Ujjivan
Build a Better Life
Ujjivan Financial Services Limited

Delivering value RESPONSIBLY

Annual Report **2022-23**

Across the Pages

Delivering value RESPONSIBLY

Nearly two decades ago, we embarked on a meaningful journey as an NBFC, fuelled by our mission to drive India's inclusive growth agenda. Armed with a deep understanding of the unbanked and underbanked segments, we laid the groundwork for the establishment of Ujjivan Small Finance Bank, a mass market institution.

The ongoing merger process upon completion will entail an emergence of consolidated organisation with better stakeholder management to serve the masses. Our legacy of unwavering pursuit will further strengthen the bed rock of trust and continue to deliver value responsibly.

CUSTODIANS OF SUSTAINABLE VALUE CREATION

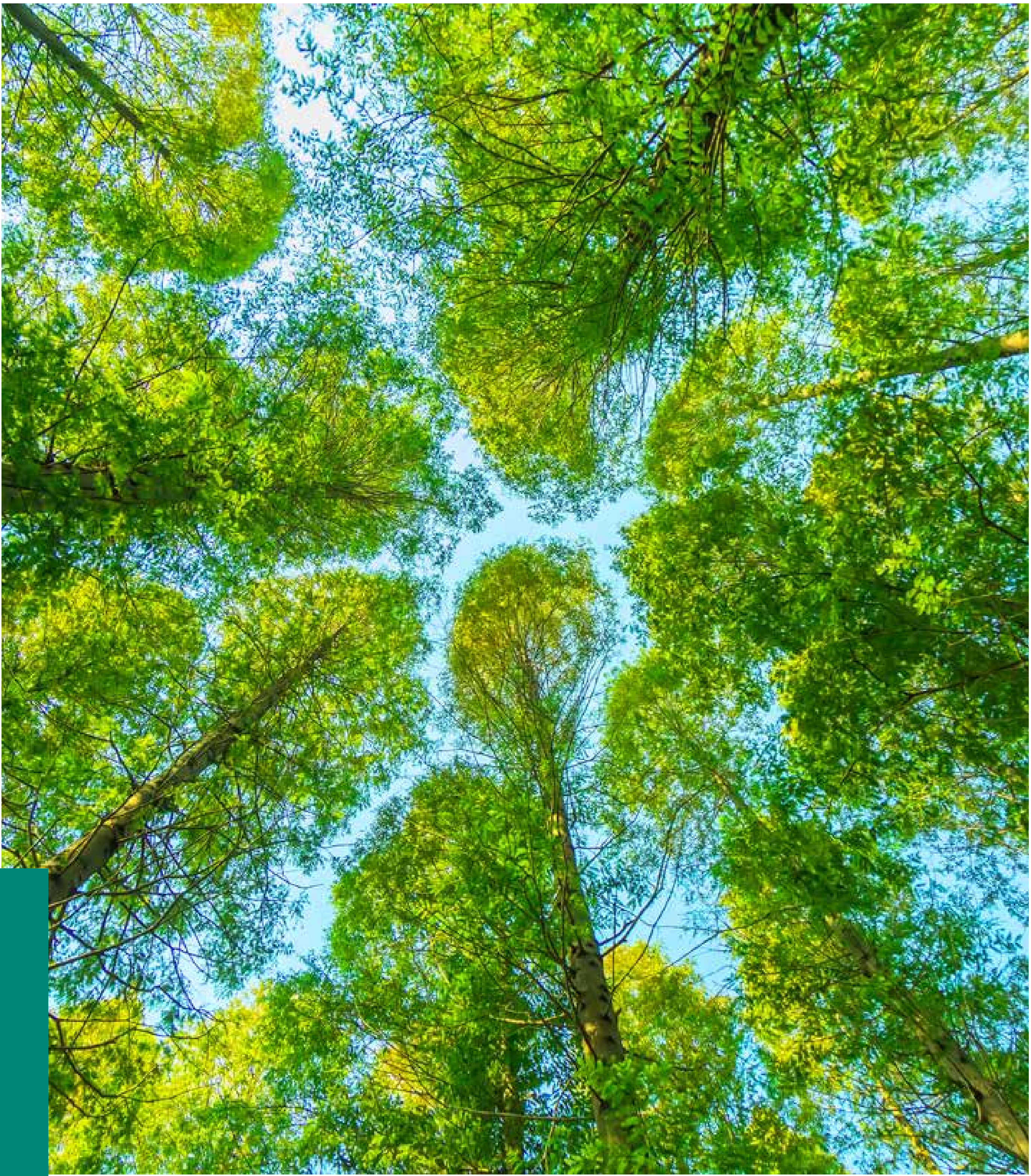
Ujjivan Financial Services Limited ('UFSL' or 'the Company') is a Core Investment Company (NBFC-NDSI-CIC) registered with the Reserve Bank of India (RBI). As a non-operating holding company, its main objective is to engage in the business of making investments in the group company(ies). Both the Company and its subsidiary, 'Ujjivan Small Finance Bank', are led by highly governed and regulated boards, and they adhere to high standards of corporate and social governance. This effectively fosters trust among all stakeholders, including but not limited to customers, employees, shareholders, regulators, and the community at large.

UFSL commenced operations as an NBFC in 2005, offering a comprehensive range of financial services to the economically active underbanked/unbanked segment of the population. It primarily relied on the joint liability group-lending model to provide collateral-free, small-ticket-size loans. Additionally, USFL extended individual loans to Micro and Small Enterprises (MSEs). UFSL adopted an integrated approach to lending, combining a high customer touchpoint similar to microfinance with the technological infrastructure and back-end support of a retail bank.

On October 7, 2015, UFSL received in-principle approval from the RBI to establish a Small Finance Bank and established its wholly-owned subsidiary, Ujjivan Small Finance Bank Limited (the Bank). UFSL transferred its business to the Bank, which commenced its banking operations on February 1, 2017, following the issuance of the RBI license. As of March 31, 2023, UFSL held 73.67% stake in the Bank. During the year under review, UFSL has continued its corporate social responsibility (CSR) activities and has granted ₹5.00 Lakhs to Chinchpada Christian Hospital, a charitable organisation providing medical assistance to poor patients.

About Our Subsidiary: Ujjivan Small Finance Bank

Ujjivan Small Finance Bank (material listed subsidiary of the Company) serves over 76.9 Lakhs customers through 629 banking outlets and 17,870 employees, spread across 271 districts and 25 states and union territories in India. Its gross loan Book stands at ₹ 24,085 Crores with a deposit base of ₹ 25,538 Crores as of March 31, 2023.



FIVE-YEAR PERFORMANCE

(Listed subsidiary – Ujjivan Small Finance Bank)

Net Interest Income (NII)
(₹ in Crores)

FY 2022-23	2,698
FY 2021-22	1,774
FY 2020-21	1,729
FY 2019-20	1,634
FY 2018-19	1,106

Net Interest Margin
(in %)

FY 2022-23	9.50
FY 2021-22	8.80
FY 2020-21	9.50
FY 2019-20	10.80
FY 2018-19	10.90

Total Income
(₹ in Crores)

FY 2022-23	4,754
FY 2021-22	3,173
FY 2020-21	3,117
FY 2019-20	3,026
FY 2018-19	2,038

Profit after Tax
(₹ in Crores)

FY 2022-23	1,100
FY 2021-22	(415)
FY 2020-21	8
FY 2019-20	350
FY 2018-19	199

Assets Under Management (AUM)
(₹ in Crores)

FY 2022-23	24,085
FY 2021-22	18,162
FY 2020-21	15,140
FY 2019-20	14,153
FY 2018-19	11,049

Total Deposits
(₹ in Crores)

FY 2022-23	25,538
FY 2021-22	18,292
FY 2020-21	13,136
FY 2019-20	10,780
FY 2018-19	7,379

Average Total Assets
(₹ in Crores)

FY 2022-23	28,465
FY 2021-22	21,992
FY 2020-21	19,396
FY 2019-20	16,077
FY 2018-19	11,608

Average Net Worth
(₹ in Crores)

FY 2022-23	3,506
FY 2021-22	3,011
FY 2020-21	3,203
FY 2019-20	2,504
FY 2018-19	1,733

GNPA
(in %)

FY 2022-23	2.60
FY 2021-22	7.10
FY 2020-21	7.10
FY 2019-20	1.00
FY 2018-19	0.90

NNPA
(in %)

FY 2022-23	0.04
FY 2021-22	0.60
FY 2020-21	2.90
FY 2019-20	0.20
FY 2018-19	0.30

RoA
(in %)

FY 2022-23	4.04
FY 2021-22	(2.04)
FY 2020-21	0.04
FY 2019-20	2.20
FY 2018-19	1.70

RoE
(in %)

FY 2022-23	31.40
FY 2021-22	(13.80)
FY 2020-21	0.00
FY 2019-20	13.90
FY 2018-19	11.50

Book Value per Share
(in ₹)

FY 2022-23	20.50
FY 2021-22	15.10
FY 2020-21	17.50
FY 2019-20	17.30
FY 2018-19	11.20

EPS
(in ₹)

FY 2022-23	5.88
FY 2021-22	(2.40)
FY 2020-21	0.05
FY 2019-20	2.18
FY 2018-19	1.20

Capital Adequacy Ratio
(in %)

FY 2022-23	25.80
FY 2021-22	19.00
FY 2020-21	26.40
FY 2019-20	28.80
FY 2018-19	18.90

DELIVERING WITH FOCUS AND FORESIGHT

It is with immense pride that I present to you the FY 2022-23 Annual Report. Ujjivan, as a group, and especially our subsidiary, Ujjivan Small Finance Bank (the Bank), have displayed tremendous turnaround in the previous year.

Dear Stakeholders,

It is with immense pride that I present to you the FY 2022-23 Annual Report. Ujjivan, as a group, and especially our subsidiary, Ujjivan Small Finance Bank (the Bank), have displayed tremendous turnaround in the previous year. As you are aware, the Bank has delivered a stellar performance in terms of asset and deposit book growth, strengthened and introduced a robust underwriting framework to improve its asset quality, and has become the second most profitable small finance bank. We have emerged stronger from the impacts of the pandemic and the issues emanating from it.

Interim Dividend

To share this joyous feat, we have also rewarded our shareholders who continued to believe in us and extended their support during tough times by declaring and paying a handsome interim dividend of ₹ 5 per equity share. This amount is almost equivalent to 60% of the permitted Profit After Tax (PAT) by regulation for a Core Investment Company.

Financial Results

Standalone Results

In the FY 2022-23, Ujjivan Financial Services Limited (UFSL) reported a healthy standalone PAT of ₹ 108 Crores, up from ₹ 2 Crores in FY 2021-22. UFSL, being a non-operating core investment company of the Bank, has no other business interest apart from holding investments in preference and equity shares and fixed deposits. Our surge in profitability was predominantly due to the dividend income amounting to ₹ 119 Crores received from our subsidiary. Furthermore, as interest rates across the industry remained elevated, we were able to earn higher interest income from our fixed deposits, which further contributed to our profits.

Consolidated Results

UFSL's consolidated results, largely driven by the Bank's performance, showcased robust profitability owing to the strong all-round performance of the Bank in the previous financial year. On a consolidated basis, UFSL reported an unprecedented net profit of ₹ 1,140 Crores, compared to a loss of ₹ 230 Crores in FY 2021-22. The consolidated results were prepared based on IND-AS, resulting in a positive variance compared to the Bank's net profit, which is prepared based on I-GAAP norms. The difference as largely due to upfront income recognition on securitised assets and lower provisioning in IND-AS results.

Turnaround Year - Path to a Profitable Mass Market Bank

Ujjivan Small Finance Bank started FY 2022-23 on a strong note, and the business momentum continued, picking up pace in the last quarter of FY 2021-22. The Bank's management guided for a 30% asset book growth at the start of the year, and this target was achieved due to the well-concerted efforts of the Bank. We ended the year with an asset book size of ₹ 24,085 Crores, growing by 33% on a yearly basis. Overall, FY 2022-23 has been a strong comeback year for Ujjivan, creating a solid platform for the next growth cycle.

During the year, our subsidiary Bank delivered on all fronts, not only crossing the ₹ 1,000 Crores mark for yearly profits but also expanding its presence across the country by adding one new state to its network. Telangana became the 25th state for Ujjivan SFB to expand its reach, and 54 new branches were added, taking the total branch count to 629.

Our focus was not limited to asset book growth and branch expansion. The deposit book also displayed strong traction, registering a 40% year-on-year growth to ₹ 25,538 Crores. Our push towards creating a sticky and granular Current Account Savings Account (CASA) base performed equally well, growing at 35% year-on-year and now forming 26% of total deposits. Along with a special focus on customer service, the Bank offered alternative service channels like video banking and phone banking to further enhance engagement and improve convenience for its customers. All these efforts resulted in a multi-fold increase in the Bank's customer base, which now serves over 76 Lakh customers.

