFAESI Act and Recovery of Debts and Bankruptcy Act, 1993

In addition to the matters above, our Bank is involved in 303 matters in relation to recovery of amounts under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("**SARFAESI Act**") and Recovery of Debts and Bankruptcy Act, 1993 ("**RDB Act**") as on the date of this Placement Document. Our Bank has filed 245 applications for seeking directions to take physical possession of the secured asset under section 14 of the SARFAESI Act, before relevant courts across jurisdictions, to exercise the right over mortgaged property for recovery of amounts due from various borrowers of the Bank ("**Borrowers**"), whose accounts have been classified as non-performing assets, due to default in repayments.

There are 47 outstanding matters before the Debt Recovery Tribunal of various jurisdictions, which are filed by the borrowers, primarily under section 17 of the SARFAESI Act, contesting, *inter alia*, the action of our Bank in claiming rights over the mortgaged property, seeking temporary and permanent injunction towards any coercive action by our Bank against the Borrowers. There are 11 outstanding matters before the Debt Recovery Tribunal which are filed by the Bank against delinquent borrowers under section 19 of RDB Act. The total pecuniary value involved in such matters filed by our Bank aggregates to ₹ 5.78 crore, of which none of the cases have a monetary claim above ₹14.01 crore. The matters are currently pending at various stages.

Criminal Litigation

1. Our Bank has filed an FIR no. 05/2017 dated February 3, 2017 against unknown persons at the Police Station, Kayar under Section 394 of the IPC. An employee of our Bank was robbed by the accused and an amount aggregating ₹0.02 crore belonging to the Bank was stolen by the accused. The matter is currently under investigation.

2. Our Bank has filed an FIR no. 33/2017 dated March 31, 2017 against Sharmila Devi at the Police Station, Kunda under Sections 406 and 420 of the IPC. A collection officer of our Bank had collected money from the customers of the Bank and transferred the same to the accused for depositing with the Bank. The accused misappropriated the amount and utilised the same for personal use. The misappropriated amount aggregates to ₹0.006 crore. The matter is currently under investigation.

3. Our Bank has filed an FIR no. 140/17 dated May 19, 2017 against three unknown persons at the Police Station, Rajgangpur, Odisha under Section 392 of the IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating ₹0.01 crore belonging to the Bank was stolen by the accused. The matter is currently under investigation.

4. Our Bank has filed an FIR no. 124/17 dated June 17, 2017 against Ritesh Kumar Das, who was an employee of our Bank at the Police Station, Raghunathpali, under Sections 406, 408, 417, 418, 420, 465 and 506 of the IPC on the grounds that the accused misappropriated the amounts received by the Bank as repayment from its customers and utilised the same for his personal use. The misappropriated amount aggregates to ₹0.007 crore. The police has filed a charge sheet against Ritesh Kumar Das under Sections 406, 408, 417, 418, 420, 465 and 506 of the IPC before the Sub Divisional Judicial Magistrate, Panposh, Rourkela and the matter is currently pending.

5. Our Bank has filed an FIR no. 170/17 dated May 26, 2017 against Babita Das and Minu Das at the Police Station, Palasbari under Sections 341, 294, 325 and 506 read with Section 34 of the IPC. An employee of our Bank was assaulted by the accused. The matter is currently under investigation.

6. Our Bank has filed an FIR no. 82/17 dated April 7, 2017 against three unknown persons at the Police Station, Katras, Jharkhand under Section 392 of the IPC. An employee of our Bank was robbed by the accused and an amount aggregating ₹0.01 crore belonging to the Bank was stolen by the accused. The matter is currently under investigation.

7. Our Bank has filed an FIR no. 128/17 dated February 9, 2017 against seven unknown persons at the Police Station, Paltan Bazar, Kamrup under Section 398 of the IPC on the grounds that the accused had visited the Bank armed with weapons in an attempt to rob the Bank. The matter is currently under investigation.

8. Our Bank has filed an FIR no. 148/17 dated May 10, 2017 against Munindra Talukdar at the Police Station, Palasbari under Sections 341, 294, 325 and 384 of IPC on the grounds that the accused caused grievous hurt to a staff member of our Bank. The matter is currently under investigation.

9. Our Bank has filed an FIR no. 92/18 dated July 5, 2018 against two unknown persons at the Police Station, Kunda under Section 392 of the IPC. An employee of our Bank was robbed by the accused and an amount aggregating ₹0.007 crore belonging to the Bank was stolen by the accused. The matter is currently under investigation.

10. Our Bank has filed an FIR no. 624/18 dated June 30, 2018 against an unknown person at the Police Station, Paltan Bazar, Kamrup under Sections 379 and 420 of IPC on the grounds that the accused had stolen ₹0.002 crore from the Bank. The matter is currently under investigation.

11. Our Bank has filed an FIR no. 423/17 dated September 26, 2017 against Asima Khatoon and two others at the Police Station, Fatuah under Sections 323, 341, 504, 342, 427 and 506 read with Section 34 of IPC on the grounds that the accused caused hurt to a staff member of our Bank. The matter is currently under investigation.

12. Our Bank has filed an FIR no. 459/17 dated September 12, 2017 against two unknown persons at the Police Station, Kharagpur under Section 382 of the IPC. A customer relationship officer of our Bank was robbed by the accused and an amount aggregating ₹0.005 crore belonging to the Bank was stolen by the accused. The matter is currently under investigation.

13. Our Bank has filed an FIR no. 111/17 dated October 30, 2017 against Sanjay Pattanaik and Durga Pattanaik at the Police Station, Kolabira under Sections 341, 323, 427, and 506 read with Section 34 of the IPC. An employee of our Bank was assaulted by the accused. The matter is currently under investigation.

14. Our Bank has filed an FIR no. 79/18 dated March 21, 2018 against four unknown persons at the Police Station, M D. Bazar, West Bengal, under Section 392 of IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating to ₹0.005 crore belonging to the Bank was stolen by the accused. The matter is currently under investigation.

15. Our Bank has filed an FIR no. 64/18 dated April 9, 2018 against Ganesh Chandra Mahto, who was an employee of our Bank at the Police Station Sakchi, Jamshedpur, under Sections 406, 420 and 379 of the IPC on the grounds that the accused misappropriated the amounts received by the Bank as repayment from its customers and also stole ATM cards of customers and utilised the same for his personal use. The misappropriated amount aggregated to ₹0.05 crore. The matter is currently under investigation.

16. Our Bank has filed an FIR no. 259/17 dated March 3, 2017 against Shijo, who was an employee of our Bank at the Police Station, Wadakanchery, Thrissur, under Sections 406 and 420 of the IPC on the grounds that the accused misappropriated an amount aggregating ₹0.01 crore for personal use instead of disbursing the same to the customer of the Bank. The police have filed a charge sheet against Shijo under Sections 406 and 420 of the IPC before the Court of Judicial Magistrate of First Class, Wadakanchery, Thrissur and the matter is currently pending.

17. Our Bank has filed an FIR no. 653/17 dated October 9, 2017 against Dipak Shankar Pawar, who was an employee of our Bank, at the Police Station Karad under Sections 406 of IPC on the grounds that the accused misappropriated the amounts aggregating ₹0.007 crore. The police has filed a charge sheet against Dipak Shankar Pawar under Sections 406 and 408 of the IPC before the Court of the Civil Judge Class-I, Karad and the matter is currently pending.

18. Our Bank has filed an FIR no. 250/2018 dated September 7, 2018 against Subiya Banu, who was an employee of our Bank, at the Police Station, Kote under Sections 409, 420 and 201 of the IPC on the grounds that the accused misappropriated the amounts aggregating ₹0.03 crore. The matter is currently under investigation.

19. Our Bank has filed an FIR no. 153/2018 dated May 16, 2018 against three unknown persons at the Police Station, Govindpur under Section 392 of the IPC. An employee of our Bank was robbed by the accused armed with weapons and an amount aggregating ₹0.02 crore belonging to the Bank was stolen by the accused. The matter is currently under investigation.

20. Our Bank has filed an FIR no. 143/2018 dated May 18, 2018 against an unknown person at the Police Station, Choudwar under Section 392 of IPC. A customer relationship officer of the Bank, was robbed by the accused and an amount aggregating to ₹0.004 crore belonging to the Bank was stolen by the accused. The matter is currently under investigation.

21. Our Bank has filed an FIR no. 151/18 dated June 5, 2018 against four unknown persons at the Police Station Rajgangpur, Sundargarh under Section 392 of the IPC. A customer relationship officer of the Bank, was robbed by the accused and electronic devices worth ₹0.002 crore were stolen by the accused. The matter is currently under investigation.

22. Our Bank has filed an FIR no. 189/2018 dated August 17, 2018 against Lavkesh Kumar, who was a customer relationship officer of our Bank, at the Police Station, Saraidhela, Dhanbad, Jharkhand under Sections 420, 419, 467, 468 and 471 of IPC. The accused had stolen the bank passbook, ATM card and the PIN of certain customers of the Bank, withdrew money from the customers' accounts for personal use and collected money from customers without depositing the same with the Bank. An amount aggregating ₹0.006 crore was stolen and misappropriated by the accused. The matter is currently under investigation.

23. Our Bank has filed an FIR no. 80/2018 dated August 20, 2018 against three unknown persons at Police Station Govindpur under Section 379 read with Section 34 of the IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating ₹0.02 crore was stolen by the accused. The matter is currently under investigation.

24. Our Bank has filed an FIR no. 75/2018 dated August 20, 2018 against two unknown persons at Police Station Bandamunda, Rourkela under Section 392 of the IPC and Sections 25 and 27 of the Arms Act, 1959. A customer relationship officer of the Bank, was robbed at gun point by the accused and an amount aggregating ₹0.01 crore was stolen by the accused. The matter is currently under investigation.

25. Our Bank has filed an FIR no. 77/2018 dated October 8, 2018 against three unknown persons at the Police Station Olatpur, under Section 379 read with Section 34 of the IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating ₹0.002 crore was stolen by the accused. The matter is currently under investigation.

26. Our Bank has filed an FIR no. 412/2018 dated October 24, 2018 against three unknown persons at the Police Station, Sadar, Cuttack, under Section 379 read with Section 34 of the IPC. A customer relationship officer of the Bank was robbed by the accused and an electronic device worth ₹0.003 crore were stolen by the accused. The matter is currently under investigation.

27. Our Bank has filed an FIR no. 293/18 dated November 6, 2018 against two unknown persons at the Police Station, Balianta, under Section 392 read with Section 34 of the IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating ₹0.01 crore was stolen by the accused. The matter is currently under investigation.

28. Our Bank has filed an FIR no. 98/2018 dated November 27, 2018 against three unknown persons at the Police Station Biridi, under Section 379 read with Section 34 of the IPC. A customer relationship officer of the Bank was robbed by the accused and a device worth ₹0.002 crore was stolen by the accused. The matter is currently under investigation.

29. Our Bank has filed an FIR no. 331/18 dated December 6, 2018 against four unknown persons at the Police Station MD. Bazar, Birbhum under Section 392 of the IPC. An employee of our Bank was robbed by the accused and an amount aggregating ₹0.01 crore belonging to the Bank was stolen by the accused. The matter is currently under investigation.

30. Our Bank has filed an FIR no. 3/2019 dated January 4, 2019 against three unknown persons at the Police Station Baliapur, Dhanbad, under Sections 379 and 504 read with Section 34 of the IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating ₹0.01 crore was stolen by the accused. The matter is currently under investigation.

31. Our Bank has filed an FIR no. 72/2019 dated January 22, 2019 against three unknown persons at the Police Station Danapur, Patna, under Sections 356 and 349 of the IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating ₹4,789 and an HHD machine worth ₹0.003 crore were stolen by the accused. The matter is currently under investigation.

32. Our Bank has filed an FIR no. 10/19 dated February 13, 2019 against three unknown persons at the Police Station Bisra, under Section 392 read with Section 34 of the IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating ₹0.02 crore and an HHD device worth ₹0.001 crore were stolen by the accused. The matter is currently under investigation.

33. Our Bank has filed an FIR no. 60/2018 dated April 13, 2018 against two unknown persons at the Police Station Saha, Ambala, under Section 379B of the IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating approximately ₹0.02 crore was stolen by the accused. The police have filed a charge sheet against Manpreet, Jagmohan Singh and Ram Singh under Sections 201, 379B, 392, 394, 397 read with Section 34 of the IPC before the Court of Additional Sessions Judge, Ambala. The Bank has recovered ₹0.003 crore from the accused and the matter is currently pending.

34. Our Bank has filed an FIR no. 363/18 dated July 3, 2018 against three unknown persons at the Police Station Jawahar Nagar, under Section 392 read with Section 34 of the IPC. A customer relationship officer of the Bank was robbed by the accused and an amount aggregating ₹0.01 crore and certain valuables were stolen by the accused. The police have filed a charge sheet against Satpal Singh, Gursewak Singh, Jagjit Singh and Gurvinder Singh under Section 392 read with Section 34 of the IPC before the ACJM, Sriganganagar. The matter is currently pending.

35. Our Bank has filed an FIR no. 413/2018 dated October 22, 2018 against two unknown persons at the Police Station, Sadar, Fatehabad, under Section 392 of the IPC and Section 25 of the Arms Act, 1959. A customer relationship officer of the Bank was robbed at gun point by two unknown persons after collecting money from the customers of the Bank. Post investigation of the matter by the police officers, it was found that the entire case was concocted by the customer relationship officer for wrongful personal gains and that an amount aggregating ₹0.02 crore was stolen and misused by the customer relationship officer. The police have filed the charge sheet against Manoj Kumar, Joginder Kumar and Sunil Kumar under Sections 120B, 177, 409 and 411 of the IPC before the ACJM, Fatehabad. The ACJM, Fathehabad has passed a release order for ₹0.01 crore to be paid by the accused to our Bank. The matter is currently pending.

36. Our Bank has filed an FIR no. 302/2018 dated September 14, 2018 against Jitender Kumar, Vinay Kumar, Saroj Devi, Raju, Sagar and Praveen Kaushik at the Police Station Lohamandi, Agra under Sections 420, 467, 468, 471 and 120B of IPC on the grounds that the accused, along with five other persons cheated the officials of our Bank for wrongful gain, by forging property and insurance documents in respect of a loan amount sanctioned by the Bank for purchase of property. The loan amount aggregated to ₹0.13 crore. The matter is currently under investigation.

37. Our Bank has filed an FIR no. 202/2017 dated March 8, 2017 against Bhanupratap Singh, who was an employee of our Bank at the Police Station Sadar Bazar, Agra, under Section 406 of the IPC on the grounds that the accused collected money from the customers of the Bank and misappropriated the amounts. The misappropriated amount aggregated to ₹0.01 crore. The charge sheet has been filed by the police against Bhanu Partap Singh under Section 406 of the IPC before the Court of the Chief Judicial Magistrate, Agra. The matter is currently pending.

38. Our Bank filed an FIR no. 122/17 dated July 28, 2017 against two unknown persons at the Police Station, Budbud under Section 382 of the IPC. An employee of our Bank, was robbed by the accused and an amount aggregating ₹0.02 crore was stolen by the accused. The police have filed the charge sheet against Kutubuddin Mallick and Allauddin Mallick under Section 382 of the IPC before the Court of Judicial Magistrate, Durgapur. The matter is currently pending.

39. Our Bank has filed an FIR no. 106/19 against two unknown persons at the Police Station, Sukhnagar, Ranchi under Sections 356, 382 and 510 of the IPC. A customer relationship officer of the Bank was grievously hurt by the accused in an attempted robbery. The matter is currently under investigation.

40. Our Bank has filed an FIR no. 14/18 dated January 20, 2018 against six unknown persons at Police Station Dhauli, Bhubaneswar under Section 394 read with Section 34 of the IPC and Sections 25 and 27 of the Arms Act, 1959. A customer relationship officer of the Bank, was robbed by the accused carrying weapons and an amount aggregating ₹0.007 crore and a device worth ₹0.002 crore were stolen by the accused. The police has filed the charge sheet against

Trilochana Behera, Pradipa Kandi, Jitu Bhoi and Susanta Rout under Section 395 of the IPC read with Sections 25 and 27 of the Arms Act, 1959, before the court of the SDJM, Bhubhaneswar and the matter is currently pending.

41. Our Bank has filed an FIR no. 111/19 dated March 11, 2019 against two unknown persons at the Police Station, Jasidih, under Section 392 of the IPC. A customer relationship officer of the Bank, was robbed by the accused and an amount aggregating ₹0.005 crore was stolen by the accused. The matter is currently under investigation.

42. Our Bank has filed an FIR no. 408/18 dated June 18, 2018 against Sajna and Bindhu, at the Police Station Valappad under Section 420 of the IPC read with Section 34 of the IPC on the grounds that the accused, purporting to be employees of the Bank made fraudulent offers of loans of ₹0.005 crore to ₹0.05 crore from the Bank to certain persons and collected money from them. The matter is currently under investigation.

43. Our Bank has filed an FIR no. 246/19 dated March 27, 2019 against Satyajit Acharya, at the Police Station, Sonarpur under Section 406 of the IPC. A customer of our Bank had unintentionally credited ₹0.009 crore to the account of the accused and the accused withdrew ₹0.002 crore from his account for personal use and refused to return the amount to the customer of the Bank. The entire amount has been recovered by the Bank from the accused and the matter is currently under investigation.

44. Our Bank has filed an FIR no. 178/19 dated June 29, 2019 against S K Basar at the Police Station, Jagatballavpur under Sections 341 and 325 of the IPC on the grounds that the accused caused grievous hurt and attempted to murder a staff member of our Bank. The matter is currently under investigation.

45. Our Bank has filed an FIR no. 197/19 dated August 31, 2019 against Anju Dhani, Soma Dhani Ghorai and Namita Dhani at the Police Station, Moyna under Sections 307, 323, 325, 341, 506 read with Section 34 of the IPC on the grounds that the accused (i) assaulted and inflicted bodily injury, with an intention to cause death, of a customer relationship officer of our Bank, and (ii) wrongfully detained the officers of the Bank, and (iii) deceived the Bank by misappropriating public money. The matter is currently under investigation.

46. Our Bank has filed an FIR no. 0013/2019 dated January 18, 2019 against Kumar Manish, Vikash Kumar and another unknown person at the Police Station, Govindpur under Sections 406 and 420 read with Section 34 of the IPC on the grounds of cheating women by making false representations, collecting identity proof and other documents, taking signatures on loan documents and withdrawing amounts aggregating ₹0.24 crore, from their accounts for personal use. The matter is currently under investigation.

47. Our Bank has filed an FIR no. 200/2019 dated July 24, 2019 against Priyal Payal at the Police Station, Ekangarsarat under Sections 323, 343, 324, 504, 506 and 34 of the IPC on the grounds that our employee was threatened and physically abused by unknown men who are believed to be sent by Priya Payal. The matter is currently under investigation.