Bracing the impact of COVID-19, the Bank was saddled with abnormally high non-performing assets and higher credit costs in FY 2021-22. In order to regularise the entire portfolio, special efforts were deployed under the scope of a 100-day plan to improve collections and asset quality. These efforts paid off, and the results were visible in FY 2022-23. The Gross Non-Performing Assets (GNPA) ratio came down to 2.6% from 7.1% at the beginning of the year, while the Net Non-Performing Assets (NNPA) also declined to a remarkably low level of 0.05% by the end of the year. Collections improved substantially, with Non-Delinquent Account (NDA) collections climbing back to pre-COVID levels, and overall collection efficiency hovering around the 100% mark. Even the restructured book declined steeply and now represents a minuscule portion of the asset portfolio. Furthermore, strong collection efforts were also evidenced by higher recoveries and upgrades compared to the slippages witnessed during the entire year. This turnaround was a result of a well-charted roadmap laid down by the Bank, guided by its persistent collection strategy, coupled with the right mix of on and off-roll collection teams, equally assisted by the information sourced from the data analytics team.

FY 2022-23 was a year of milestones for the Bank, despite various microeconomic and geopolitical challenges in the economy. The business environment remained dynamic and complex due to high inflation, leading to a rise in interest rates, and policy changes impacting Microfinance Institution (MFI) credit norms. Nevertheless, the Bank stayed its course and delivered results in line with the guidance. The cost of funds remained high for the full year, but the Bank maintained Net Interest Margins (NIMs) at 9.5%. The cost-to-income ratio was within the range and came in at 55% for the full year, much lower than the previous year, despite continued investments in infrastructure. All of this summed up the most profitable year for the Bank, achieving a PAT of ₹ 1,100 Crores for the full year. To celebrate this success, the Bank declared and paid its maiden equity dividend of ₹ 0.75 per share in the interim and recommended a final equity dividend of ₹ 0.50 per share.

Other Notable Achievements

During the year under review, the Bank launched 'Hello Ujjivan,' a futuristic mobile banking app targeting non-tech-savvy customers. This app aims to increase digital penetration among customers by assisting them with their banking transactions and offering voice and video assistance in 9 languages. It was well received by our customers, with total downloads crossing 1.3Lakhs in a span of a few months.

The Bank also raised funds through sub-debt and the issuance of fresh equity. This significantly enhanced the liquidity in the Bank, fuelling the growth engine. The equity raise also helped meet the minimum public shareholding (MPS) requirement, a prerequisite for the amalgamation process.

Reverse Merger

Post the MPS compliance, a SEBI requirement, the boards of both entities approved a revised scheme of amalgamation and submitted it to the regulators. As of now, we have received no-objection letters from RBI, NSE, and BSE, allowing us to proceed with the amalgamation process, subject to fulfillment of certain conditions, including availing NCLT approval. In compliance with this condition, both companies have submitted a joint application with the Honourable NCLT, Bengaluru bench and are awaiting further directions.

"We constantly strive to be a responsible corporate citizen by aligning our CSR values with our corporate objectives. The Company's philanthropic nature compels it to serve the needy and eradicate issues affecting the underprivileged masses of society."

CSR Activities

We constantly strive to be a responsible corporate citizen by aligning our CSR values with our corporate objectives. The Company's philanthropic nature compels it to serve the needy and eradicate issues affecting the underprivileged masses of society. With this agenda in mind, the Company partnered with Chinchpada Christian Hospital, a charitable organisation that operates in remote areas of northern Maharashtra, providing medical support to the extremely underprivileged people of society. Under the CSR programme, the Company granted a sum of ₹ 5 Lakhs to the hospital to subsidise the surgery cost for economically weak and affected patients. This resulted in providing proper and timely treatment to 33 individuals who are currently living disease-free and leading normal lives.

Corporate Governance

During the year under review, there were no additions to the Board of UFSL, as the Board was fairly balanced with the right mix of directors guiding the affairs of the Company in an invaluable manner.

Conclusion

We started our journey in 2004, and since then, Ujjivan has come a long way from being a NBFC-MFI to one of the most profitable Small Finance Banks, serving over 7 Million customers across India. During this remarkable journey, the Ujjivan family has encountered various challenges, growing more resilient and steering undeterred on its path to serve the masses, giving wings to their aspirations and leading them to build a better life. Ujjivan SFB is a well-poised mass-market bank ready to serve over 70 Crore people in the aspiring middle-class population, with a full range of financial products and services. This presents a tremendous growth opportunity for the Bank in the future and will be critical to turning the country into a 5 trillion-dollar economy. As you are all aware, we are now on the verge of amalgamation with the Bank, which is likely to be completed during this fiscal year. This would be my last letter to the shareholders in the capacity of the Chair of the Board of UFSL. I assure you that the values which laid the foundation of Ujjivan will continue to grow stronger for you to witness through your direct shareholding in our subsidiary Bank upon the completion of the merger. This is an opportune time to once again thank all the shareholders, regulators, customers, and employees who continued to believe in us and supported us since inception, and we remain committed to delivering our values responsibly.

Yours sincerely,

Samit Ghosh

Chairman

MEET OUR BOARD OF DIRECTORS

Samit Ghosh

Mr. Samit Ghosh is the Non-Executive Director and Chairman of our Company. He founded the Company in 2004 and served as its MD & CEO until January 31, 2017. With the approval of the Reserve Bank of India, Mr. Samit Ghosh was designated and took charge as the MD & CEO of Ujjivan Small Finance Bank Limited (the listed subsidiary of the Company) effective from February 01, 2017, and he retired on November 30, 2019 from this position on attaining the age of 70 years. Prior to founding Ujjivan, Mr. Samit Ghosh was a career banker with over 30 years of experience in India & overseas with a specialisation in retail banking. He was part of the management team which launched retail banking with Citibank in 1985, Standard Chartered Bank in 1993 and HDFC bank in 1996 and his last employment prior to founding Ujjivan was in Bank Muscat. Mr. Samit Ghosh holds a master of business administration degree from the Wharton School of Business at the University of Pennsylvania. He is also a Non-Executive Non-Independent Director of Ujjivan Small Finance Bank.

K. R. Ramamoorthy

Mr. K. R Ramamoorthy is the Non-Executive, Independent Director of our Company. He holds a bachelor's degree in arts from the Delhi University and bachelor's degree in law from the Madras University. He is also a fellow member of the Institute of Company Secretaries of India. He is the former Chairman and Managing director, Corporation Bank and former Chairman & Chief Executive Officer, ING Vysya Bank. He has served as an advisor to CRISIL and as consultant to The World Bank. He serves as an independent director on the boards of Subros Limited, Nilkamal Limited and Amrit Corp. Limited.

Sunil Vinayak Patel

Mr. Sunil Patel is a chartered accountant from the Institute of Chartered Accountants of India and is a certified management consultant from the Institute of Management Consultants' of India. He was previously consultant and Director of A.F. Ferguson & Co. and Partner, A.F. Ferguson Associates. He served as a director on the boards of L&T Investment Management Limited and retired as the part-time Chairman of Ujjivan Small Finance Bank Limited in January 2020. He was also on the Board of Ujjivan Financial Services Limited from 2006 till 2017 and on the Local Advisory Board of Bank Muscat India from 1998 to 2003. He holds a bachelor's degree in commerce from the Bombay University and a master of business administration degree from the Wharton School, University of Pennsylvania.

Mona Kachhwaha

Ms. Mona Kachhwaha is a Non-Executive, Independent Director of our Company. She has over 25 years of financial services industry experience, which includes 12 years with Caspian Impact Investment Advisers (2007-2019) and 13 years with Citibank N.A. (1994-2007). At Caspian, she managed the India Financial Inclusion Fund, a USD 89 Million impact fund with a focus on financial inclusion. She has also been a part of investment and credit committees of other funds managed by Caspian. She also sits on the Board of Aptus Value Housing Finance Limited. She has graduated in Mathematics (Hons.) from the Delhi University (1992) and holds an MBA from XLRI, Jamshedpur (1994). She completed an executive programme in Private Equity from Said Business School, Oxford University in 2010.

Anand Narayan

Mr. Anand Narayan is a Non-Executive Director of our Company. He is Managing Partner of Creador Advisors India llp from 2011. Prior to Creador, he was a Partner and Director of Veda Corporate Advisors Private Limited, where he was responsible for mergers and acquisitions, sponsor coverage of private equity firms and raising structured debt for a number of midmarket corporates. He had also served in Infrastructure Leasing & Financial Services as Vice President between 1994 -2006 and served various corporate entities like Zuari Agrochemicals and at Eicher Motors Ltd in the past in operational roles. Mr. Narayan is an M.B.A. from IIM, Bangalore and graduated with honors in mechanical engineering from the National Institute of Technology, Jaipur. He is also a non-Executive director in Ashiana Housing Limited, Vectus Industries Limited, Paras Healthcare Private Limited and Redrock (India) Offshore Consultants Private Limited and is a designated partner of Creador Advisors India LLP.

Renzo Christopher Viegas

Mr. Renzo Viegas is the Non-Executive, Independent Director of the Company. He holds a Bachelor of Commerce from the University of Mumbai, India. He is a Chartered Accountant and Fellow Member of the Institute of Chartered Accountants of India and a member of the Malaysian Institute of Accountants. He has extensive experience in the banking industry and started his career with Citibank India in 1985, where he progressively held senior positions in various Asia Pacific countries including leading the Consumer Finance business for Asia Pacific. Thereafter he joined RHB Bank (Asean) in 2008, and was the Deputy Chief Executive Officer with primary responsibilities for the Consumer, Commercial and International businesses. In 2012, he moved to be Deputy Chief Executive Officer of CIMB Group (Asean) and was Executive Director of CIMB Bank leading the Consumer and Commercial franchises for the region. He was a Non-Independent Director of CIMB Bank (Vietnam) Ltd and CIMB Cambodia Bank PLC. He was also a Non-Executive Director of Sun Life Malaysia Assurance and Takaful Berhad. He currently sits as an Independent Director on the boards of Manulife Holdings Berhad and Manulife Insurance Berhad as well as Astro Malaysia Holdings Berhad. Both these companies are listed on the Kuala Lumpur Stock Exchange.

LEADERSHIP TEAM

Radhakrishnan Ravi

Chief Executive Officer and
Chief Financial Officer

Mr. Radhakrishnan Ravi a qualified Chartered Accountant from The Institute of Chartered Accountants of India, New Delhi, and is a member of the Institute of Internal Auditors, Florida, USA. He has more than 30 years of experience in Financial Accounting and Planning, Budgetary Cost Control, MIS Reporting and Statutory Compliance for Internal Control Team Management. His previous work experience includes working as an Independent Fraud Investigation officer for Inteltec, Commercial Director for Calega Resources Investment LLC, as a VP Finance of Commit Group, as a Finance Director/ Compliance Officer of Alcazar Capital Ltd, as a Chief Financial Officer for AGT FZCO, Dubai UAE, as a supervisor with Ernst & Young, Bahrain, SNB Associates (Chartered Accountants), Bangalore, Ravi and Mahadevan (Chartered Accountants), Chennai as Partner.

Shashidhara S.

Company Secretary and
Compliance Officer

Mr. Shashidhara S. is a qualified Company Secretary from the Institute of Company Secretaries of India and holds a Bachelor's degree in Law. He has a corporate experience of over 14 years and prior to joining Ujjivan, he worked with GMR Groups of Companies - Highways Sector as Company Secretary for GMR OSE Hungund Hospet Highways Private Limited. He has been in the secretarial department of the Company for over 6 years and has played important roles in several key milestones. His overall secretarial and financial experience plus his active interactions with Internal and Statutory auditors and other regulators will help him in his wider role as the Company Secretary and Compliance Officer of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Ujjivan Financial Services Limited (hereinafter referred to as "the Company"), an RBI-registered NBFC-Core Investment Company is the promoter of 'Ujjivan Small Finance Bank Limited' (hereinafter referred to as "USFB" or "the Bank"). The Company on a standalone basis has no operation of its own and derives its value primarily from its investments in USFB where it holds 73.67% of the Bank's equity share.

Further, the Company is in the process of amalgamation with its subsidiary Bank in accordance with applicable laws and guidelines. Both the entities in the Ujjivan Group, have already received 'no-objection' letters from RBI and NSE & BSE. Post which both companies have applied with NCLT Bengaluru Bench and is awaiting their directions.

Key highlights pertaining to the consolidated financials (as per Ind-AS) are given below:

(₹ in Crores)

Particulars	FY 2022-23	FY 2021-22	y-o-y growth
Total Income	4,679	3,092	51%
Total Operational Expenses	3,148	3,396	(7%)
Profit/(Loss) Before Tax	1,531	(304)	NM
Profit/(Loss) After Tax	1,140	(230)	NM

This report is being presented from the perspective of our subsidiary 'Ujjivan Small Finance Bank', referred to as Bank. It highlights a synopsis of the banking industry, business and financials of the Bank which predominately dominates the consolidated financials and business of the Company; on a standalone basis, the Company is a non-operating Company.

MACROECONOMIC INDICATORS

Beginning FY 2022-23, the global setback accentuated due to covid induced pandemic had subsided. Across the globe, economies targeted to recover and aimed to propel stalled growth northwards, emerging out of the global contraction. However, this euphoria was short-lived as Eurozone entered into a crisis due to the Russia-Ukraine conflict, resulting in inflated commodity prices which shocked all major developed economies in the universe. Due to this double whammy, policymakers the world over encountered a predicament, with the latest one being liquidity concerns. To counter these issues central banks across economies are synchronously adhering to rate hikes led by Federal Reserve. These rate hikes in US markets incentivised the US dollar to appreciate against most currencies across the globe. Further leading slow to global growth, owing to higher interest rates marred by the effects of inflation. On the contrary, the Indian economy was much more resilient due to its strong fiscal policies and robust banking system. This developing economy staged a full recovery in FY 2022-23 well beyond many and ascended the growth path. During the year Indian economy witnessed a robust GDP growth estimated to be 6.9% for the full year with real GDP growing 7.7% year-on-year during the first three quarters of FY 2022-23. This handsome growth was corroborated by strong government capex expenditure and buoyant private consumption. Inflation remained high, averaging around 6.7% in FY 2022-23 but the current-account deficit narrowed in Q3 on the back of strong growth in service exports and easing global commodity prices.

RBI started tightening its monetary policy at the commencement of FY 2022-23, limiting the damages caused by outflows of foreign capital, rising inflation and weakening currency. During the year RBI, hiked policy rates by 250 bps to 6.5%. Despite that, the banking sector in India has responded in equal measure to the demand for credit. On a year-on-year (y-o-y) basis, non-food bank credit registered a growth of 15.4% in March 2023 as compared with 9.7% a year ago. Credit to agriculture and allied activities rose by 15.4% (y-o-y) in March 2023 vs 9.9% a year ago. However, credit to industry registered a growth of 5.7 % (y-o-y) in March 2023 declining from 7.5 % in March 2022. Size-wise, credit to large industries rose by 3.0 % as compared with 2.0% a year ago. Credit growth of medium industries was 19.6% as against 54.4% a year ago. Credit to micro and small industries registered a growth of 12.3% in March 2023 (23.0 % a year ago). Within the industry, credit growth to 'basic metal and metal products', 'chemical and chemical products' and 'petroleum, coal products and nuclear fuels' accelerated in March 2023 as compared with the corresponding month of the previous year while that to 'food processing', 'infrastructure' and 'textiles' decelerated. Credit growth to the services sector accelerated to 19.8 % (y-o-y) in March 2023 from 8.7 % a year ago, this can be attributed to the improved credit offtake to 'Non-Banking Financial Companies (NBFCs)' and 'trade'. Personal loans registered a growth of 20.6 % (y-o-y) in March 2023 as compared with 12.6 % a year ago, primarily driven by 'housing loans'.

Not only was the credit demand strong, but Banks had also intensified their focus on deposits. A sharp increase in deposit rates is currently seen in the industry-leading to a higher inflow of fresh deposits. Owing to the rising interest rate scenario fresh deposit rates for PSBs, PVBs and SCBs rose m-o-m by 18 bps, 17 bps and 23 bps, respectively in the quarter ended March 2023 surpassing pre-pandemic levels. PSBs have been comparatively more aggressive when compared with PVBs as not only has the increase been higher, but PSBs' absolute rates also continue to be higher than PVBs. As the interest rates are expected to remain elevated in the near term, concern over NIM compression remains.

As mentioned earlier, India's GDP recorded growth of 6.9% in FY 2022-23. It shows the economic activities in the country have remained strong. The total GST collection for FY 2022-23 stands at ₹ 18.10 Lakhs Crores and the average gross monthly collection for the full year is ₹ 1.51 Lakhs Crores. The gross revenues in FY 2022-23 were 22% higher than that last year. PMI manufacturing remained robust at 56.4 in March, recording expansion for the 21st consecutive month due to favourable domestic demand. Service sector activity exhibited buoyancy. These services remained in the expansion zone in March, driven by favourable demand conditions and new business gains. Aggregate demand conditions were resilient in Q4 of FY 2022-23, even as private consumption showed some signs of a slowdown. Urban demand indicators like passenger vehicle sales and credit card spending registered robust growth in February 2023, while consumer durables contracted in January 2023. Rural demand indicators such as consumer non-durables, tractor and two-wheeler sales, registered healthy growth. Investment activity exhibited buoyancy on the back of the government's thrust on infrastructure spending, high-capacity utilisation and revival in corporate investment in certain key sectors. The steady growth in contact-intensive services should be positive for urban demand. The government's focus on capital expenditure, capacity utilisation above the long-period average and moderating commodity prices are anticipated to bolster manufacturing and investment activity.

The RBI continued to closely monitor the global economic situation in light of increased inflation levels, turmoil in the banking systems of certain advanced economies, tense geopolitical relations, and the challenges posed by tight financial conditions. As per data released by the National Statistical Office (NSO), private consumption and public investment were the major drivers of growth for the Indian economy. Furthermore, the CPI headline inflation persisted above 6%, surpassing the tolerance limit set by the RBI, making it a crucial factor to be closely observed in the upcoming year. Global financial market volatility has surged, which can affect imported inflation risks. Based on RBI surveys, it is expected that the upcoming financial year will see a decline in production costs, along with crude prices being maintained below USD 85 per barrel and a normal monsoon, all of which are likely to help curb inflation. The average daily absorption under the LAF moderated to ₹ 1.4 Lakhs Crores during February-March from an average of ₹ 1.6 Lakhs Crores in December-January. During FY 2022-23, the money supply expanded by 9.0%, and India's foreign exchange reserves stood at USD 578.4 Billion as of March 31, 2023.

To further strengthen the Indian Banking system, RBI introduced various initiatives to enhance its robustness and credibility, viz. developing an Onshore Non-deliverable Derivative Market. This measure will further deepen the forex market in India and provide improved flexibility to residents in meeting their hedging requirements; enhancing the Efficiency of Regulatory Processes, to streamline and simplify processes for entities to make applications seeking license/authorisation or regulatory approvals from the RBI under various statutes/regulations from a web-based centralised portal named as 'PRAVAAH'; and expand the scope of UPI by permitting operation of pre-sanctioned credit lines at banks through the UPI. In addition, this initiative will foster innovation and facilitate the development of a centralised web portal, enabling the public to search for and claim their unclaimed deposits easily.

OUR STRATEGY

The Bank envisions building a technologically-driven and customer-focused leading 'mass-market' bank. The Indian economy is currently experiencing a significant rise from the bottom of the pyramid, with numerous families transitioning into the middle class. These emerging middle-class families are evolving and creating a demand for financial solutions. The Bank aims to capitalise on this opportunity by targeting this segment, which is not deeply penetrated by its larger peers. Also, in the process, the Bank aims to help the Indian socio-economic environment move towards growth and upliftment.

Over the past years, the Bank has strengthened its position, especially by capitalising on positive initiatives implemented after the pandemic. As a result, the Bank has established a robust platform that is well-prepared to seize upcoming opportunities.

DIVERSIFIED BOUQUET OF PRODUCTS

The Bank offers a comprehensive suite of products and services and a personalised customer experience. Over the years, the bank has built a strong base of customers across asset and liability verticals. The Bank is focused on creating need-based products for each of its segments. The Bank intends to enhance its services to MSME customers by introducing products tailored for the semiformal and formal segments while also transitioning towards relationship banking. This strategic shift involves a focus on providing shorter term products such as supplychain finance, working capital funding, bill discounting, and other non-fund-based facilities. In housing, the Bank is increasingly moving towards customised offerings targeted at local requirements in various regions. During the fiscal year, the Bank launched a state-level collateral policy catering to diversity in the real-estate market and legal regulations in different states. The Bank also introduced a micro-LAP (Loan Against Property) product designed for small borrowers requiring funding. This product aims to assist small borrowers and their families with a solid repayment history and the capacity to manage higher-ticket loans. By enhancing its fintech alliances, the Bank will further broaden its channels, enabling enhanced customer reach and providing them with superior services. For institutional segments, new products, such as bank guarantee have been launched and the working capital product is being worked upon. The Bank is working towards expanding its bulk deposit avenues and looking to enhance exposure limits from various mutual funds, insurance companies, and various co-operative banks. On the liability front, its emphasis will be on implementing digital solutions for institution businesses, such as Public Funds Management System (PFMS). Strengthening fintech alliances will further expand the Bank's channels to reach its customers. POS and QR-led acquisition shall be a key area of focus as the Bank expands its reach among small and medium retailers. The Bank is continuously enhancing its offerings towards the aspiring middle-class segment, by offering more value-add products to strengthen the Bank's position as a mass-market bank. Government and

FOCUS ON DIGITAL BANKING AND ANALYTICS

The Bank has established a dedicated digital banking team to improve customer experience, optimise technology investments, and minimise operational costs. This initiative's key components include digital innovation, API banking, fintech collaborations and partnerships, robotic process automation, artificial intelligence, digital lending, payments, digital marketing, and data analytics and insights. The aim is to leverage these factors to enhance overall efficiency and effectiveness within the Bank's digital ecosystem. The Bank is actively implementing an end-to-end digitisation process to enhance contactless disbursements and repayments. Leveraging data analytics, the Bank will gain actionable insights to facilitate wellinformed decision-making. By harnessing its full-stack API banking platform, the Bank intends to collaborate with the fintech ecosystem to offer its customers innovative products and solutions. Additionally, digital channels will play a pivotal role in acquiring new customers and delivering services efficiently. The Bank leverages technology to provide a better customer experience to the mass-market and aims to expand its digital reach within the country. In line with this objective, the Bank has introduced a novel mobile app called 'Hello Ujjivan'. The primary focus of this app is to cater to the needs of semi-literate or less tech-savvy customers, who encounter encountering obstacles like language barriers and difficulty comprehending banking terminology. These challenges often hinder their use of mobile banking services. Being the first of its kind, the app combines various advantages, such as a userfriendly interface, support for vernacular languages, visual communication through pictures, and voice interactions. This unique amalgamation offers customers an experience that fosters deeper digital penetration. In fiscal year 2024, the Bank plans to enhance the app by expanding its range of services, including the addition of loan application functionality.

INCREASED CUSTOMER PENETRATION THROUGH A MULTI-CHANNEL APPROACH

The Bank leverages a strategic blend of physical and digital channels and partnerships to extend its reach and provide added value to customers. The Bank consistently enhances its customer outreach through technologyenabled channels such as Video Banking, Phone Banking, is currently available, with plans for further expansion throughout the year. The Bank operates two in-house phone banking facilities that operate round the clock with a team of over 150 phone bankers. These facilities offer comprehensive support in nine languages, serving customers and generating/converting business leads. Among over one Million registered customers, 89% access the services in Indian languages. Presently, more than 200 services are available through Phone Banking, with ongoing efforts to further enhance the offerings. Notable features of the Bank's Phone Banking include a reduced IVR wait time, quicker access to phone bankers, Straight-Through- Process for certain service requests, and the ability to book term deposits over the phone. The Bank is actively working on transforming this channel into a significant sales platform that would lead to further improvement in field-staff productivity. Furthermore, various initiatives are being implemented to enhance the overall customer experience.

The Bank is committed to offer customers a branch-like experience at their convenience by providing seamless banking services through branchless solutions. In fiscal year 2024, the Bank will introduce Video Banking services to cater to tech-savvy customers who prefer branchless banking. This service aims to enhance trust and confidence in the Bank by enabling face-to-face interactions through video calls. The Video Banking offerings will feature robust multi-layer authentication for security and will be accessible in multiple languages throughout To promote its products and services, the Bank extensively utilises the digital platform employing dedicated programmes that leverage analytics and customise messages to cater to specific target audiences. In addition, the Bank prioritises expanding its customer reach through neighbourhood transaction points, ensuring seamless service for customers who reside at a distance from the branches.

STRENGTHENING LIABILITY FRANCHISE, AND INCREASING OUR RETAIL BASE

The Bank's primary emphasis has been establishing a strong and sticky foundation of retail deposits to support its asset expansion. The Bank has observed promising and robust growth in its retail deposit base, including CASA (Current Account and Savings Account) deposits and customer acquisition. Anticipating the increase in interest rates, the Bank proactively implemented rate hikes earlier than its competitors. This strategic decision not only bolstered deposit momentum but also contributed to substantial growth in retail deposits for the Bank. Towards the second half of FY 2022-23, the Bank aimed at reducing interest rate premiums over larger peers and successfully reduced the same to a large extent. Consequently, the Bank managed to keep the cost of funds within control despite multiple REPO hikes. The Bank has established a robust foundation among traditional customer segments such as senior citizens, women, enterprises, and TASC (Trusts, Associations, Societies, and Clubs). Additionally, by prioritising digital products and employing a multi-channel approach, the Bank is actively expanding its customer base among newage segments, including young professionals, established investors, and tech-savvy entrepreneurs. With a strong emphasis on customer service, the Bank strives to uphold high standards to enhance customer satisfaction and foster long-term retention. To achieve this goal, the Bank consistently invests in technology and provides comprehensive training to its staff, ensuring that the quality of service remains at the forefront of the industry.

The Bank's primary focus will be on enhancing the sourcing mix of customer segments and product offerings. The Bank aims to fulfil a significant portion of its funding needs through Current Account Savings Account (CASA) deposits, recurring deposits, and fixed deposits while simultaneously establishing a reliable and enduring deposit base and attracting new customers. The Bank will encourage account utilisation by capitalising on its dedicated customer service and user-friendly digital channels to achieve this.