48. Our Bank has filed an FIR no. 77/19 dated October 18, 2019 against Rakesh Namata, who was a customer relationship officer of our Bank, at the Police Station, Ghatsila under Sections 409 and 420 of the IPC on the grounds that the accused (i) did not deposit EMI (in cash) collected by him from customers of the Bank in respect of the loans availed by the customers, (ii) obtained debit cards of two customers of the Bank and withdrew loan amounts from their accounts for his personal use, and (iii) made false representations to customers regarding closure of their loan accounts and obtained amounts from them. The misappropriated amounts aggregates to ₹0.01 crore, out of which, the accused has deposited approximately ₹0.009 crore back to the accounts of the customers and approximately ₹0.01 crore is pending with the accused. The matter is currently under investigation.

49. Our Bank has filed an FIR no. 696/19 dated October 12, 2019 against Namita Roy, who is a customer of our Bank, Arup Roy and Mridul Roy, at the Police Station, Patacharkuchi under Sections 294, 323, 342 and 506 read with Section 34 of the IPC on the grounds that the accused abused, assaulted and threatened to physically assault two employees of our Bank who were collecting EMI from Namita Roy in respect of the loans availed by her from our Bank. The matter is currently under investigation.

50. Our Bank has filed an FIR no. 0024/2020 dated January 31, 2021 against Srilekha and Naveen, employees of Servdel Consulting Services and Parthiban and Kamesh Babu, employees of our Bank, at the Police Station, Koramangala under Sections 408, 420 and 468 of the IPC read with Section 66 of the Information Technology Act, 2008 on the grounds that the accused attempted to defraud our Bank by duplicating emails and documents to misappropriate funds. Naveen Prasad has filed a criminal petition filed against our Bank's national manager on July 11, 2022 before the High Court of Karnataka at Bengaluru on the grounds that he is neither an employee of Servdel Consulting Services nor is he an employee of our Bank and therefor asked for proceedings initiated by the Additional Chief Metropolitan Magistrate at Bengaluru against him to be quashed.

51. Our Bank has filed an FIR no. 0126/2021 dated March 31, 2021 against Santosh C S, employee of our Bank, at the Police Station, Pandavapura under Sections 406 and 408 of the IPC on the grounds that the accused misappropriated

funds and cheated our Bank of a sum of ₹ 0.14 crore by misusing certain loan amounts as well as loan repayments received from borrowers of our Bank. The matter is currently under investigation.

52. Our Bank has filed an FIR no. 0176/2021 dated October 8, 2021 against Pradeep A M and others, at the Police Station, Sathnoor under Sections 408, 419 and 420 of the IPC read with Section 34 of the IPC on the grounds that the accused misused our Bank's customers information, forged their signatures and applied for loans. The accused fraudulently misused the monthly loan instalments and by not depositing the same in their respective loan accounts. The accused also repaid the monthly EMI of ₹ 0.29 crore of such loans. The matter is currently under investigation.

53. Our Bank has filed an FIR no. 146/2020 dated December 17, 2020 against Rajiv Majumdar, at the Police Station, Charu Market under Sections 420, 467, 468, 471 and 120B of the IPC on the grounds that the accused misled our Bank by furnishing forged documents to avail a loan from our Bank. Our Bank alleges the accused had the intention to defraud and not repay the entire loan amount availed from us. The matter is currently under investigation.

54. Our Bank has filed an FIR no. 0021/2020 dated March 7, 2020 against Isman Kandulana, at the Police Station, Hatibari under Sections 341, 294, 323 and 506 of the IPC on the grounds that the accused abused, physically assaulted and threatened our Bank officials of when they approached them for the repayment of overdue EMI on a loan availed by them from us. The matter is currently under investigation.

55. Our Bank has filed an FIR no. 0136/2020 dated March 4, 2020 against Ashok Bhoi, at the Police Station, Jharsuguda under Section 409 of the IPC on the grounds that the accused a customer relationship officer of our Bank, over the course of his tenure misappropriated public money worth ₹0.006 crore by forging the signatures and tampering the official documents. The matter is currently under investigation.

56. Our Bank has filed an FIR no. 0070/2020 dated February 4, 2020 against Pravakar Behera, Dinesh Kumar Swain and Debasis Das, at the Police Station, Choudwar under Section 409, 420, 467, 468, 471 and 34 of the IPC on the grounds that the accused, Pravakar Behera, a customer relationship officer of our Bank, forged documents to cheat and misappropriate our Bank of ₹ 0.22 crore. This incident occurred under the supervision of Dinesh Kumar Swain and, asst. customer relationship manager and Debasis Das, customer relationship manager. The matter is currently under investigation.

57. Our Bank has made a police complaint dated January 17, 2019 against Saumilbhai Jayendra Shah & Rita Saumilbhai Shah to the Police Station, Udhana under Section 420 the IPC on the grounds that our Bank had sanctioned a loan to the accused to aid them to close their loan taken from Aavaas Financiers Limited ("**Avaas**") and to hand over the title deeds/documents from Avaas to our Bank. While the accused made such payment to Avaas, such title deeds/documents aforementioned, were not released to our Bank. The matter is currently pending.

58. Our Bank has filed an FIR no. 11/2021 dated November 27, 2021 against Edward Raja, at the Police Station, DCB under Section 408 and 420 of the IPC on the grounds that the accused, Edward Raja, a customer relationship officer of our Bank, had misappropriated certain customers monthly EMI payments of the sum ₹0.08 crore, that were entrusted to him. The accused had admitted to such misappropriation and has repaid a sum of approximately ₹0.008 crore. The matter is currently under investigation.

Apart from the matters disclosed above, there are 4,914 cases filed by our Bank against various individuals and/or entities under the provisions of the Negotiable Instruments Act, 1881. All these cases have been filed in order to recover sums due to our Bank for which cheques issued in favour of our Bank have been dishonoured. The total pecuniary value involved in all these matters is approximately ₹124.27 crore.

Details of acts of materials frauds (above ₹ 1 crore) committed against our Bank in the last three years, and the action taken by our Bank

Sr. No.	Fraud Committed by	Details of fraud committed against our Bank	Amount involved (in ₹ crore)	Action taken
1	'A'	Misappropriation of funds aggregating to ₹1.13 crore by 'A', Bhagalpur agent of the Corporate Business Correspondent XYZ Private Limited	1.13 (*Amount involved has been recovered by our Bank*)	Following are the actions taken, among others: a. Filed FIR no. 29/21 at Police Station, Sultangunj on February 8, 2021. b. Each settlement general ledger will have cap on balance holding in settlement account, and the limit set is of ₹ 0.05 crore. c. A monthly certificate would be obtained by the Bank from the corporate business correspondent

				entity to reflect the general ledger accounts (of various agents appointed by such entity) have been reconciled. d. Security in form of fixed deposit or bank guarantee would be available to protect against any probability of an event

Our Bank reports on an individual basis all frauds above ₹1 crore to RBI. There is one fraud in the last three years above ₹1 crore committed against our Bank involving an aggregate amount of ₹1.13 crore. Our Bank has initiated various actions against these frauds.

Litigation involving our Promoter

Pursuant to the Business Transfer Agreement, our Promoter, UFSL is responsible for all claims by employees until the completion date under the agreement, i.e. February 1, 2017, including any payment of costs, expenses, damages and liabilities in this regard. Further, while all pending claims, proceedings, suits, etc. in relation to our Promoter as on the completion date, (i.e. February 1, 2017) are required to be dealt with and managed by our Promoter, our Bank is required to be liable for any payments which may become due and payable by our Promoter, on account of such claims, proceedings, suits etc., in relation to our Promoter which were pending as on the completion date (i.e. February 1, 2017) under the Business Transfer Agreement.

Litigation against our Promoter

Civil Litigation

As of the date of this Placement Document, there are no material outstanding civil litigation against our Promoter which involve a monetary liability of ₹ 14.01 crore or more. The following are the outstanding litigation wherein monetary liability is not quantifiable, whose outcome has a material bearing on the business, operations, performance, prospects or reputation of the Bank or our Promoter:

1. A public interest litigation ("**PIL**") bearing PIL No. 5640 of 2017 has been filed before the High Court of Judicature at Bombay (the "**Court**") by Shivaji Anappa Kate and others (the "**Petitioners**") against the State of Maharashtra, the District Collector (Kolhapur), the Superintendent of police (Kolhapur), RBI and six other micro finance institutions, including our Promoter (each, the "**Respondent**" and together, the "**Respondents**"), on the grounds that the Respondents are allegedly engaging in illegal finance business in contravention of the RBI guidelines. It has been alleged that the Respondents are adopting illegal methods for recovery of dues from their customers. The Petitioners have sought for *inter alia,* (i) appropriate directions to the State of Maharashtra and to the police authorities to register an FIR against the Respondents under Sections 306 and 304 of the IPC and under the provisions of the Prevention of Money Laundering Act, 2002, and (ii) appropriate orders directing the RBI to restrain the Respondents including our Promoter from conducting the alleged illegal financial activities in the State of Maharashtra, and from taking any steps/actions for recovery of loans pending the final disposal of the writ petition. The Court, by its order dated April 5, 2019 observed that no orders were required to be passed in respect of the instant case and adjourned the case indefinitely by allowing the Petitioners to circulate the PIL on filing of an affidavit and bringing any specific instance in larger public interest, to the notice of the Court.

Criminal Litigation

As of the date of this Placement Document, there are no outstanding criminal litigation against our Promoter.

However, four FIRs and one private complaint have been filed against the employees/ex-employees of our Promoter under Sections 420, 406, 451, 467, 468, 506 and 120B read with Section 34 of the IPC and Section 13 of the Kerala Money-lenders Act, 1958 ("**KML Act**"), at the Police Station Patna City Chauk, Police Station Sadar, Sambalbur, Police Station Dhama and Police Station North Parur, by various third parties, on the grounds that the employees/ ex-employees of our Promoter had, *inter alia,* (i) misappropriated funds; (ii) charged excessive interest; (iii) trespassed into the house of the complainant; (iv) committed criminal intimidation. The matters are currently pending.

Actions Taken by Regulatory and Statutory Authorities

Except as disclosed below, as of the date of this Placement Document, there are no pending actions by regulatory and statutory authorities against our Promoter.

1. Our Promoter has received a notice dated May 21, 2013 by the Office of the Inspecting Assistant Commissioner, Commercial Taxes, Mattancherry ("**Tax Authority No.1**"), under Section 18C of the KML Act on the grounds that our Promoter is allegedly operating a money lending firm in Cochin, Kerala without obtaining the requisite licence under Section 3(1) of the KML Act. Our Promoter filed objections against such notice, however the Tax Authority

No.1 passed an order dated June 3, 2013 imposing a penalty of ₹0.002 crore under Section 18C of the KML Act. Pursuant to this, the Promoter filed an appeal before the Deputy Commissioner, Commercial Taxes, Mattancherry ("**Tax Authority No.2**") which was dismissed by an order dated July 24, 2013. Challenging this order, the Promoter filed a revision petition before the Commissioner of Commercial Taxes, Thiruvananthapuram ("**Tax Authority No.3**") on September 13, 2013 against the Tax Authority No.1 and also an application seeking a stay on the demand recovery notice issued by the Tax Authority No.1 to the Promoter demanding payment of ₹0.002 crore. The Tax Authority No. 1 has initiated recovery proceedings and directed the Promoter to pay the amounts owed on or before October 3, 2013. The Promoter has filed a writ petition before the High Court of Kerala under Article 226 of the Constitution of India, 1950 for setting aside the demand recovery notice, and seeking a writ of mandamus directing the Tax Authority No.3 to dispose of the revision petition. The High Court of Kerala pursuant to its order dated October 4, 2013, has directed the Tax Authority No. 3, to consider the revision petition and the petition for stay filed by the Promoter within one month from the date of the order. Pursuant to the directions of the High Court of Kerala, the Tax Authority No. 3 by its order dated October 17, 2014, issued a stay on the demand notice issued by the Tax Authority No. 1, until the disposal of the special leave petition filed by the Kerala NBFC Welfare Association (of which the Promoter is also a member), before the Supreme Court of India which is currently pending (among other similar special leave petitions) challenging the applicability of KML Act to NBFCs.

Disciplinary action

There are no disciplinary actions including penalty imposed by SEBI or Stock Exchanges against our Promoter in the last five financial years including outstanding actions.

Litigation by our Promoter

Criminal Litigation

1. Our Promoter has filed an FIR no. 493/2009 dated November 14, 2009 against Ajay Saha, who was an employee of our Promoter at the Police Station Thakurpukur, under Sections 381 of the IPC on the grounds that the accused misappropriated the amounts received by the Promoter as repayment from its customers, advanced fake loans to fake customers and utilised the same for his personal use. The misappropriated amount aggregates to ₹0.01 crore. The charge sheet has been filed by the police against Ajay Saha under Section 381 of the IPC before the Additional Chief Judicial Magistrate, Alipore and the matter is currently pending.

2. Our Promoter has filed an FIR no. 67/2010 dated February 23, 2010 against Apurba Banik, who was an employee of our Promoter at the Police Station Kasba, under Sections 381 and 408 of the IPC on the grounds that the accused stole official documents, gave fake loans to fake customers, misappropriated the amounts received by the Promoter as repayment from its customers and utilised the same for his personal use. The misappropriated amount aggregates to ₹0.10 crore. The matter is currently under investigation.

3. Our Promoter has filed an FIR no. 413/2010 dated October 3, 2010 against Roshan Ara, who was an employee of our Promoter at the Police Station Mango, East Singhbhum, Jamshedpur under Sections 467, 468, 471, 406, 420 read with Section 34 of the IPC on the grounds that the accused misappropriated the amounts received by the Promoter as repayment from its customers and utilised the same for his personal use. The misappropriated amount aggregates to ₹0.05 crore. The charge sheet has been filed by the police against Roshan Ara, under Sections 467, 468, 471, 406, 420 read with Section 34 of the IPC before the Court of the Chief Judicial Magistrate, East Singhbhum. The dispute between the parties has been compromised outside court and the parties have agreed that the accused shall pay ₹0.01 crore to our Promoter in instalments. The matter is currently pending.

4. Our Promoter has filed an FIR no. 257/2011 dated August 12, 2011 against an unknown person at the Police Station, Govindpur under Section 394 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.005 crore belonging to the Promoter was stolen by the accused. The charge sheet has been filed by the police against Sudhir Ray under Sections 394 and 411 of the IPC before the Court of the Chief Judicial Magistrate, Dhanbad and the matter is currently pending.

5. Our Promoter has filed an FIR no. 12/2012 dated March 1, 2012 against Alok Kumar, Dina Kumar and Manish Ranjan, who were employees of our Promoter at the Police Station Chowk, under Sections 467, 468, 406, 420 and 120B of the IPC on the grounds that the accused misappropriated the amounts received by the Promoter as repayment from its customers and utilised the same for his personal use. The misappropriated amount aggregates to ₹0.30 crore. The charge sheet has been filed by the police against Alok Kumar, Dina Kumar and Manish Ranjan under Sections 467, 468, 406, 420 and 120B of the IPC before the Court of the VI Additional Chief Judicial Magistrate, Patna City, and the matter is currently pending.

6. Our Promoter has filed an FIR no.244/2012 dated August 6, 2012 against Dusasan Dixit, who was an employee of our Promoter at the Police Station Kumbharapada, under Sections 409 of the IPC on the grounds that the accused misappropriated the amounts received by the Promoter as repayment from its customers and utilised the same for his

personal use. The misappropriated amount aggregates to ₹0.008 crore. The charge sheet has been filed by the police against Dusasan Dixit under Section 409 of the IPC before the SDJM, Puri, and the matter is currently pending.

7. Our Promoter has filed an FIR no. 605/2012 dated August 23, 2012 against Debdas Adhikari, who was an employee of our Promoter at the Police Station Kalyani, under Section 406 of the IPC on the grounds that the accused misappropriated the amounts received by the Promoter as repayment from its customers and utilised the same for his personal use. The misappropriated amount aggregates to ₹0.008 crore. The charge sheet has been filed by the police against Debdas Adhikary under Section 406 of the IPC before the Additional Chief Judicial Magistrate, Kalyani, Nadia, and the matter is currently pending.

8. Our Promoter has filed an FIR no. 102/15 dated May 20, 2015 against five unknown persons at the Police Station, Dagaruwa under Section 395 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.02 crore belonging to the Promoter was stolen by the accused. The matter is currently under investigation.

9. Our Promoter has filed an FIR no. 118/15 dated June 18, 2015 against three unknown persons at the Police Station Sainthia, under Section 394 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.008 crore belonging to the Promoter was stolen by the accused. The charge sheet has been filed by the police against SK Jewel and Manoj Mahara under Sections 394 and 412 before the Chief Judicial Magistrate Court, Birbhum and the matter is currently pending.

10. Our Promoter has filed an FIR no.304/15 dated July 13, 2015 against two unknown persons at the Police Station Govindpur, under Section 379 read with Section 34 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.01 crorebelonging to the Promoter was stolen by the accused. The charge sheet has been filed by the police against Farukh Ansari and others under Sections 379 and 411 read with Section 34 of the IPC before the Court of First Class Judicial Magistrate, Dhanbad and the matter is currently pending.

11. Our Promoter has filed an FIR no. 35/16 dated February 1, 2016 against Amrit Kumar Pandit at the Police Station Alipurduar, under Sections 420, 465 and 468 of the IPC on the grounds of forgery of documents and the emblem of our Promoter and of dishonestly inducing job applicants to pay money and making false promises to them regarding job offers with our Promoter. The matter is currently under investigation.

12. Our Promoter has filed an FIR no. 74/16 dated March 16, 2016 against an unknown person at the Police Station Balianta, under Section 392 of the IPC and Sections 25 and 27 of the Arms Act, 1959. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.01 crore belonging to the Promoter was stolen by the accused. The matter is currently pending.

13. Our Promoter has filed an FIR no. 27/2016 dated March 22, 2016 against two unknown persons at the Police Station Govindpur, under Sections 394 and 294 of the IPC and Sections 25 and 27 of the Arms Act, 1959. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.02 crorebelonging to the Promoter was stolen by the accused. The matter is currently pending.

14. Our Promoter has filed an FIR no. 62/16 dated March 25, 2016 against three unknown persons at the Police Station Jagatpur, under Section 394 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.005 crore belonging to the Promoter was stolen by the accused. The charge sheet has been filed by the police against Uday Kumar and Rohit Kumar under Section 394 of the IPC before the JMFC, Salipur, Cuttack and the matter is currently pending.

15. Our Promoter has filed an FIR no. 84/16 dated April 7, 2016 against Soumya Ranjan Parida at the Police Station Chandanpur, under Section 420 of the IPC read with Section 34 of the IPC, and Section 65 of the Copyright Act, 1957 on the grounds of misrepresentation by the accused as an employee of our Promoter and collection of amounts from several customers of the Promoter, illegally, using the logo of the Promoter in loan application forms. The charge sheet has been filed by the police before the SDJM Court, Puri and the matter is currently pending.

16. Our Promoter has filed an FIR no. 277/16 dated April 14, 2016 against Amit Kumar, who was an employee of our Promoter at the Police Station Aahiyapur, under Sections 406 and 420 of the IPC on the grounds that the accused misappropriated the amounts received by the Promoter as repayment from its customers and utilised the same for his personal use. The misappropriated amount aggregates to ₹0.009 crore. The charge sheet has been filed by the police against Amit Kumar under Sections 406 and 420 of the IPC before the Court of the Chief Judicial Magistrate, Patna and the matter is currently pending.