RESPONSIBLE BANKING FOR THE UNSERVED/ UNDERSERVED SEGMENTS

With a strong commitment to promoting financial inclusion for unserved and underserved segments, the Bank's focus is on fostering financial discipline among its customers. The bank will continue to educate and train them about the risks associated with excessive debt and multiple borrowings, and the advantages of saving in a bank and obtaining insurance products. Through the Bank's partnership with the Parinaam Foundation, it will offer financial literacy programmes to enhance financial awareness. Furthermore, the Bank is developing an AI platform to assist customers in fulfilling service requests and conducting basic transactions in their preferred language and channel. The Bank aims to encourage its customers to embrace digital channels, providing them with a cost-effective, convenient, secure, and seamless transaction experience.

DIVERSIFY REVENUE STREAMS, CONTROL COSTS

The Bank's primary focus is expanding its portfolio of financial solutions to augment its revenue streams, encompassing fee- and non-fund-based revenues. Leveraging its extensive banking outlet network, digital channels, diverse product and service portfolio, and large customer base, The Bank aims to enhance its fee and commission-based business. The Bank's treasury team adeptly trades and manages funds, capitalising on market opportunities. Additionally, the introduction of new products for institutional clients will contribute to fee income growth. The RBI's relief measures have categorised lending by SFBs to MFIs and various other segments as priority sector lending, enabling the Bank to exceed the mandated targets for priority sector advances. Furthermore, the trading of priority sector lending certificates will continue to serve as a significant source of fee income.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

GROWING CUSTOMER BASE

As on March 31, 2023, the Bank had 77 Lakh customers which is a growth of around 20% over 65 Lakhs a year ago. This growth was driven by both asset and liability customer growth. On the asset side, the Bank acquired around one Million customers during the year primarily driven by MicroBanking and Housing. On the liability side, the Bank's retail branch banking has been adding around 70,000 - 75,000 customers every quarter.

Key business and financial performance highlights of the material listed subsidiary 'Ujjivan Small Finance Bank Limited (USFB) (in I-GAAP):

- Gross advances at ₹ 24,085 Crores as on March 31, 2023 as against ₹ 18,162 Crores as on March 31, 2022; growth of 33% Y-o-Y
- Disbursement during FY 2022-23 was ₹ 20,037 Crores as against ₹ 14,113 Crores during FY 2021-22; growth of 42%
- Total deposit of ₹ 25,538 as on March 31, 2023 as against ₹ 18,292 as on March 31, 2022; grew by 40%
- CASA increased by 35% from ₹ 4,993 Crores in March 2022 to 6,744 Crores in March 2023
- 76.9 Lakhs customers in March 2023 as against 64.8 Lakhs customers in March 2022
- 42.5 Lakhs borrowers in March 2023 as against 37.9 Lakhs borrowers in March 2022
- CRAR of 25.8% in March 2023 as against 19.0% in March 2022
- Number of branches increased to 629 in March 2023 as against 575 in March 2022. Number of ATMs increased from 492 to 517 during FY 2022-23
- Total income increased to ₹ 4,754 Crores in March 2023 from ₹ 3,173 Crores in March 2022; an increase of 50%
- Net interest income grew to ₹ 2,698 Crores in March 2023 from ₹ 1,774 Crores in March 2022; an increase of 52%
- Profit after Tax (PAT) for FY 2022-23 is ₹ 1,100 Crores as against ₹ (415) Crores in FY 2021-22
- Return on Asset (ROA) for FY 2022-23 is 3.9% as against (1.9%) in FY 2021-22
- Return on Equity (ROE) for FY 2022-23 is 31.4% as against (13.8%) in FY 2021-22
- GNPA at 2.6% in March 2023 as against 7.1% in March 2022
- NNPA at 0.04% in March 2023 as against 0.6% in March 2022
- Cost to income ratio decreased to 54.8% in FY 2022-23 from 70.1% in FY 2021-22
- Cost of fund increased to 6.5% in March 2023 from 6.3% in March 2022, due to rise in interest rates
- 18th IBA Technology Conference, Expo & Awards - Payment and small finance bank category:-
  - Best IT Risk Management
  - Special Prize – Best AI&ML Adoption Bank
  - Special Prize – Best Fintech Collaboration
- India Fraud Risk Management Summit & Awards 2023: Best Transaction Fraud Monitoring & Decisioning
- IBSi Global FinTech Innovation Awards 2022: Best Risk Management Implementation Category: Best Project Implementation Most Impactful project
- 13th Aegis Graham Bell Awards: Winners in "Innovation in Consumer Tech" category for 'HELLO UJJIVAN' application

USFB - Key Ratios as on March 31, 2023

Particulars	FY 2022-23
Average Yield – across segment	18.4%
Cost of Funds (CoF)	6.5%
Net Interest Margin (NIM)	9.5%
Return on Assets (ROA)	3.9%
Return on Equity (RoE)	31.4%
Cost to income	54.8%
Capital Adequacy (CRAR)	25.8%
NNPA	0.04%
LCR	180%

HUMAN RESOURCES

Human resources have consistently served as one of the fundamental pillars of the Bank in the pursuit of its mission and vision. The FY 2022-23 once again demonstrated the significant advantages an organisation can reap by adopting an 'Employee First' approach. The Bank's unwavering trust in its employees was evident as it consistently surpassed its own quarterly goals, resulting in the most profitable year in the Bank's history. This success was further validated when the Bank was recognised as the 'Best SFB' by its employees in a survey conducted by the Great Place to Work Institute for the FY 2022-23. The bank also achieved a notable position in the Top 50 'Great Place to Work' in both the General Category and BFSI industry. In FY 2022-23, the Bank dedicated its efforts to enhancing holistic people development and strengthening organisational capabilities, aiming to provide a comprehensive growth experience for its employees. With a focus on progress, the organisation introduced a new grade structure that offers career growth opportunities based on consistent performance. Additionally, the implementation of a succession policy at the senior management level ensured smooth transitions and effective leadership within the Bank. Skill enhancement was another important area and a total of 17,870 employees were taken through various kinds of training and skill enhancement programmes. Flagship programmes for Branch managers in Branch Banking and Rural Banking and re-skilling programmes for people in Affordable housing, MSE departments, and Credit departments were carried out. On the behavioural training, Customer centricity was a programme that was initiated for branch level employees to improve their skills in providing a better customer experience. Additionally, improving the supervisory capabilities of the organisation has always been a critical task for the Bank. To address this, the Bank reintroduced firsttime supervisory skills training, accompanied by impact assessment programmes conducted before and after the training sessions. In order to instill risk ownership among branch supervisors, programmes on 'First Line of Defense' from risk were conducted for branch-level employees. The credit underwriting, vigilance, and audit teams also underwent annual re-skilling and certification programmes to ensure their proficiency and expertise. In the current year, significant attention was given to technical training for the IT, Digital Banking, and Human Resources teams. To enhance the technical skills of these departments, online training platforms such as Techacademy and SHRM partners were introduced. A blended of the E-learning platform within the Bank. A total of 35 E-learning courses were launched, including essential courses on the Code of Conduct, POSH (Prevention of Sexual Harassment), KYC (Know Your Customer), AML (Anti-Money Laundering), and Information Security. A well-rounded wellness programme for employees and their families was also an essential area for the Bank. The Bank introduced Emotional Wellness programmes for employees and their families. The re-introduction of free annual health check-ups for all employees and a discounted one for the staff families was done, and 300+ branches participated in the same. The Bank also ensured better employee insurance benefits and enhanced maternity benefits by 50%, introduced robotic and advanced benefits for cancer treatment, and increased the accidental medical expense limit by 67% for all employees. Apart from this, several online health awareness programmes on matters like road safety, cardiovascular disease, yoga awareness and benefits, and cervical cancer were done. A campaign on road safety awareness was carried out throughout the year, looking at road accidents contributing to a large number of accidents among employees. The Bank strongly upholds the principle of recognising hard work and dedication. In recognition of the employee's contributions to the Bank's turnaround in FY 2021-22, the Small Finance Bank Board and management made the decision to reward them. This announcement of a special annual pay-out (RLSP) generated significant excitement among the employees. Furthermore, in alignment with the core management value of wealth creation for employees, the bank issued a performancebased Employee Stock Ownership Plan (ESOP) in the third quarter. The Bank placed significant emphasis on a crucial aspect of people management, which is Listening and Transparent Communication. To facilitate this, an AI-Chatbot named Amber was introduced to collect real-time employee feedback and suggestions. The feedback is closely monitored at the Head of HR level, and appropriate corrective actions are taken. Forums like 'Chair pe Charcha' – meetings with the leadership team in the corporate office, 'Lunch with the Captain', an opportunity for employees to share lunch with the MD and CEO and have a discourse with him, townhalls throughout the year, and the flagship

INTERNAL CONTROLS AND RISK MANAGEMENT AT UJJIVAN FINANCIAL SERVICES LIMITED

Internal control systems and adequacy

The Company has implemented policies and procedures to ensure the smooth and efficient operation of its business. This includes adhering to the Company's policies, safeguarding its assets, maintaining accurate and complete accounting records, and preparing reliable financial information in a timely manner. Additionally, management conducts regular reviews of controls and takes necessary actions in response to potential changes.

Risk Management

The Company operates as a non-operating holding company with the primary objective of making investments in group companies in the form of securities and providing guarantees. It is also engaged in financial activities, including investment in bank deposits, money market instruments, government securities, and other activities permitted by relevant statutory authorities for core investment companies.

As the Bank is a separate listed entity, the Company maintains a distant oversight of the Bank's risk management practices. It expects the Bank's risk management committee to adopt the best risk practices, regularly review the risk management framework, and ensure compliance with risk parameters and regulations. The Company itself has a dedicated Risk Management Committee of the Board, which has formulated a comprehensive risk management policy outlining the committee's functions, implementation, and the role of the board.

BOARD'S REPORT

To the Members,

Your Directors are pleased to present the 19th Annual Report of Ujjivan Financial Services Limited together with the audited financial statements for the financial year ended March 31, 2023.

1. FINANCIAL RESULTS

The Directors' submit the Annual Report of Ujjivan Financial Services Limited (the "Company" or "Ujjivan") together with the audited financial statements for the financial year (FY) ended March 31, 2023.

(₹ in Crores)

Particulars	Standalone*		Consolidated*	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Operating Income	119	-	4,421	2,995
Other Income	8	7	257	97
Total Income	**127**	**7**	**4,679**	**3,092**
Less: Operational Expenses				
Personnel Expenses	1	1	930	822
Administrative & CSR Expenses	3	3	662	502
Finance Charges	-	-	1,493	1,071
Depreciation	0	0	163	155
Impairment Losses on Financial Instruments	-	-	(99)	846
Total Operational Expenses	**3**	**4**	**3,148**	**3,396**
Profit/(Loss) Before Tax	**124**	**3**	**1,531**	**(304)**
Less: Income tax	16	1	308	1
Less: Deferred tax	0	0	83	(74)
Profit/(Loss) After Tax	**108**	**2**	**1,140**	**(231)**

** as per Indian Accounting Standards (Ind-AS)*

2. DIVIDEND

In accordance with the Dividend Distribution Policy of the Company, the Company with the approval of its directors through their resolution passed on March 10, 2023 has declared and paid an interim dividend of ₹ 5 (50%) per equity share which translates to a Dividend Payout ratio of 56% for the FY 2022-23. The interim dividend amount of ₹ 61 Crores was distributed to the shareholders on March 28, 2023.

The Dividend Distribution policy of the Company is available on the Company's website and can be accessed from the link https://www.ujjivan.com/assets/web_pdfs/239/original/4.Dividend_Distribution_Policy_09022023.pdf

3. TRANSFER TO RESERVES

The Company transferred ₹ 22 Crores to Statutory Reserves. Transfer of 20% of the Profit after Tax to the statutory reserves is in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934.

4. CREDIT RATING

The Company has zero debt; hence no rating has been obtained from any rating agencies during the year.

5. CAPITAL REQUIREMENTS

Adjusted Net Worth of a CIC-ND-SI shall at no point of time be less than 30% of its aggregate risk weighted assets on balance sheet and risk adjusted value of off-balance sheet items as on the date of the last audited balance sheet as at the end of the financial year as per RBI CIC Master Directions.

The Company as of March 31, 2023 is in compliance with the below capital requirements and all other mandatory ratios as required under RBI CIC Master Directions:

Ratios	RBI Requirement	Actuals (%)
Adjusted Networth (ANW)	>30% of RWA	188.87%
Investment ratio	>90% of Net Assets	97.65%
Equity Investment Ratio	>60% of Net assets	110.27%
Leverage Ratio	<2.5 Times	0.00063

6. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with SEBI LODR Regulations, Management Discussion and Analysis Report and Corporate Governance Report together with the

Certificate thereon from the Independent Practicing Company Secretary is provided separately and forms part of this Directors' Report.

7. EXTRACT OF ANNUAL RETURN

The Annual Return of the Company as on March 31, 2023 in Form MGT - 7 in accordance with Section 92(3) of the Act read with the Companies (Management and Administration) Rules, 2014, is available on the website of our Company at https://www.ujjivan.com/annual-return.