17. Our Promoter has filed an FIR no. 272/16 dated April 18, 2016 against an unknown person at the Police Station Nagar, under Sections 406 and 420 of the IPC on the grounds that the accused misused the name of the Promoter and published advertisements in a daily newspaper offering loans to the public in the name of the Promoter. The matter is currently under investigation.

18. Our Promoter has filed an FIR no. 64/2016 dated May 7, 2016 against Kaushlainder Kumar, who was an employee of our Promoter at the Police Station Rajapakar, under Sections 408 and 420 of the IPC on the grounds that the accused misappropriated the amounts received by the Promoter as repayment from its customers and utilised the same for his personal use. The misappropriated amount aggregates to ₹0.001 crore. The charge sheet has been filed by the police against Kaushlainder Kumar under Sections 408 and 420 of the IPC before the Chief Judicial Magistrate Court, Hajipur and the matter is currently pending.

19. Our Promoter has filed an FIR no. 110/16 dated May 13, 2016 against two unknown persons at the Police Station Air Field, Bhubaneswar under Section 392 of the IPC and Section 25 of the Arms Act, 1959. An employee of our Promoter was robbed by the accused at gun point and an amount aggregating ₹0.02 crore belonging to the Promoter was stolen by the accused. The matter is currently under investigation.

20. Our Promoter has filed an FIR no. 246/16 dated June 12, 2016 against unknown persons at the Police Station Chandrasekharpur, under Section 380 of the IPC on the grounds of robbery being committed at the Chandrashekharpur branch of our Promoter in Orissa. The amount robbed aggregated to ₹0.002 crore. The matter is currently under investigation.

21. Our Promoter has filed an FIR no. 297/2016 dated June 13, 2016 against unknown persons at the Police Station Khandagiri, under Sections 457 and 380 of the IPC on the grounds of robbery being committed at the Baramunda branch of our Promoter in Orissa. The amount robbed aggregated to ₹0.04 crore. The matter is currently under investigation.

22. Our Promoter has filed an FIR no. 252/2016 dated June 15, 2016 against three unknown persons at the Police Station Chandrasekharpur, under Section 394 of the IPC read with Section 34 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.009 crore belonging to the Promoter was stolen by the accused. The matter is currently under investigation.

23. Our Promoter has filed an FIR no. 578/16 dated July 15, 2016 against three unknown persons at the Police Station E-Bazar, Malda under Section 379 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.009 crore belonging to the Promoter was stolen by the accused. The matter is currently under investigation.

24. Our Promoter has filed an FIR no. 248/16 dated September 9, 2016 against Subhash Kumar at the Police Station, Barari, Katihar, under Sections 420 and 406 of the IPC on the grounds of misrepresentation by the accused as an employee of our Promoter and collection of amounts from several customers of the Promoter with false promises of providing them loans in the name of the Promoter. The matter is currently under investigation.

25. Our Promoter has filed an FIR no. 102/16 dated September 28, 2016 against two unknown persons at the Police Station Biridi, under Section 392 of the IPC and Section 25 of the Arms Act, 1959. An employee of our Promoter was robbed by the accused at gun point and a mobile worth ₹0.001 crore and a bag containing documents belonging to the Promoter were stolen by the accused. The matter is currently under investigation.

26. Our Promoter has filed an FIR no. 217/16 dated October 21, 2016 against three unknown persons at the Police Station Rajiv Nagar, under Section 394 of the IPC. An employee of our Promoter was assaulted and robbed by the accused at gun point and a bag containing documents belonging to the Promoter was stolen by the accused. The matter is currently under investigation.

27. Our Promoter has filed an FIR no. 241/2016 dated October 25, 2016 against an unknown person at the Police Station Parsudih, under Section 379 of the IPC on the grounds that a branch of the Promoter was robbed by the accused and batteries and inverter belonging to the Promoter were stolen by the accused. The matter is currently under investigation.

28. Our Promoter has filed an FIR no. 904/16 dated November 26, 2016 against three unknown persons at the Police Station Hajo, under Sections 120B, 379 and 511 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹6,200 was demanded by the accused and paid by the employee of our Promoter. The matter is currently under investigation.

29. Our Promoter has filed an FIR no. 448/2016 dated December 4, 2016 against Santosh Kumar Singh, Atul Kumar, Prafful Kumar and Nand Kumar who were employees of our Promoter at the Police Station Gandhi Maidan, under Sections 420, 408, 381 and 120B read with Section 34 of the IPC on the grounds that the accused misappropriated the amounts belonging to the Promoter from the safe vaults of the Promoter. The misappropriated amounts aggregated to ₹0.08 crore. The charge sheet has been filed by the police against Santosh Kumar Singh, Atul Kumar, Pratul Kumar and Nand Kumar under Sections 420, 408, 381 and 120B of the IPC before the Chief Judicial Magistrate Court, Patna, and the matter is currently pending.

30. Our Promoter has filed an FIR no. 162/17 dated April 1, 2017 against Sukanta Bhattachharya who was an employee of our Promoter at the Police Station Kharagpur Town, under Sections 420, 406 and 409 of the IPC on the grounds that the accused misappropriated the amounts belonging to the Promoter by collecting loan installments from the borrowers of the Promoter. The misappropriated amounts aggregated to ₹0.002 crore. The charge sheet has been filed by the police against Sukanta Bhattachharya under Sections 409 and 420 of the IPC before the Court of the Additional Sessions Judge, 1st Court, Paschim Medinipur, and the matter is currently pending.

31. Our Promoter has filed an FIR no. 15/17 dated January 16, 2017 against Pankajnath at the Police Station Mogra, under Sections 394 and 397 of the IPC on the grounds of robbery being committed at a certain branch of our Promoter. The amount robbed aggregated to ₹0.24 crore. The charge sheet has been filed by the police against Pankajnath and six other persons under Sections 395 and 412 of the IPC before the Chief Judicial Magistrate Court, Hooghly and the matter is currently pending.

32. Our Promoter has filed an FIR no. 154/2016 dated December 20, 2016 against two unknown persons at the Police Station Baselisahi, under Section 394 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.001 crore belonging to the Promoter was stolen by the accused. The charge sheet has been filed by the police against Amulya Das under Sections 394 of the IPC before the SDJM, Puri and the matter is currently pending.

33. Our Promoter has filed a complaint (General Diary No. 1278/17) against Rinku Devi, Sanjay Yadav and Rahul Kumar at the Police Station, Civil Lines, Nagar. An employee of the Promoter had visited the house of the accused to collect instalments towards loan repayments and the accused assaulted the employee and caused damage to the motorcycle of the employee. The matter is currently under investigation.

34. Our Promoter has filed an FIR no. 492/12 dated September 13, 2012 against two unknown persons at the Police Station, Modi Nagar, Ghaziabad, under Section 392 of the IPC. Two employees of our Promoter were robbed by the accused and an amount aggregating ₹0.02 crore belonging to the Promoter was stolen by the accused. The charge sheet has been filed by the police against Kamal Deep, Deepak and Adesh Giri under Sections 392 and 411 of the IPC before the Additional Chief Judicial Magistrate, Ghaziabad and the matter is currently pending.

35. Our Promoter filed an FIR no. 23/2015 dated March 21, 2015 against Yadwinder Singh, who was an employee of the Promoter, at the Police Station Gidder Baha under Sections 381 and 408 of the IPC, on the grounds that the accused committed theft of an amount aggregating ₹0.02 crore from one of the branches of the Promoter. The charge sheet has been filed by the police against Yadwinder Singh under Sections 381 and 408 of the IPC before Court of the Sub-Divisional Judicial Magistrate, Gidderbaha and the matter is currently pending.

36. Our Promoter has filed an FIR no. 434/15 dated July 10, 2015 against three unknown persons at the Police Station Hira Nagar, Indore, under Section 392 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.003 crore belonging to the Promoter was stolen by the accused. The charge sheet has been filed by the police against Shubham and four others under Sections 392, 397, 413 and 411 of the IPC before the JMFC, Indore and the matter is currently pending.

37. Our Promoter has filed an FIR no. 34/2016 dated February 5, 2016 against Nishant Suthar, Vikram Singh, Buta Singh and Sudhir Kumar who were employees of the Promoter at the Police Station, Abohar under Sections 408, 420, 465, 468, 471 and 120B of the IPC on the grounds that the accused cheated and misappropriated various amounts belonging to the Promoter by forging signatures of borrowers of the Promoter. The misappropriated amount aggregates to ₹0.13 crore. The charge sheet has been filed by the police against Nishant Suthan, Vikram Singh, Buta Singh and Sudhir Kumar under Sections 408, 420, 465, 468, 471 and 120B of the IPC before the Court of the SDJM Abohar and the matter is currently pending.

38. Our Promoter has filed an FIR no. 574/2016 dated September 9, 2016 against three unknown persons at the Police Station Medical College, Meerut, under Sections 392 of the IPC. An employee of our Promoter was robbed by the accused and an amount aggregating ₹0.11 crore belonging to the Promoter was stolen by the accused. The charge sheet has been filed by the police against Kapil, Santi, Bunty, Sonu & Subash under Section 395, 397 and 412 of the IPC before the Additional District Judge, Meerut and the matter is currently pending.

39. Our Promoter has filed an FIR no. 265/2016 dated November 3, 2016 against Raghu B.P. who was a cashier at the Belgaum branch of the Promoter, at the Police Station A.P.M.C Yard, Belgaum under Sections 409, 468, 469, 471 and 420 of the IPC on the grounds that the accused cheated and misappropriated various amounts belonging to the Promoter by forging signatures of various customers and pocketing the loan amounts sanctioned to the customers in the name of the Promoter. The misappropriated amount aggregated to ₹0.01 crore. The charge sheet has been filed by the police against Raghu B.P. under Sections 406, 409, 468, 471 and 420 of the IPC before the JMFC, Belgavi and the matter is currently pending.

40. Our Promoter has filed an FIR no. 865/2015 dated December 28, 2015 against Lokesh who was an employee at one of the branches of our Promoter, at the Police Station, Subramanyapura under Sections 408 and 420 of the IPC on the grounds that the accused committed cheating and criminal breach of trust by misappropriating funds belonging to the Promoter. The misappropriated amount aggregates to ₹0.01 crore. The charge sheet has been filed by the police against Lokesh under Sections 408 and 420 of the IPC before the Court of the IV ACMM, Bangalore and the matter is currently pending.

41. Our Promoter has filed an FIR no. 96/11 dated January 19, 2012 against Bhimraj Rajendra Gangurde who was a customer relationship officer of the Promoter at the Police Station, Nasik Road under Sections 418, 420, 427, 465, 467, 468, 504 and 506 of the IPC on the grounds that the accused misappropriated amounts belonging to the Promoter by engaging in fake disbursements of loan amounts. The misappropriated amount aggregated to ₹0.05 crore. The charge sheet has been filed against Bhimraj Rajendra Gangurde under Sections 418, 420, 427, 467, 468, 504 and 506 of the IPC by the police before the Court of the Judicial Magistrate, First Class, Nashik Road and the matter is currently pending.

42. Our Promoter has filed an FIR no. 96/11 dated March 10, 2011 against Nilesh Tukaram Anpat who was a customer relationship officer of the Promoter at the Police Station, Wakola under Section 408 of the IPC on the grounds that the accused misappropriated amounts belonging to the Promoter by engaging in fake disbursements of loan amounts. The misappropriated amount aggregated to ₹0.008 crore. The charge sheet has been filed under Section 408 of the IPC by the police before the Metropolitan Magistrate, Bandra and the matter is currently pending.

43. Our Promoter has filed an FIR no. 90/13 dated March 12, 2013 against Deepali Raghunath Sugdare who was a customer relationship officer of the Promoter at the Police Station, Dharavi under Sections 408 and 420 of the IPC on the grounds that the accused gave information of fake schemes to customers and kept that amount. The misappropriated amount aggregated to ₹0.08 crore out of which ₹0.01 crore was returned. The charge sheet has been filed against Dipali Raghunath Sukhdhare under Sections 408 and 420 of the IPC by the police before the Metropolitan Magistrate, Mumbai and the matter is currently pending.

44. Our Promoter has filed a complaint 2200/2015 before the Court of First Class Judicial Magistrate, Pune at Pune against P. Umesh Rao who was an employee of the Promoter, on the grounds that the accused had fabricated documents and pocketed payments to vendors of the Promoter and thereby committed offenses under Sections 405, 408, 415, 418, 464, 468 and 471 of the IPC. The misappropriated amount aggregates to ₹0.01 crore. An investigation report under Section 202 of the Code of Criminal Procedure, 1973 has been filed by the police before the Court of the Judicial Magistrate First Class, Shivaji Nagar and the matter is currently pending.

45. Our Promoter has filed an FIR no. 2228/16 dated June 8, 2016 against Mahadev Nilkanth Divate who was a customer relationship officer of the Promoter at the Police Station, Shahupuri, Kolhapur under Sections 406 and 420 of the IPC on the grounds that the accused cheated and misappropriated various amounts belonging to the Promoter by not depositing loan instalments received from customers and by forging signatures in disbursements letters in the name of the Promoter. The misappropriated amount aggregated to ₹0.03 crore. The matter is currently under investigation.

Apart from the matters disclosed above, there are 45 cases filed by our Promoter against various individuals and/or entities across the country under the provisions of the Negotiable Instruments Act, 1881. All these cases have been filed in order to recover sums due to our Promoter for which cheques issued in favour of our Promoter have been dishonoured. The total pecuniary value involved in all these matters is ₹0.17 crore.

Litigation involving our Directors

Litigation against our Directors

Civil Litigation

Nil

Criminal Litigation

Nil

Actions Taken by Regulatory and Statutory Authorities

Nil

Litigation by our Directors

Civil Litigation

Nil

Criminal Litigation

Nil

Litigations or legal action pending or taken against the Promoter taken by any Ministry, Department of the Government or any statutory authority in the last three years

As on the date of this Placement Document, there are no litigations or legal action pending or taken against the Promoter taken by any Ministry, Department of the Government or any statutory authority in the last three years.

Prosecutions filed against, fines imposed on, or compounding of offences by our Bank under the Companies Act, 2013 in the last three years

As on the date of this Placement Document, there are no prosecutions filed against, fines imposed on, or compounding of offences by our Bank under the Companies Act, 2013 in the last three years.

Inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 against our Bank in the last three years

As on the date of this Placement Document, there are no inquiries, inspections or investigations initiated or conducted under the under the Companies Act, 2013 against our Bank in the last three years.

Details of default in repayment of (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; (iv) loan from any bank or financial institution and interest thereon

There is no default in repayment of (i) statutory dues; (ii) debentures and interest thereon; (iii) deposits and interest thereon; (iv) loan from any bank or financial institution and interest thereon.

Details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern status of our Bank and its future operations

There has been no order passed by any regulator, court or tribunal which impacts the going concern status of our Bank and/or its future operations.

Details of default in annual filings under the Companies Act, 2013 or rules made thereunder

There has been no default in the annual filings under the Companies Act, 2013 or the rules made thereunder.

Tax Claims

Except as disclosed below, there are no claims related to direct and indirect taxes, involving our Bank, Directors and Promoter.

Nature of case	Number of cases	Amount involved (in ₹ crore)
Bank		
Direct Tax	4	80.47
Indirect Tax	1	0.42
Directors		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
Promoter		
Direct Tax	1	1.18
Indirect Tax	Nil	Nil

OUR STATUTORY AUDITORS

In terms of the RBI guidelines, given that the Bank's asset size is more than the stipulated threshold of ₹15,000 crores as on March 31, 2022, the Bank is required to appoint a minimum of two joint statutory auditors for Fiscal 2022 onwards. The Bank has appointed Mukund M Chitale & Co., Chartered Accountants and B K Ramadhyani & Co. LLP, Chartered Accountants as its Joint Statutory Auditors on July 20, 2021, in accordance with the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines prescribed by the RBI.

Pursuant to the approval of the shareholders of our Bank, Mukund M Chitale & Co., Chartered Accountants and B K Ramadhyani & Co. LLP, Chartered Accountants as its Joint Statutory Auditors were appointed as the Joint Statutory Auditors of the Bank for a term of three years up to Fiscal 2024.

The financial statements for Fiscal 2020 and 2021 have been prepared in accordance with the IGAAP and Companies Act, 2013, which were audited by our previous statutory auditors, MSKA & Associates, Chartered Accountants.

The financial statements for Fiscal 2022 has been prepared in accordance with the IGAAP and Companies Act, 2013, which were audited by our Joint Statutory Auditors.

The Unaudited Condensed Interim Financial Statements of the Bank as of and for the three-month period ended June 30, 2022, have been subjected to a limited review by our Joint Statutory Auditors, and the statement of profit and loss for the three-month period ended June 30, 2021 has been subjected to a limited review by MSKA & Associates, Chartered Accountants.

The Unaudited Interim Financial Results for the quarter ended June 30, 2022 have been subjected to a limited review by our Joint Statutory Auditors.

GENERAL INFORMATION

- Our Bank was incorporated as 'Ujjivan Small Finance Bank Limited' on July 4, 2016 at New Delhi, as a public limited company under the Companies Act, 2013, and was granted a certificate of incorporation by the Registrar of Companies, National Capital Territory of Delhi and Haryana. Our Promoter, UFSL was granted the RBI In-Principle Approval to establish a small finance bank ("**SFB**") on October 7, 2015. Subsequently, UFSL received the RBI Final Approval, for our Bank to carry on business as an SFB in India on November 11, 2016.

- Subsequently, UFSL transferred its business undertaking comprising of its lending and financing business to our Bank, pursuant to the Business Transfer Agreement dated January 12, 2017. Our Bank commenced its business on February 1, 2017. Our Bank became a scheduled bank pursuant to a notification dated July 3, 2017 issued by the RBI, through which our Bank was included in the second schedule to the RBI Act. The registered office of our Bank was shifted from the state of Delhi to the state of Karnataka pursuant to a Board resolution dated July 31, 2020. The alteration with respect to the place of the registered office was confirmed by the order of the Regional Director, New Delhi on November 19, 2020 and a fresh certificate of incorporation was issued by the Registrar of Companies, Karnataka at Bangalore ("**RoC**") on December 14, 2021. Our Registered Office and Corporate Office is located at Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095.

- The CIN of the Bank is L65110KA2016PLC142162.

- The Equity Shares are listed on BSE and NSE since December 12, 2019.

- The Issue was authorised and approved by our Board pursuant to a resolution dated February 5, 2022, and by the shareholders of our Bank pursuant to a special resolution passed through a postal ballot resolution dated March 26, 2022, the results of which were declared on March 26, 2022.

- Our Bank has received in-principle approvals under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to the Issue, on BSE and NSE, on September 12, 2022.

- Copies of our Memorandum of Association and Articles of Association will be available for inspection between 10:00 am to 5:00 pm on any weekday (except Saturdays and public holidays) during the Issue Period at our Registered Office and Corporate Office.

- Our Bank has obtained all consents, approvals and authorisations required in connection with the Issue.

- There has been no material change in the financial or trading position of our Bank since June 30, 2022, the date of the Unaudited Condensed Interim Financial Statements prepared in accordance with applicable accounting standards included in this Placement Document, except as disclosed herein.

- Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "*Legal Proceedings*" on page 397.