8. NO. OF MEETINGS OF THE BOARD DURING THE FY 2022-23

During the Financial Year 2022-23, our Board has met 9 (nine) times and the meetings of our Board of Directors were held on April 18, 2022, May 19, 2022, June 23, 2022, August 04, 2022, October 14, 2022, November 11, 2022, February 09, 2023. March 10, 2023 and March 17, 2023. For further details, please refer to the Corporate Governance Report, which forms part of this report.

9. DIRECTORS RESIGNATION / APPOINTMENT / REAPPOINTMENTS / RETIRING DIRECTOR

(a) Re-appointment of director retiring by rotation

As per the provisions of the Companies Act, 2013, Mr. Narayan Anand (DIN: 02110727) retires by rotation at the ensuing 19th AGM and being eligible, seeks his re-appointment. The Board recommends his re-appointment. Please refer item no. 2 of the 19th AGM Notice for further details.

10. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors of the Company confirms and state that:

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in

(iv) accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(v) they have prepared the annual accounts on a going concern basis;

(vi) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and

(vii) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, audit of internal financial controls and the reviews performed by management and the audit committee of the board, the board is of the opinion that the Company's internal financial controls were adequate and effective during the FY 2022-23.

11. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations of independence from each of its Independent Directors under section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independent director envisaged in section 149 (6) of the Companies Act, 2013.

All Independent Directors have submitted the declaration of Independence, as required pursuant to Section 149(7) of the Act and including the added criteria prescribed under SEBI LODR Regulations, stating that they meet the criteria of Independence as provided in section 149(6) of the Companies Act, 2013 and they are not disqualified from continuing as Independent Directors of our Company.

In the opinion of the Board, all the Independent Directors meet the criteria with regards to integrity, expertise and experience as required under applicable laws.

The UFSL has also received from its directors a statement that they have complied with the Code of Conduct for Directors and Senior Management of the UFSL.

12. NOMINATION AND REMUNERATION POLICY

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 has formulated and adopted a nomination and remuneration policy which is disclosed on our website at the below link- https://www.ujjivan.com/mandatory-policies

13. STATUTORY AUDITORS

The Company had appointed Varma & Varma, Chartered Accountants (FRN - 004532S) as the Statutory Auditors of the Company for a term of 3 (three) consecutive financial years from 2021- 22 to 2023-24 with the approval of the shareholders in the 17th Annual General Meeting held on September 29, 2021.

14. EXPLANATIONS OR COMMENTS BY THE BOARD ON EVERY QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE –

(i) Statutory Auditor's Report

There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report for the FY 2022-23.

(ii) By the Company Secretary in practice in his secretarial audit report;

Secretarial Auditor

Mr. K. Jayachandran, Practicing Company Secretary (ACS No. 11309 and Certificate of Practice No. 4031) was appointed as the Secretarial Auditor of the Company to conduct secretarial audit of the Company for the year ended March 31, 2023 as required under Section 204 of the Companies Act, 2013 and the Rules made thereunder. The secretarial audit report for FY 2022-23 is appended as **"Annexure 1"** to the Board's Report.

As required under regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate secretarial audit report for the year ended March 31, 2023 given by the Secretarial Auditor Mr. K. Jayachandran, in the format as prescribed by SEBI in this regard is appended as **"Annexure 2"**

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark made by the Secretarial Auditor.

Further, Mr. K. Jayachandran, Practicing Company Secretary (ACS No. 11309 and Certificate of Practice No. 4031) has through his certificate dated May 18, 2023 has certified that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the Board / Ministry of Corporate Affairs or any such statutory authority. The said certificate is appended as **"Annexure 3"** to the Board's Report and should also form a part of the Corporate Governance Report of the Board as required under the SEBI Listing Regulations.

15. COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with the provisions of Secretarial Standards specified by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs under Section 118(10) of the Companies Act, 2013.

16. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

During the FY 2022-23, the Company has not given any loans and guarantees to any-body corporate and has not made any investment under Section 186.

17. TRANSACTION WITH RELATED PARTIES

Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Act in Form AOC-2.

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2023, which were not at arm's length basis.

Your Directors draw attention of the members to Note 26 to the standalone Financial Statements which sets out other related party disclosures.

All Related Party Transactions as required under Accounting Standards AS-18 are reported in Note 26 - Notes to Accounts of the Standalone financial statements of the Company.

18. THE STATE OF THE COMPANY'S AFFAIRS

The Company is registered with RBI as a Non Deposit taking Systemically Important Core Investment Company (NBFC-ND-SI-CIC). The Company is in compliance with the conditions of the Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 as amended. Prior to its conversion to a Core Investment Company, the Company was one of the largest microfinance institutions in the country. The conversion was done based on the stipulation of the Reserve Bank of India while approving the Company to set up the small finance bank business.

The Company is the promoter of 'Ujjivan Small Finance Bank Limited' (hereinafter referred to as "USFB/Bank") and being a CIC the Company has its investments primarily in USFB. The Company as on March 31, 2023 holds 73.67% equity in USFB and holds preference shares of ₹ 200 Crores.

19. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT;

Proposed Reverse Merger

Pursuant to the Guidelines for licensing of "Small Finance Banks" in the private sector issued by RBI on November 27, 2014 ("SFB Licensing Guidelines"), Ujjivan Financial Services Limited (UFSL) (Promoter of the Bank) was required to reduce its shareholding in the Bank to 40% of the paid-up Equity Share capital of the Bank within a period of five years from the date of commencement of business operations by the Ujjivan Small Finance Bank Limited' (hereinafter referred to as "USFB/Bank") i.e. by January 31, 2022 and thereafter required to reduce its shareholding in the Bank to 30% and 26% of its paid-up Equity Share capital within a period of 10 years and 12 years, respectively, from the date of commencement of the business operations.

RBI vide its letter dated July 09, 2021 permitted the Bank to apply for the amalgamation of holding company with small finance bank, in terms of provisions of Master Direction on Amalgamation of Private Sector Banks, Directions, 2016 dated April 21, 2016, Three (3) months prior to completing five years from the date of commencement of business of small finance bank.

Further, 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 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, were accepted by RBI without any modification vide its circular dated November 26, 2021.

Accordingly, the Bank has already initiated necessary steps for the reverse merger of Ujjivan Financial Services Limited with the Bank in accordance with applicable laws and guidelines. Merger of the Promoter entity with the Bank will suffice the requirement of promoter shareholding dilution.

The Bank submitted an application to SEBI on November 01, 2021 seeking their approval / exemption on the following:

- To relax three-year minimum promoter lock in requirements in the Bank under Regulation 16(1)(a) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 to the extent required to implement the Scheme of Amalgamation.
- For adopting proposed scheme of amalgamation as a method to achieve minimum public shareholding (MPS) by the Bank.

Subsequently, SEBI, vide its letter dated December 02, 2021 acceded to relax the three-year minimum promoter lock-in requirements in the Bank to the extent required to implement the Scheme soon after receiving final NCLT approval. However, SEBI advised the Bank to ensure compliance with MPS as prescribed by SEBI Circulars dated November 30, 2015 and February 22, 2018 and then proceed with the filing of the scheme documents with the exchanges.

Therefore, in order to achieve the aforesaid MPS, the Bank on September 15, 2022 allotted 22,61,90,476 equity shares by way of Qualified Institutions Placement (QIP), resultantly the promoter shareholding was brought down from 83.32% to 73.67%.

Basis the achievement of MPS the Bank's Board on October 14, 2022, considered and approved a Scheme of Amalgamation ("Scheme") between UFSL and the Bank and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. The following table highlights the progress made in the Reverse Merger process during the financial year:

BOARD'S REPORT (Contd.)

Sr	Process	Date
1.	Approval of the Scheme of Amalgamation by the Board of Directors of USFB and UFSL	October 14, 2022
2.	Filing of the Scheme and applications with the Stock Exchanges	October 19, 2022
3.	Filing of the Scheme with the RBI for its No-Objection Certificate	October 19, 2022
4.	Receipt of No-Objection Certificate from RBI by Ujjivan Small Finance Bank Limited	February 01, 2023
5.	Receipt of No-Observation Letters from the Stock Exchanges	March 09, 2023
6.	Filing of Joint Application with the Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench	March 29, 2023

The Company now awaits the directions / orders from the Hon'ble NCLT on the next course of action including holding of meetings of various stakeholders.

20. THE CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO, IN THE MANNER AS PRESCRIBED IN RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

Conservation of energy and technology absorption

Since the Company does not own any manufacturing facility, the particulars relating to conservation of energy and technology absorption are not applicable.

The Foreign Exchange earnings and outgo

There was no Foreign Exchange inflow and outflow during the year.

21. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company is a non-operating holding Company and its main objects are to carry on the business of making investments in group company(ies) in the form of securities and providing guarantees etc. and to carry on financial activities, whether in India or outside, in the nature of investment in bank deposits, money market instruments (including money market mutual funds and liquid mutual funds), government securities, and to carry on such other activities as may be permitted and prescribed by the relevant statutory authorities for core investment companies from time to time.

Since USFB is a listed entity, the Company can only have a distant oversight on the risk management practices adopted by USFB. The Company expects that the risk management committee of USFB adopts the best risk practices, reviews its risk management framework and verifies adherence to various risk parameters and compliances in the best possible way.

The Company has a duly constituted Risk Management Committee of the Board and has in place its risk management policy which highlights the functions, implementation and the role of the committee and the board. Please refer the Corporate Governance section for the composition and terms of reference of the Risk Management Committee.

22. CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) programs were started by the Company in the year 2010 much before it was made mandatory under the Companies Act, 2013.

During, the year, the Company identified a beneficiary named 'Chinchpada Christian Hospital situated at Chinchpada P.O., Navapur Taluk, Nandurbar District, Maharashtra - 425417, a registered charitable organisation.

The Company granted a sum of ₹ 5 Lakhs towards medical assistance for poor patients, which was predominantly utilised towards their surgery cost. Please refer the **"Annexure 4"** on Corporate Social Responsibility in the annual report for a detailed write up on the CSR activities of the Company during the year.

A brief outline of the company's CSR policy is disclosed on our website at the below link https://www.ujjivan.com/mandatory-policies

23. BOARD EVALUATION

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations") and SEBI guidance note on Board Evaluation.

Performance evaluation criteria for Board, Committees of the Board and Directors were adopted by the Nomination Committee of the Board at its meeting held on March 17, 2023. Evaluation formats and criteria of evaluation duly incorporated the criteria and other parameters as suggested by SEBI vide their guidance note on evaluation through their circular dated January 05, 2017.

The Board was evaluated comprehensively inter alia on the structure of the Board, competency, experience and qualifications of directors, diversity in board, regularity of the board meetings, effectiveness of board processes, independence of Board, information sharing and overall functioning of the Board.

The performance of the board was evaluated by the board after seeking inputs from all the directors on each of the above parameters of evaluation and the performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the above parameters of evaluation.

The Board committees were evaluated inter alia on the basis of their mandate, composition, attendance, functioning and independence.

Independent Directors' Evaluation of Non-Independent Directors

In a separate meeting of independent directors held on March 17, 2023, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board.

Performance of independent directors was evaluated by the entire board, excluding the independent director being evaluated and was satisfied that each of the independent director fulfills the independence criteria as specified in SEBI regulations and that they are independent of the management.

24. DETAILS AS REQUIRED UNDER RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

(i) The financial summary or highlights;

(₹ in Crores)

Particulars	Standalone*		Consolidated*	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Operating Income	119	-	4,421	2,995
Other Income	8	7	257	97
Total Income	**127**	**7**	**4,679**	**3,092**
Less: Operational Expenses				
Personnel Expenses	1	1	930	822
Administrative & CSR Expenses	3	3	662	502
Finance Charges	-	-	1,493	1,071
Depreciation	0	0	163	155
Impairment Losses on Financial Instruments	-	-	(99)	846
Total Operational Expenses	**3**	**4**	**3,148**	**3,396**
Profit/(Loss) Before Tax	**124**	**3**	**1,531**	**(304)**
Less: Income tax	16	1	308	1
Less: Deferred tax	0	0	83	(74)
Profit/(Loss) After Tax	**108**	**2**	**1,140**	**(231)**

** as per Indian Accounting Standards (Ind-AS)*

BOARD'S REPORT (Contd.)

(ii) Highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company during the period

'Ujjivan Small Finance Bank Limited' ("USFB") is a material listed subsidiary of the Company and is a small finance bank licensed by the RBI in terms of Section 22 of the Banking Regulation Act, 1949. USFB was incorporated on July 04, 2016 and commenced its operations as a small finance bank w.e.f. February 01, 2017. The Company as on March 31, 2023 holds 73.67% equity in USFB.

Pursuant to the provisions of section 129(3) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statements of the Company's subsidiaries in Form AOC-1 is annexed as **"Annexure 5"** to this report.