- The Floor Price is ₹21.93 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations, as certified by the Joint Statutory Auditors. Our Bank has offered a discount of 4.24% amounting to ₹0.93 on the Floor Price in accordance with the approval of the Shareholders accorded on March 26, 2022, through postal ballot, the results of which were declared on March 26, 2022 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.

- Sanjeev Barnwal is the Company Secretary and Compliance Officer of our Bank. His details are as follows:

Sanjeev Barnwal
Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bengaluru 560 095
Karnataka, India
Tel: +91 80 4071 2121
E-mail: investorrelations@ujjivan.com

PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotments of Equity Shares pursuant to this Issue shall be made by our Bank, in consultation with the BRLMs, to Eligible QIBs only, on a discretionary basis. These details of the proposed Allottees, assuming that the Equity Shares are Allotted to them pursuant to the Issue, will be included in this Placement Document to be sent to such proposed Allottees.

S. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital held (%)^#
1.	ICICI PRUDENTIAL LIFE INSURANCE COMPANY LIMITED	1.71
2.	ABAKKUS GROWTH FUND - 2	0.97
3.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE BANKING AND FINANCIAL SERVICES FUND	0.87
4.	COHESION MK BEST IDEAS SUB-TRUST	0.85
5.	HDFC LIFE INSURANCE COMPANY LIMITED	0.73
6.	MAX LIFE INSURANCE COMPANY LIMITED A/C - HIGH GROWTH FUND	0.61
7.	ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED	0.59
8.	AVENDUS ABSOLUTE RETURN FUND	0.49
9.	TURNAROUND OPPORTUNITIES FUND	0.49
10.	BAJAJ ALLIANZ LIFE INSURANCE COMPANY LTD.	0.49
11.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE SMALL CAP FUND	0.44
12.	BNP PARIBAS ARBITRAGE - ODI	0.43
13.	MAX LIFE INSURANCE COMPANY LIMITED	0.37
14.	THELEME INDIA MASTER FUND LIMITED	0.37
15.	ABSL UMBRELLA UCITS FUND PLC - INDIA FRONTLINE EQUITY FUND	0.34
16.	MAX LIFE INSURANCE CO LTD A/C DIVERSIFIED EQUITY FUND	0.29
17.	CARNELIAN CAPITAL COMPOUNDER FUND - 1	0.24
18.	DOVETAIL INDIA FUND CLASS 6 SHARES	0.24
19.	SOCIETE GENERALE - ODI	0.24
20.	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED A/C ADITYA BIRLA SUN LIFE BAL BHAVISHYA YOJNA	0.17
21.	MAX LIFE INSURANCE COMPANY LIMITED A/C - PENSION GROWTH SUPER FUND	0.12
22.	DURO ONE INVESTMENTS LIMITED	0.12
23.	MAX LIFE INSURANCE CO LTD PENSION MAXIMISER FUND	0.11
24.	EDELWEISS TOKIO LIFE INSURANCE CO.LTD. EQUITY TOP 250 FUND	0.10
25.	MAX LIFE INSURANCE COMPANY LIMITED A/C - DYNAMIC OPPORTUNITIES FUND	0.09
26.	EDELWEISS GI INVESTMENT ASSETS	0.06
27.	MAX LIFE INSURANCE CO LTD A/C SUSTAINABLE EQUITY FUND	0.05
28.	MAX LIFE INSURANCE COMPANY LIMITED A/C - PENSION GROWTH FUND	0.05
29.	EDELWEISS TOKIO LIFE INSURANCE COMPANY LIMITED- EQUITY BLUE CHIP FUND	0.02
30.	MAX LIFE INSURANCE CO LTD PENSION PRESERVER FUND	0.01

^ *Based on beneficiary position as on September 9, 2022, and as adjusted for the Equity Shares Allocated*

 # The post-Issue shareholding pattern (in percentage terms) of the proposed Allottees has been disclosed on the basis of their respective PAN, except in case of Mutual Funds, Insurance Companies, and FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID has been considered.

DECLARATION

Our Bank certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations. Our Bank further certifies that all the statements in this Placement Document are true and correct.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Ittira Davis Poonollil
Managing Director and Chief Executive Officer

DIN: 06442816

Date: September 15, 2022

Place: Bengaluru

DECLARATION

We, the Board of the Bank, certify that:

(i) the Bank has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in the Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

____

Ittira Davis Poonollil
Managing Director and Chief Executive Officer
DIN: 06442816

I am authorized by the Merger and Placement Committee, a committee of the Board of the Bank, vide resolution dated September 12, 2022 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoter subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed:

____

Sanjeev Barnwal

Company Secretary and Compliance Officer

Date: September 15, 2022

Place: Bengaluru

UJJIVAN SMALL FINANCE BANK LIMITED

Registered Office and Corporate Office:

Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block,
Koramangala, Bengaluru 560 095, Karnataka, India

Tel: +91 80 4071 2121
Email: investorrelations@ujjivan.com | **Website**: www.ujjivansfb.in
CIN: L65110KA2016PLC142162

Contact Person:
Sanjeev Barnwal
Designation: Company Secretary and Compliance Officer
Tel: +91 80 4071 2121
E-mail: investorrelations@ujjivan.com
Address: Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block,
Koramangala, Bengaluru 560 095, Karnataka, India

BOOK RUNNING LEAD MANAGERS

IIFL SECURITIES LIMITED
10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West)
Mumbai 400 013
Maharashtra, India

DAM CAPITAL ADVISORS LIMITED
One BKC, Tower C, 15th Floor, Unit No.1511
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051
Maharashtra, India

JOINT STATUTORY AUDITORS OF OUR BANK

Mukund M Chitale & Co., Chartered Accountants	**B K Ramadhyani & Co. LLP, Chartered Accountants**
2nd Floor, Kapur House, Paranjape B Scheme, Road Number 1, Vile Parle (East), Mumbai 400 057	4B, Chitrapur Bhavan, 68, 8th Main, Malleshwara, Bangalore 560 055

LEGAL COUNSEL TO OUR BANK

As to Indian law

Cyril Amarchand Mangaldas
Prestige Falcon Tower
3rd Floor, 19, Brunton Road, Off MG Road
Bengaluru 560 025, Karnataka, India

LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS

As to Indian law

Luthra and Luthra Law Offices
1st and 9th floor, Ashoka Estate,
24 Barakhamba Road,
New Delhi, 110 001
India

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGERS WITH RESPECT TO SELLING AND TRANSFER RESTRICTIONS

Hogan Lovells Lee & Lee
50 Collyer Quay
#10-01 OUE Bayfront
Singapore - 049321
Republic of Singapore

APPLICATION FORM

An indicative format of the Application Form is set forth below:

	APPLICATION FORM
UJJIVAN SMALL FINANCE BANK LIMITED LEI: 335800D9P5CCZUX4X552	Name of the Bidder Form. No.
(Incorporated in the Republic of India under the provisions of the Companies Act, 2013 and licensed under the Banking Regulation Act, 1949) **Registered Office and Corporate Office**: Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095, Karnataka, India; **CIN**: L65110KA2016PLC142162; **Website**: www.ujjivansfb.in; **Tel**: +91 80 4071 2121; **Email**: investorrelations@ujjivan.com	Date:

QUALIFIED INSTITUTIONS PLACEMENT OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹10 EACH (THE "EQUITY SHARES") FOR CASH, AT A PRICE OF ₹[●] PER EQUITY SHARE (THE "ISSUE PRICE"), INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE AGGREGATING TO ₹[●] CRORE IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES") AND CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") BY UJJIVAN SMALL FINANCE BANK LIMITED (THE "BANK" OR THE "ISSUER" AND SUCH ISSUE, THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹21.93 PER EQUITY SHARE AND OUR BANK MAY OFFER A DISCOUNT OF UPTO 5% ON THE FLOOR PRICE, AS APPROVED BY ITS SHAREHOLDERS.

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) restricted from participating in the Issue under SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; are eligible to submit this Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. Further, foreign venture capital investors, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, are not permitted to participate in the Issue. The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made. See "*Selling Restrictions*" on page 377 for information about eligible offerees for the Issue and "*Transfer Restrictions*" on page 383 for information about transfer restrictions that apply to the Equity Shares sold in the Issue. You should note and observe the solicitation and distribution restrictions contained in the sections entitled "*Selling Restrictions*" and "*Transfer Restrictions*" of the preliminary placement document dated September 12, 2022 (the "PPD")

ELIGIBLE NON-RESIDENT QIBS CAN PARTICIPATE IN THE ISSUE IN COMPLIANCE WITH FEMA RULES. ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER THE SCHEDULE II OF FEMA RULES, IN THIS ISSUE, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. ALLOTMENTS MADE TO AIFs AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY. PURSUANT TO THE FDI POLICY READ ALONG WITH THE PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE AND SHALL HAVE TO BE IN CONFORMITY WITH THE APPLICABLE PROVISIONS OF THE FEMA RULES. FVCIS ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE. THE BIDDER CONFIRMS THAT NO GOVERNMENT APPROVAL IS REQUIRED UNDER THE FEMA RULES, AS MANDATED UNDER THE COMPANIES ACT AND THE PAS RULES

To,
The Board of Directors
Ujjivan Small Finance Bank Limited
Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bengaluru 560 095, Karnataka, India

STATUS (Please ✓)	
FI Banks & Financial Institutions	FPI Foreign Portfolio Investor*
MF Mutual Funds	NIF National Investment Fund
AIF Alternative Investment Funds**	SI-NBFC Systematically Important Non-Banking Financial Company
VCF Venture Capital Funds	
IC Insurance Companies	
IF Insurance Funds	OTH Others __________________ (Please Specify)

**Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 excluding individuals, corporate offices and family offices who are not allowed to apply in the Issue.*
***Sponsor and Manager should be Indian owned and controlled.*

Dear Sirs,

On the basis of the serially numbered PPD of the Bank and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, on the terms and price indicated below. We confirm that we are an Eligible QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under SEBI ICDR Regulations and other applicable laws and that we are not a promoter of the Bank (as defined in the SEBI ICDR Regulations), or any person related to the promoter of the Bank, directly or indirectly and this Application Form does not directly or indirectly represent the promoter or promoter group or persons related to the promoter. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with promoter or persons related to promoter of the Bank, veto rights or right to appoint any nominee director on the board of the Bank. We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules. We confirm that we are not a FVCI. We confirm that the bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid does not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We further understand and agree that (i) our names, address, contact details, PAN and bank account details will be recorded by the Bank as required in terms of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended ("**PAS Rules**") ; (ii) in the event that any Equity Shares are Allocated to us in the Issue, our names (as proposed Allottees) and the percentage of our to be post-Issue shareholding in the Bank will be disclosed in the Placement Document pursuant to the requirements under Form PAS-4 of the PAS Rules; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Bank will place our name in the register of members of the Bank as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Bank with the Registrar of Companies, Karnataka at Bangalore (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Bank will disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of National Stock Exchange of India Limited and BSE Limited (together referred to as the "**Stock Exchanges**"), and we consent to such disclosure. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI Regulations and other applicable laws. We are aware that, in accordance with Section 12B of the Banking Regulation Act, 1949 read with the Reserve Bank of India (Prior approval for acquisition of shares or voting rights in private sector banks) Directions, 2015, dated November 19, 2015 read with the Reserve Bank of India (Ownership in Private Sector Banks) Direction, 2016 dated May 12, 2016, no person (along with his relatives, associate enterprises or persons acting in concert with him) can acquire or hold 5% or more of the total paid-up share capital of the Issuer or be entitled to exercise 5% or more of the total voting rights of the Issuer, without prior approval of the RBI. Accordingly, we hereby represent that our (direct or indirect) aggregate holding in the paid-up share capital of the Issuer, whether beneficial or otherwise: (i) after subscription to the Equity Shares in the Issue by us, our relatives, our associate enterprises or persons acting in concert with us, aggregated with any pre-Issue shareholding in the Issuer of us, our relatives, our associate enterprises or persons acting in concert; or (ii) after subscription of the Equity Shares in the Issue by us aggregated with any pre-Issue shareholding in the Issuer of us, our relatives, our associate enterprises or persons acting in concert with us, shall not amount to 5% or more of the total paid-up share capital of the Issuer or would not entitle us to exercise 5% or more of the total voting rights of the Issuer, except with the prior approval of the RBI. We are aware that in the event, our aggregate shareholding, whether direct or indirect, beneficial or otherwise, aggregating to 5% or more of the total paid-up share capital of the Bank, we are required to submit the approval obtained from the RBI with the Bank prior to the finalisation of the Allotment. We are aware that, in case of failure by such person to submit the approval obtained from the RBI, the Bank may Allot maximum number of Equity Shares, such that the aggregate shareholding of the Bidder (along with his relatives, associate enterprises or persons acting in concert with such person and including existing shareholding, if any) is limited to less than 5% of the post-Issue paid-up Equity Share capital of the Bank. Further, we are also aware that the Bank shall, on completion of Allotment, file with the RBI, complete details of the Issue including the date of the Issue, details of the type of the Issue, Issue size, details of pricing, number and names of Allottees and post-allotment shareholding pattern, along with a copy of the resolutions of the Board and Shareholders in relation to the Issue and the Placement Document.

We confirm, that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations. We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate offices and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted separate Application Form, and asset management companies or custodians of mutual funds have specified the details of each scheme for which the application is being made along with the price and amount to be Allotted under each such scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We confirm that the signatory is authorized to apply on behalf of the Applicant and the Applicant has all the relevant approvals. We note that the Board of Directors of the Bank, or any duly authorized committee thereof, is entitled, in consultation with IIFL Securities Limited and DAM Capital Advisors Limited (the "**BRLMs**"), in their absolute discretion, to accept or reject this Application Form without assigning any reason thereof. We hereby accept the Equity Shares that may be Allocated to us pursuant to the Conformation to Allocation Note ("CAN") and request you to credit the same to our beneficiary account as per the details given below, subject to receipt of Application Form and Application Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Application Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form within the Issue Closing Date and such Application Amount has been/will be transferred from a bank account maintained in our name. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Bank, in consultation with the BRLMs; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Application Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Bank is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, the Application Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Application Amount has been paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in requirements. In this regard, we authorize the Bank to issue instructions to the depositories for such lock-in requirements, as may be applicable to us.

By signing and submitting this Application Form, we hereby confirm and agree that the representations and warranties as provided in the "*Notice to Investors*", "*Representations by Investors*", "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions*" sections of the PPD are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Bank and the BRLMs, each of which is entitled to rely on and is relying on these representations and warranties in consummating the Issue.

By signing and submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section titled "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Bank, the BRLMs or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on a recognised stock exchange in India for a period of one year from the date of Allotment and in compliance with the restrictions included in the section titled "*Transfer Restrictions*" in the PPD; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges; (6) Equity Shares shall be Allocated and Allotted at the discretion of the Bank in consultation with the BRLMs and the submission of this Application Form and payment of the corresponding Application Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act upon Allocation, the Bank will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Bank, in consultation with the BRLMs; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations i.e. entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, amongst the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the Memorandum of Association and Articles of Association of the Bank, the applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. By signing this Application Form and checking the applicable box above, we hereby represent that we are located outside the United States and purchasing the Equity Shares in an "offshore transaction" in reliance on Regulation S of the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. We confirm that we have read the representations, warranties and agreements contained in the sections entitled "*Selling Restrictions*" and "*Transfer Restrictions*" of the PPD.

By signing and submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares. We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB.

APPLICANT DETAILS (In Block Letters)	
NAME OF APPLICANT*	
NATIONALITY	
REGISTERED ADDRESS	
CITY AND CODE	
COUNTRY	
PHONE NO.	
EMAIL	
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO. ____________________
FOR AIFs***	SEBI AIF REGISTRATION NO. ____________________
FOR MFs	SEBI MF REGISTRATION NO. ____________________
FOR VCFs***	SEBI VCF REGISTRATION NO. ____________________
FOR SI-NBFC	RBI REGISTRATION DETAILS. ____________________

FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS. . ____ ____

**Name should exactly match with the name in which the beneficiary account is held. Application Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Issuer and the BRLMs.*

*** In case you are an FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*

**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

We are aware that the number of Equity Shares in the Bank held by us, together with the number of Equity Shares, if any, Allocated to us in the Issue will be aggregated to disclose the percentage of our post-Issue shareholding in the Bank in the Placement Document in line with the requirements under PAS-4 of the PAS Rules. For such information, the BRLMs have relied on the information provided by the Registrar for obtaining details of our shareholding and we consent and authorize such disclosure in the Placement Document.

DEPOSITORY ACCOUNT DETAILS										
Depository Name	National Securities Depository Limited									Central Depository Services (India) Limited
Depository Participant Name										
DP – ID	I	N								
Beneficiary Account Number										(16-digit beneficiary A/c. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. However, for the purposes of refund, if any, only the bank details as mentioned below, from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

PAYMENT DETAILS
REMITANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 3:30 p.m. (IST), [day] [date]

BANK ACCOUNT DETAILS FOR PAYMENT OF APPLICATION AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	UJJIVAN S F BANK LTD A/C QIP 2022 ESCROW	**Account Type**	Escrow Account
Name of Bank	HDFC Bank Limited	**Address of the Branch of the Bank**	Municipal No. 8/24, Richmond Road, Corporate Division No. 61, Richmond Road, Bangalore, Karnataka 560 025
Account No.	57500000965941	**IFSC**	HDFC0000523
Phone No.	+91 89719 68108	E-mail	corporatesecretarial@ujjivan.com

Kindly make your payment only by way of electronic fund transfers, towards the Escrow Account**.** Payment of the entire Application Amount should be made along with the Application Form on or before the closure of the Issue Period i.e. within the Issue Closing Date. All payments must be made in favor of “UJJIVAN S F BANK LTD A/C QIP 2022 ESCROW”. The payment for subscription to the Equity Shares to be allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

NO. OF EQUITY SHARES APPLIED FOR		**PRICE PER EQUITY SHARE (RUPEES)**		**TOTAL CNSIDERATION AMOUNT**	
(In Figures)	(In Words)	(In Figures)	(In Words)	(In Figures)	(In Words)

DETAILS OF CONTACT PERSON

Name: ____

Address: ____

____

Tel. No: ____

Email: ____________________________

OTHER DETAILS	
PAN*	

ENCLOSURES ATTACHED
Attested / certified true copy of the following:

OTHER DETAILS	
Signature of Authorized Signatory	
Date of Application	

ENCLOSURES ATTACHED
☐ Copy of the PAN Card or PAN Allotment Letter
☐ FIRC
☐ Copy of the SEBI registration certificate as a Mutual Fund
☐ Copy of the SEBI registration certificate as an Eligible FPI
☐ Copy of the SEBI registration certificate as an AIF
☐ Copy of the SEBI registration certificate as a VCF
☐ Certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached, in case of SI-NBFC/ Banks/public financial institutions
☐ Copy of the IRDAI registration certificate
☐ Certified true copy of power of attorney
☐ Others, please specify________________

**Please note that the Applicant should not submit the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961 as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD and Placement Document.

Note 2: The Application Form is liable to be rejected if any information provided is incomplete or inadequate.

The Application Form, the PPD and the Placement Document sent to you, either in physical form or in electronic form or both, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.