Key business and financial performance highlights of the material listed subsidiary 'Ujjivan Small Finance Bank Limited' (USFB) (in I-GAAP):

- Gross advances at ₹ 24,085 Crores as on March 31, 2023 as against ₹ 18,162 Crores as on March 31, 2022; growth of 33% Y-o-Y
- Disbursement during FY 2022-23 was ₹ 20,037 Crores as against ₹ 14,113 Crores during FY 2021-22; growth of 42%
- Total deposit of ₹ 25,538 as on March 31, 2023 as against ₹ 18,292 as on March 31, 2022; growth of 40%
- CASA increased by 35% from ₹ 4,993 Crores in March 2022 to 6,744 Crores in March 2023
- 76.9 Lakh customers in March 2023 as against 64.8 Lakh customers in March 2022
- 42.5 Lakh borrowers in March 2023 as against 37.9 Lakh borrowers in March 2022
- CRAR of 25.8% in March 2023 as against 19.0% in March 2022
- Number of branches increased to 629 in March 2023 as against 575 in March 2022. Number of ATMs increased from 492 to 517 during FY 2022-23
- Total income increased to ₹ 4,754 Crores in March 2023 from ₹ 3,173 Crores in March 2022; an increase of 50%
- Net interest income grew to ₹ 2,698 Crores in March 2023 from ₹ 1,774 Crores in March 2022; an increase of 52%
- Profit after Tax (PAT) for FY 2022-23 is ₹ 1,100 Crores as against ₹ (415) Crores in FY 2021-22
- Return on Asset (ROA) for FY 2022-23 is 3.9% as against (1.9%) in FY 2021-22
- Return on Equity (ROE) for FY 2022-23 is 31.4% as against (13.8%) in FY 2021-22
- GNPA at 2.6% in March 2023 as against 7.1% in March 2022
- NNPA at 0.04% in March 2023 as against 0.6% in March 2022
- Cost to income ratio decreased to 54.8% in FY 2022-23 from 70.1% in FY 2021-22
- Cost of fund declined marginally to 6.5% in March 2023 from 6.3% in March 2022, due to rise in interest rates
- 18th IBA Technology Conference, Expo & Awards - Payment and small finance bank category:-
  - o Best IT Risk Management
  - o Special Prize – Best AI&ML Adoption Bank
  - o Special Prize – Best Fintech Collaboration
- India Fraud Risk Management Summit & Awards 2023: Best Transaction Fraud Monitoring and Decisioning
- IBSi Global FinTech Innovation Awards 2022: Best Risk Management Implementation Category:- Best Project Implementation Most Impactful project

USFB - Key Ratios as on March 31, 2023

(₹ in Crores)

Particulars	FY 2022-23
Average Yield – across segment	18.4%
Cost of Funds (CoF)	6.5%
Net Interest Margin (NIM)	9.5%
Return on Assets (ROA)	3.9%
Return on Equity (RoE)	31.4%
Cost to income	54.8%
Capital Adequacy (CRAR)	25.8%
NNPA	0.04%
LCR	180%

The Company currently carries on financial activity business in the nature of investments in bank deposits or other permissible securities and investment in shares of subsidiary and derives its value primarily from its investments in the Bank. The Bank contributes 99.78% of the consolidated total income of the Group.

(iii) The change in the nature of business, if any;

There is no change in the nature of the business of the Company during the FY 2022-23. The Company continues to be a Non Deposit taking Systemically Important Core Investment Company (NBFC-ND-SI-CIC).

(iv) The details of directors or key managerial personnel who were appointed or have resigned during the year;

Sr.	Name	Designation	DIN /PAN	Date of Appointment/ Change/ Cessation	Reason
1.	Mr. Radhakrishnan Ravi	CEO & CFO	ADSPR7011F	April 19, 2022	Appointment

(v) The names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year;

None

(vi) Deposits from public

During the year, the Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

However, the subsidiary of the Company 'Ujjivan Small Finance Bank Limited' which is a Small Finance Bank has outstanding deposits of ₹ 25,538 Crores as on March 31, 2023.

(vii) The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;

None

(viii) The details in respect of adequacy of internal financial controls (IFC) with reference to the Financial Statements

In respect of internal financial control, the Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the timely prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

Further, the management regularly reviews the control for any possible changes and takes appropriate actions.

25. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

As required under Section 124 of the Act, there were no amounts were transferred during the Financial Year 2022-23, to the Investor Education and Protection Fund established by the Central Government.

26. DETAILS OF LOANS FROM DIRECTORS AND THEIR RELATIVES:

During the financial the Company has not taken any loans from the Directors and their relatives of the Company.

27. CHANGE IN THE SHAREHOLDING OF THE COMPANY:

During the financial year there were no changes in the share Capital of the Company.

28. DETAILS IN RESPECT OF FRAUDS REPORTED BY THE AUDITORS UNDER SECTION 143(12) OF THE COMPANIES ACT 2013:

There have been no frauds reported by the auditors pursuant to Section 143 (12) of the Companies Act, 2013.

29. ESOP RELATED & OTHER DISCLOSURES

(i) Details of equity shares with differential rights

The Company has not issued any equity shares with differential rights during the year

(ii) Details of sweat equity shares issued

The Company has not issued any sweat equity shares during the year

(iii) Details of employee stock option scheme

The Company has established Employee Stock Option Plan (ESOP) for compensation to its employees, being ESOP 2006, ESOP 2007, ESOP 2008, ESOP 2010, MD-ESOP 2010 and ESOP 2015.

As on March 31, 2023, only ESOP 2015 scheme is active.

ESOP 2015

The ESOP 2015 pool comprises of 65,79,899 options which includes the original pool of 47,82,129 options and 17,97,770 options added from the lapsed options of ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

As on March 31, 2023, out of the 55,15,880 options granted, 8,28,182 options has been exercised, 39,14,746 options are lapsed, 7,72,952 vested options are unexercised and there is no option left to be vested. The Board (including its authorised committee) has been authorised by the shareholders to include the lapsed / cancelled options under its ESOP 2010 and ESOP 2015 back to the pool of ESOP 2015 and that the Board is hereby authorised to grant such added back options to its eligible employees (which includes the employees of its subsidiary).

The vesting period for the options granted under ESOP 2015 is for a period of three years as under:

Tranche	Year of Grant	Options Granted	Year 1	Year 2	Year 3
ESOP 2015 (Tranche 1)	2015	1,469,800	34%	33%	33%
ESOP 2015 (Tranche 2)*	2016	1,696,850	33%	33%	34%
ESOP 2015 (Tranche 3)	2018	2,337,670	34%	33%	33%
ESOP 2015 (Tranche 4)	2018	11,560	34%	33%	33%
Total		5,515,880			

** Post IPO, options were granted subsequent to the ratification of the shareholders*

No options were granted by the Company during the FY 2022-23.

The ESOP 2015 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOP Regulations), the Companies Act, 2013, and is implemented in accordance with guidance notes issued by ICAI and the relevant accounting standards.

Revisions in the ESOP Schemes during the Year

None;

ESOP Schemes Compliance Status

The ESOP 2015 is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOP Regulations) and the Companies Act, 2013. The Company has received a certificate from the Secretarial Auditors of the Company certifying that ESOP 2015 Scheme of the Company is being implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and is in accordance with the resolutions passed by the Members of the Company at a general meeting. The certificate enclosed as **Annexure 6**

The ESOP Schemes are implemented in accordance with guidance notes issued by ICAI and the relevant accounting standards.

The weighted average fair value of the share options granted during the financial year ended March 31, 2023 and March 31, 2022 is Nil. Options were priced using Black and Scholes Model. Vested ESOPs can be exercised within three years from their corresponding dates of vesting. Vested ESOPs can be exercised between the dates of vesting and on or before option expiry dates. 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. While the Company has been listed since 2016, the period of listing up to the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies has been considered for the purposes of valuation.

ESOP arrangement with subsidiary

With effect from February 01, 2017, the business undertaking of the Company was transferred to USFB and all the employees of the Company except few identified personnel have been transferred to USFB as part of the transfer of the business undertaking. This has resulted in the transfer of options from the employees of the Company to the employees of USFB. As per Ind AS 102 Share-based Payment, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. Pursuant to management decision, Impact of Ind AS 102 on account of options granted to the employees of subsidiary is treated as deemed investment in subsidiary in the Company's books.

Administration of ESOP Schemes

The Governance, Nomination and Remuneration Committee of the Board administer the Employee Stock Option Schemes, formulated by the Company from time to time.

Mandatory ESOP Disclosures

Disclosures as required under Section 62 of the Companies Act, 2013 (to be read with Rule 12 of the Companies (Share Capital and Debenture) Rules, 2014, and SEBI ESOP Regulations:

Sr.	Particulars	March 31, 2023
1.	Number of options granted and outstanding at the beginning of the year (A)	16,80,888
2.	Number of options granted during the year (B)	Nil
3.	Number of options vested during the year	Nil
4.	Number of options exercised during the year	Nil
5.	Number of shares arising as a result of exercise of options (C)	Nil
6.	Money realised during the year by exercise of options (in ₹)	Nil
7.	Number of options Forfeited/Expired during the year (D)	907,936
8.	The exercise price of the outstanding options (in ₹)	385.05
9.	Number of options granted and in force at the end of year = (A)+(B)-(C)-(D)	772,952
10.	Weighted average of remaining contractual life (years) at the year end	0.37
11.	Variation of terms of the options	None

** Please refer to note 25 of the standalone financials for further details on ESOP data*

Options Granted to Key Managerial Personnel (KMP) during the year

No option was granted to any of the KMP or to any other employee of the Company or its subsidiary (USFB) during the year.

However, USFB on January 27, 2023 has granted its stock options to below KMP of the Company to be vested in 4 years i.e. 20% each in in first 2 years and 30% each in next 2 years.

Employee Name	Designation	Options granted	Exercise Price (in ₹)
Shashidhara S	Company Secretary	27221	27.5

Any other employee who receives a grant of options in any one year of options amounting to five percent or more of options granted during that year:

- None

Identified employees who were granted options during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

- None

BOARD'S REPORT (Contd.)

30. VIGIL MECHANISM

The Company in compliance with Section 177 of the Companies Act, 2013 has a duly constituted Audit Committee of the Board. The composition of the Audit Committee is as under:

Sr. No.	Directors	Designation
1.	Mr. Sunil Vinayak Patel	Chairman (Independent Director)
2.	Mr. K.R. Ramamoorthy	Independent Director
3.	Ms. Mona Kachhwaha	Independent Director
4.	Mr. Samit Ghosh	Non-Independent, Non-Executive

Please refer to the Section on Corporate Governance for further details on the Board Committees.

Further in compliance to Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, the Company has established a Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy. The Company has a vigil mechanism process wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to the whistle and ethics officer of the Company. Further, this policy also specifically enables the employees of the Company and those of its subsidiary to report instances of any leak of unpublished price sensitive information by the employees of the Company and its subsidiary to any outsider which is not for legitimate business purposes. This is to ensure the compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015 and Code of Conduct for Prevention of Insider Trading of the Company.

Name and Address of the Whistle and Ethics Officer

Mr. Shashidhara S – Company Secretary and Compliance Officer

Ujjivan Financial Services Limited

Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bangalore – 560095, Karnataka

Email- shashidhara.s@ujjivanfin.com

Protected Disclosure against the Whistle and Ethics Officer in the absence of the Managing Director should be addressed to the Chairman of the Company and the Protected Disclosure against the Chairman of the Company should be addressed to the Chairman of the Audit Committee.

Name and Address of the Chairman of the Company:

Mr. Samit Ghosh

Ujjivan Financial Services Limited

Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bangalore – 560095, Karnataka

Email: samit.ghosh@ujjivanfin.com

Name and Address of the Chairman (Audit Committee):

Mr. Sunil Vinayak Patel

G-1, Avant Garde 193, 6th Main Road, Defence Colony, Indiranagar, Bengaluru 560038, Karnataka

Email: cpcon.blr@gmail.com

The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice

The whistle blower policy of the Company is disclosed on our website at the below link- https://www.ujjivan.com/mandatory-policies

31. REMUNERATION DETAILS OF DIRECTORS, KMPS, EMPLOYEES

<table>
<tr><th>Sr.</th><th>Particulars</th><th colspan="2">Disclosures</th></tr>
<tr><td>1.</td><td>The ratio of the remuneration of each Whole time director to the median remuneration of the employees of the company for the financial year</td><td colspan="2">Not applicable since the Company does not have a whole time director</td></tr>
<tr><td rowspan="3">2.</td><td rowspan="3">The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year</td><td>KMP</td><td>% increase in remuneration</td></tr>
<tr><td>Mr. Radhakrishnan Ravi</td><td>NIL</td></tr>
<tr><td>Mr. Shashidhara S</td><td>12.6%</td></tr>
<tr><td>3.</td><td>The percentage increase in the median remuneration of employees in the financial year;</td><td colspan="2">12.6% increase in the median remuneration (only one employee received an increase in remuneration for FY2022-23).</td></tr>
<tr><td>4.</td><td>The number of permanent employees on the rolls of company as on March 31, 2023</td><td colspan="2">3</td></tr>
</table>

Sr.	Particulars	Disclosures
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the salaries of employees (other than managerial personnel) was Nil and the average increase in the managerial remuneration during the last financial year was 12.6%.
6.	Affirmation that the remuneration is as per the remuneration policy of the company	Yes

A statement showing the name of every employee of the company other than disclosed above, who-

a. if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one Crore and two Lakhs rupees;

- None

b. if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight Lakhs and fifty thousand rupees per month;

- None

c. if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

- None

Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

The names of the top ten employees in terms of remuneration drawn:

The Company during the year ended March 31, 2023 had only the following employees:

Sr.	Particulars	Radhakrishnan Ravi	Shashidhara S.	Aakash Jaiswal*
i.	Designation	Chief Executive Officer & Chief Financial Officer	Company Secretary and Compliance Officer	Manager – Investor Relations
ii.	Remuneration received	3,420,000	2,084,960	318,139
iii.	nature of employment, whether contractual or otherwise;	Permanent	Permanent	Permanent
iv.	qualifications and experience of the employee	CA, B.Sc (Maths), Member of The Institute of Internal Auditors, Florida, USA 35+ years' experience	CS, LLB, M.Com 14+ years' experience	MBA (Finance) 5 years' experience
v.	date of commencement of employment	April 19, 2022	November 01, 2017	January 23, 2023
vi.	the age of such employee	60	37	31
vii.	the last employment held by such employee before joining the company	Calega Resources Investment LLC	GMR Ose Hungund Hospet Highways Pvt Ltd.	State Bank of India, Ujjivan Financial Services Limited
viii.	the percentage of equity shares held by the employee in the company	0.00%	0.00%	0.00%
ix.	whether any such employee is a relative of any director or manager of the company	No	No	No

** Joined w.e.f January 23, 2023*

32. BUSINESS RESPONSIBILITY SUSTAINABILITY REPORTING ("BRSR")

The Board of the Company in its meeting held on May 18, 2023 has approved the Business Responsibility Sustainability Report ("BRSR") of the Company as stipulated under Regulation 34 (as amended) of SEBI Listing Regulations which mandates that top 1000 listed companies based on market capitalisation as on March 31 should include its BRSR in its Annual Report. The Company is ranked 615 in the list as on March 31, 2023.

A copy of the BRSR is appended as **"Annexure 7"** and has also been hosted on the website of the Company at www.ujjivan.com and can be accessed from the link below https://www.ujjivan.com/mandatory-policies

Compliance of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has only 2 employees as on March 31, 2023 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is not applicable.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

a. Number of complaints filed during the year : Nil

b. Number of complaint dismissed during the year : Nil

c. Number of complaint pending as on end of the financial year: Nil

Other disclosures

- The Company is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof: Not Applicable
- There are no applications made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year.

Green Initiatives

Electronic copies of the Annual Report for the FY 2022-23 and the Notice of the 19th AGM are being sent to all the members whose email addresses are registered with the Company / Depository Participants. As per the relaxation given by SEBI on account of Covid situation, physical copies of the Annual Report are not being sent to members who have not registered their email address with their depositories.

Acknowledgement

Your Directors wishes to gratefully acknowledge the assistance and guidance received from the RBI, ROC, Investors, Banks, Auditors, Lawyers, Accountants, Vendors, Partner NGOs, Institutions and Foundations and Government Authorities and all our well-wishers. The Board also wishes to place on record their warm appreciation for the creative and dedicated efforts of staff at all levels.

For and on behalf of the Board of Directors

Samit Ghosh
Chairperson
DIN: 00185369

Sunil Vinayak Patel
Independent Director (Audit Committee Chairman)
DIN: 00050837

Date: May 18, 2023
Place: Bangalore

"ANNEXURE 1"

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

UJJIVAN FINANCIAL SERVICES LIMITED

Grape Garden, No. 27, 3rd 'A' Cross,

18th Main, 6th Block, Koramangala,

Bangalore, KA - 560095

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **UJJIVAN FINANCIAL SERVICES LIMITED having CIN: L65999KA2004PLC035329** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts, statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2023 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment and there was no Overseas Direct Investment and External Commercial Borrowing during the Audit Period;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period);

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

  (d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable to the Company during the Audit Period);

  (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(Not applicable to the Company during the Audit Period);

  (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

  (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Company during the Audit Period); and

  (i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018 (Not applicable to the Company during the Audit Period).

(vi) Following laws, Norms and Directions as applicable specifically to Core Investment Company(CIC):

  (a) Reserve Bank of India Act, 1934;

  (b) Master Directions - Core Investment Companies (Reserve Bank) Directions, 2016;

  (c) Core Investment Companies – Overseas Investments (Reserve Bank) Directions, 2012;

(d) Master Circular– Regulatory Framework for Core Investment Companies (CICs);

(e) Master Directions - Non-Banking Financial Company Returns (Reserve Bank) Directions, 2016;

(f) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 and Modifications thereof; and

(g) All the Rules, Regulations, Directions, Guidelines and Circulars including Master Directions, issued by the Reserve Bank of India, as amended from time to time.

I have also examined compliance with the applicable clauses of the following:

(i) The Listing Agreement entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd.; and

(ii) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, etc., mentioned above and labour laws.

I further report that:

Based on the information provided by the Company, its officers and authorised representatives, during the conduct of the audit and also on the review of the details, records, documents and papers provided, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and to ensure compliance with applicable general laws like Labour Laws, Competition Law and Environmental Law.

The compliance of applicable Financial Laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same have been subject to review by statutory financial auditors and other designated professionals.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including Women Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance and independent director was present wherein the Board meetings were held at a shorter notice to transact urgent matters and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions were carried out with requisite majority and the dissenting members' views are captured and recorded as part of the minutes.

There were adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

I further report that during the Audit Period:

1. The Company has entered into related party transactions on arm's length basis with Ujjivan Small Finance Bank Limited (CIN: L65110KA2016PLC142162), a material listed Subsidiary and the Company has obtained necessary approvals from the Audit Committee and the Board of Directors.

2. The Board has appointed Mr. Radhakrishnan Ravi as Chief Executive Officer (CEO) and Chief Financial Officer (CFO) and designated him as Key Managerial Personnel of the Company w.e.f. April 19, 2022.

3. The Company ("the Holding Company"/the Transferor Company") and Ujjivan Small Finance Bank Limited (CIN: L65110KA2016PLC142162) ("the Bank"/ "the Subsidiary Company"/ "Transferee Company") have made joint application before Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench on March 29, 2023 under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 seeking directions from the NCLT on convening meetings of Equity Shareholders and other relevant stakeholders of the aforesaid companies for Amalgamation of the Company into and with Ujjivan Small Finance Bank Limited and the Company has obtained necessary approvals from Board of Directors and No-Objection Letters from Reserve Bank of India, National Stock Exchange of India Ltd. and BSE Ltd.

4. During the period under review, there was an instance of violation of the "Code of Conduct for Prevention of Insider Trading of Ujjivan Financial Services Limited" ("Code"), wherein the designated Person (DP) has inadvertently carried on Contra

trade by selling the shares during the restricted period of 6 months from date of purchase, which resulted in violation of the Code. The Company has obtained explanations from the designated Person and cautioned the DP not to repeat such violation of the Code in future and to issue clear directive to his Portfolio Management Services (PMS) not to trade in the Company stock without written approval and has given necessary instructions to him. Subsequently this instance of violation was brought to the notice of the Chairman of Audit Committee and also timely reported to the concerned authorities in terms of applicable provisions the SEBI Insider Trading Regulations and circulars issued thereunder.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

K. Jayachandran
Company Secretary
ACS No.: 11309/**CP No.:** 4031
UDIN: A011309E000331508
Peer Review No: 784/2020

Date: May 18, 2023
Place: Bengaluru

ANNEXURE A

To,
The Members,
UJJIVAN FINANCIAL SERVICES LIMITED
Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bangalore, KA - 560095

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

K. Jayachandran
Company Secretary
ACS No.: 11309/**CP No.:** 4031
UDIN: A011309E000331508
Peer Review No: 784/2020

Date: May 18, 2023
Place: Bengaluru

"ANNEXURE 2"

Secretarial Compliance Report
of Ujjivan Financial Services Limited

For the year ended March 31, 2023

(Pursuant Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Board of Directors,
UJJIVAN FINANCIAL SERVICES LIMITED
Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bangalore, KA - 560095

I, K. Jayachandran, Company Secretary in Practice have examined:

(a) all the documents and records made available to me and explanation provided by UJJIVAN FINANCIAL SERVICES LIMITED (CIN: L65999KA2004PLC035329) ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) the website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended March 31, 2023 ("Review Period") in respect of compliance with the provisions of:

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/guidelines issued thereunder, have been examined, include:-

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Listed Entity during the Review Period);

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable to the Listed Entity during the Review Period);

(e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Listed Entity during the Review Period);

(g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Listed Entity during the Review Period); and

(i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018 (Not applicable to the Listed Entity during the Review Period).

"ANNEXURE 2" (Contd.)

and circulars/guidelines issued thereunder; and based on the above examination, I hereby report that, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars, guidelines issued thereunder, except in respect of matters specified below:-

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	NIL	NA	NA	NA	NA	NA	NA	NA	NA	NA

(b) The listed entity has taken the following actions to comply with the observations made in previous reports:

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Regulation/ Circular No.	Deviations	Action Taken by	Type of Action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
1.	NIL	NA	NA	NA	NA	NA	NA	NA	NA	NA

(c) I hereby certify that the listed entity has complied with the requirements as mentioned in 6(A) and 6(B) of Circular No. CIR/CFD/CMD1/114/2019 dated October 18, 2019 issued by the Securities and Exchange Board of India on "Resignation of Statutory Auditors from listed entities and their material subsidiaries".

(d) During the period under review, there was an instance of violation of the "Code of Conduct for Prevention of Insider Trading of Ujjivan Financial Services Limited" ("Code"), wherein the designated Person (DP) has inadvertently carried on Contra trade by selling the shares during the restricted period of 6 months from date of purchase, which resulted in violation of the Code. The Company has obtained explanations from the designated Person and cautioned the DP not to repeat such violation of the Code in future and to issue clear directive to his Portfolio Management Services (PMS) not to trade in the Company stock without written approval and has given necessary instructions to him. Subsequently this instance of violation was brought to the notice of the Chairman of Audit Committee and also timely reported to the concerned authorities in terms of applicable provisions the SEBI Insider Trading Regulations and circulars issued thereunder.

(e) Additional affirmations as per the Circulars issued by Bombay Stock Exchange Ltd. ('BSE'), dated April 10, 2023 and National Stock Exchange of India Circular Ref No: NSE/CML/ 2023/21 dated March 16, 2023 are as follows:

Sr. No.	Particulars	Compliance Status Yes/No/ NA	Observations/Remarks
1.	Secretarial Standard: The compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries India (ICSI).	Yes	
2.	Adoption and timely updation of the Policies: • All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entity. • All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/ circulars /guidelines issued by SEBI.	Yes Yes	

"ANNEXURE 2"

Sr. No.	Particulars	Compliance Status Yes/No/ NA	Observations/Remarks
3.	Maintenance and disclosures on Website: • The Listed entity is maintaining a functional website. • Timely dissemination of the documents/ information under a separate section on the website. • Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website.	Yes Yes Yes	
4.	Disqualification of Director: None of the Directors of the Company are disqualified under Section 164 of Companies Act, 2013.	Yes	
5.	To examine details related to Subsidiaries of listed entities: (a) Identification of material subsidiary companies. (b) Requirements with respect to disclosure of material as well as other subsidiaries.	Yes Yes	
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015.	Yes	
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations.	Yes	The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees once in a year as per the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013.
8.	Related Party Transactions: (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions. (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ ratified/rejected by the Audit committee.	Yes	
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015.	Yes	

"ANNEXURE 2" (Contd.)

Sr. No.	Particulars	Compliance Status Yes/No/ NA	Observations/Remarks
11.	Actions taken by SEBI or Stock Exchange(s), if any: No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder.	Yes	
12.	Additional Non-compliances, if any: No any additional non-compliance observed for all SEBI regulations/circulars/ guidance notes etc.	Yes	

K. Jayachandran
Company Secretary
ACS No.: 11309/**CP No.:** 4031
UDIN: A011309E000331541
Peer Review No: 784/2020

Place: Bengaluru
Date: May 18, 2023

"ANNEXURE 3"

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

UJJIVAN FINANCIAL SERVICES LIMITED

Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block,

Koramangala, Bangalore, KA - 560095

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **UJJIVAN FINANCIAL SERVICES LIMITED** having CIN **L65999KA2004PLC035329** and having Registered Office at **Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru – 560 095, Karnataka** (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **March 31, 2023** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN (Director Identification Number)	Date of appointment in Company
01.	Mr.Sunil Vinayak Patel	00050837	February 11,2021
02.	Mr.Kuttalam Rajagopalan Ramamoorthy	00058467	December 28,2004
03.	Mr.Samit Kumar Ghosh	00185369	April 01,2020
04.	Mrs.Mona Kachhwaha	01856801	September 22,2019
05.	Mr.Narayan Anand	02110727	May 01,2019
06.	Renzo Christopher Viegas	07560087	December 17,2021

Ensuring the eligibility of, for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

K. Jayachandran
Company Secretary
ACS No.: 11309/**CP No.:** 4031
UDIN: A011309E000331651
Peer Review No: 784/2020

Place: Bengaluru
Date: May 18, 2023

"ANNEXURE 4"

Annual Report on CSR Activities

1. A brief outline of the CSR Policy of the Company

The Company constantly strives to ensure strong corporate culture which emphasises on integrating CSR values with business objectives directly or indirectly through its CSR partner Parinaam Foundation. It pursues initiatives to eradicate hunger poverty; promoting preventive health care and making available safe drinking water; promoting education, including special education, employment enhancing vocational skill training for women, promoting gender equality , programs for empowering women and projects for environmental protection.

CSR KEY INITIATIVES: FY 2022-23

During the year, Ujjivan has undertaken its CSR responsibilities by identifying a hospital, a charitable organisation pro bono by our CSR partner Parinaam Foundation with a focus to provide subsidised medical aid to promote social welfare by providing financial assistance to the economically weak and affected communities.

Brief note on the work undertaken by the Company:

During, the year, the Company identified a beneficiary named 'Chinchpada Christian Hospital situated at Chinchpada P.O., Navapur Taluk, Nandurbar District, Maharashtra - 425417, a registered charitable organisation, with assistance of its CSR partner Parinaam Foundation.

The Company granted a sum of ₹ 5 Lakhs towards medical assistance for poor patients, which was utilised towards their surgery cost.

2. The Composition of the CSR Committee

The CSR Committee has been dissolved by the Board wef November 15, 2021 since the amount which the Company need to spend does not exceed ₹ 50 Lakhs during the current year and the requirement for constitution of the CSR Committee shall not be applicable as per Companies Act 2013, the functions of such CSR Committee be discharged by the Board of Directors.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

https://www.ujjivan.com/mandatory-policies

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Not applicable, as donation is below ₹ 50 Lakh

5. a) Average net profit of the company as per sub-section (5) of section 135:

Financial Year	2019-20	2020-21	2021-22
Profit before Tax (less: Dividend Income)	(81.57)	388.69	301.04
Average for last three FYs		202.72	

b) Two percent of average net profit of the company as per sub-section (5) of section 135:

₹ 4.05 Lakhs

c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years:

Nil

d) Amount required to be set-off for the financial year, if any:

Nil

e) Total CSR obligation for the financial year [(b)+(c)-(d)]:

₹ 4.05 Lakhs

6. a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).

(i) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/ No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	-	-	-	-		-	-	-	-	-	-	
	Total											

(ii) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/ No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1	Grant to Hospital	Healthcare	No	Maharashtra	Nandurbar	500,000	No	Chinchpada Christian Hospital	CSR00033564
	Total					500,000			

b) Amount spent in Administrative Overheads - NA

c) Amount spent on Impact Assessment, if applicable - NA

d) Total amount spent for the Financial Year (a+b+c) ₹ 500,000

e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
₹ 500,000	-	-	-	-	-

f) Excess amount for set-off, if any

Sl. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹ 405,000
(ii)	Total amount spent for the Financial Year	₹ 500,000
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹ 95,000
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

"ANNEXURE 4" (Contd.)

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under subsection (6) of section 135 (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)*	Deficiency, if any
					Name of the Fund	Amount (in ₹)	Date of transfer.		
1.	FY-1	--	--	--	--	--	--	--	--
	FY-2								
	FY-3								
	Total			--				--	

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

○ Yes ● No

If Yes, enter the number of Capital assets created/ acquired:

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
NA							

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). Not applicable

For Ujjivan Financial Services Limited

Mr. Samit Ghosh
Chairman – Non Executive Director
DIN: 00185369

"ANNEXURE 5"

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

1.	**Sl. No**	**1**
2.	Name of the subsidiary	Ujjivan Small Finance Bank Limited
3.	The date since when subsidiary was acquired	July 04, 2016
4.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A
5.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹
6.	Share capital	21,54,70,66,250
7.	Reserves and surplus	20,54,40,04,686
8.	Total assets	3,33,16,87,75,334
9.	Total Liabilities	3,33,16,87,75,334
10.	Investments	85,10,30,75,450
11.	Turnover	47,54,18,56,767
12.	Profit before taxation	14,67,23,76,489
13.	Provision for taxation	3,67,31,59,489
14.	Profit after taxation	10,99,92,17,000
15.	Proposed Dividend	97,73,53,313
16.	Extent of shareholding (in percentage):	

"ANNEXURE 6"

To

The Board of Directors,

UJJIVAN FINANCIAL SERVICES LIMITED

CIN: L65999KA2004PLC035329

Grape Garden, No.27, 3rd 'A' Cross,

18th Main 6th Block, Koramangala

Bangalore – 560095

Certificate as per Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021.

Based on my examination and according to the information and explanations given to me, I certify that the Company has implemented the Scheme called **"Ujjivan Employee Stock Option Plan 2015"** in accordance and compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (now Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021) and the Companies Act, 2013 with the Regulations and accordance with the resolutions passed by the Members of the Company at a general meeting.

This Certificate is addressed and provided to the Board of Directors of the Company pursuant to Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 solely for the purpose of placing it before the Board of Director at their meeting and should not be used by any other person or for any other purpose. As prescribed under the SEBI Regulations, this report will also available for inspection by Shareholders of the Company during Annual General Meeting.

K. Jayachandran
Company Secretary
ACS No.: 11309/**CP No.:** 4031
UDIN: A011309E000428847

Date: May 30, 2023
Place: Bengaluru

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company continues to recognise its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices.

Ujjivan has been balancing its dual objectives of "social" and "financial goals since its inception. "Responsible financing", "ethical values" and "transparency in all its dealings" with all its stakeholders have been the cornerstone of its operations. Transparency in the decision making process has been providing comfort to all stakeholders, particularly the shareholders.

2. BOARD OF DIRECTOR'S

The Company is in compliance with the corporate governance provisions, as contained under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 **("SEBI Listing Regulations")**, the Companies Act, 2013 and Reserve Bank of India Master Directions applicable to NBFC-CIC, in connection with the following:

a. the Board of Directors (the **"Board"**);

b. the independent directors on the Board;

c. the Audit Committee;

d. the Stakeholders Relationship Committee;

e. the Governance, Nomination and Remuneration Committee; and

f. the Risk Management Committee

g. IT Strategy Committee

i. As on March 31, 2023, the Board of Directors of the Company consists of 6 (six) directors out of which 4 (four) are Independent Directors and 2 are Non-Executive Non-Independent Directors. All 4 (four) Independent Directors meets the eligibility criteria as required under SEBI Listing Regulations and the Companies Act, 2013. The Board of Directors of the Company has one woman independent director Ms. Mona Kachhwaha;

ii. As on March 31, 2023, the Company does not have any Managing Director or a Whole-Time Director. Mr Radhakrishnan Ravi was appointed as CEO & CFO w.e.f. April 19, 2022.

iii. During the Financial Year 2022-23, our Board has met 9 (nine) times and the meetings of our Board of Directors were held on April 18, 2022, May 19, 2022, June 23, 2022, August 04, 2022, October 14, 2022, November 11, 2022, February 09, 2023. March 10, 2023 and March 17, 2023. There has not been a time gap of more than 120 days between any two meetings of the Board;

iv. No Director is related to each other;

v. Not less than one-half of the board of directors of the Company comprise of non-executive directors;

vi. Every director has duly informed the Company about the committee positions he/she occupies in other Companies;

vii. None of the directors of the Company is a member of more than ten committees, across all public limited companies in which he/she is a director; and

viii. None of the directors of the Company is a chairman of more than five committees across all public limited companies in which he/she is a director.

ix. None of the directors of the Company is a director in more than 8 (eight) listed entities and no independent director of the Company serves as an independent director in more than 7 (seven) listed entities.

x. During the year, a separate meeting of independent directors was held on March 17, 2023. The Independent Directors *inter alia*, reviewed the performance of non-independent directors, Chairman and the Board as a whole.

xi. The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company.

xii. The details of the familiarisation programme of the Independent Directors are available on the website of the Company https://www.ujjivan.com/mandatory-policies

CORPORATE GOVERNANCE REPORT (Contd.)

xiii. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2023 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and Companies under Section 8 of the Companies Act, 2013. Chairmanships/ Memberships of Board Committees include Audit Committee and Stakeholders Committee only.

Name of the Director	Category	Number of Board Meetings during the Year 2022-23		Whether attended last AGM held on September 02, 2022	Number of Directorships in other Public Companies		No of Committee positions held in other Public Companies	
		Held during their tenure	Attended		Chairman	Member	Chairman	Member
Mr. Samit Ghosh DIN: 00185369	Non-Executive Chairman	9	8	Yes	-	-	-	-
Mr. K.R. Ramamoorthy DIN: 00058467	Independent Director	9	9	Yes	-	3	2	1
Ms. Mona Kachhwaha DIN: 01856801	Independent Director	9	9	Yes	-	2	-	3
Mr. Sunil Vinayak Patel DIN: 00050837	Independent Director	9	9	Yes	-	-	-	-
Mr. Narayan Anand DIN: 02110727	Non-Executive Director	9	9	Yes	-	2	-	1
Mr. Renzo Christopher Viegas DIN: 07560087	Independent Director	9	9	Yes	-	-	-	-

xiv. Existing Board members directorships in other listed entities and the category of their directorships

Name of the Director	Category	Directorships in other listed entities
Mr. Samit Ghosh DIN: 00185369	Non-Executive, Non-Independent Director – Chairman	Ujjivan Small Finance Bank Limited
Mr. K.R. Ramamoorthy DIN: 00058467	Independent Director	1. Amrit Corp Ltd. – Independent Director 2. Nilkamal Ltd. – Independent Director 3. Subros Ltd. – Independent Director
Mr. Sunil Vinayak Patel DIN: 00050837	Independent Director	None
Ms. Mona Kachhwaha DIN: 01856801	Independent Director	1. Aptus Value Housing Finance Ltd.
Mr. Narayan Anand DIN: 02110727	Non-Executive Director	1. Aashina Housing Ltd. – Non-Executive Director
Mr. Renzo Christopher Viegas DIN: 07560087	Independent Director	None

xv. Details of equity shares of the Company held by the Directors as on March 31, 2023 are given below:

Name	Category	No. of Equity Shares
Mr. Samit Ghosh	Non-Executive, Non-Independent Director – Chairman	36,076
Mr. K.R. Ramamoorthy*	Independent, Non-Executive	1,000
Mr. Renzo Christopher Viegas	Independent, Non-Executive	50,048

** jointly held with Ms. Vasantha Ramamoorthy*

Chart or Matrix setting out the skills / expertise / competence of the Board:

The Board of Directors of the Company is comprised of various professionals from diverse backgrounds in the field of finance, banking, investments, management etc. which brings to the table different dimensions for its effective functioning.

2. COMMITTEES OF THE BOARD

A. Audit Committee

i. The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI LODR Regulations.

ii. The composition of the Audit Committee and the details of meetings attended by its members during the year are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2022-23	
			Held during their tenure	Attended
1.	Mr. Sunil Vinayak Patel	Chairman (Independent Director)	7	7
2.	Mr. K.R. Ramamoorthy	Independent Director	7	7
3.	Ms. Mona Kachhwaha	Independent Director	7	7
4.	Mr Samit Ghosh	Non-Independent, Non-Executive	7	6

All the members of the Audit Ccommittee are financially literate, as defined in the SEBI LODR Regulations and all have accounting or related financial management expertise.

iii. The Audit Committee has met 5 (five) times during the year and the gap between two meetings did not exceed one hundred and twenty days. The Audit Committee meetings were held on April 18, 2022, May 19, 2022, August 04, 2022, October 14, 2022, November 11, 2022 and February 09, 2022 and March 10, 2023.

iv. The terms of powers, role and terms of reference of the Audit Committee are in accordance with the Companies Act, 2013 and the SEBI LODR Regulations.

The scopes of the Audit Committee are:

(1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;

(3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

b) changes, if any, in accounting policies and practices and reasons for the same;

c) major accounting entries involving estimates based on the exercise of judgment by management;

d) significant adjustments made in the financial statements arising out of audit findings;

e) compliance with listing and other legal requirements relating to financial statements;

f) disclosure of any related party transactions;

g) modified opinion(s) in the draft audit report;

(5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;

(6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

(7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(8) approval or any subsequent modification of transactions of the listed entity with related parties;

(9) scrutiny of inter-corporate loans and investments;

(10) valuation of undertakings or assets of the listed entity, wherever it is necessary;

(11) evaluation of internal financial controls and risk management systems;

(12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(14) discussion with internal auditors of any significant findings and follow up there on;

(15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

(16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(18) to review the functioning of the whistle blower mechanism;

(19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;

(20) The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

(21) reviewing the utilisation of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision

(22) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The audit committee shall mandatorily review the following information:

(1) management discussion and analysis of financial condition and results of operations;

(2) statement of significant related party transactions (as defined by the audit committee), submitted by management;

(3) management letters / letters of internal control weaknesses issued by the statutory auditors;

(4) internal audit reports relating to internal control weaknesses; and

(5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.

(6) statement of deviations:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015.

(b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in terms of SEBI (LODR) Regulations, 2015.

B. Governance, Nomination and Remuneration Committee (Nomination Committee)

i. For the remuneration of Directors, key managerial personnel and other employees, the Company has constituted a Governance, Nomination and Remuneration Committee as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI LODR Regulations. The Nomination Committee has powers of formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending a policy relating to the remuneration for the directors, key managerial personnel and other employees as per the requirements of Regulation 20 of the SEBI LODR Regulations.

ii. The composition of the Governance, Nomination and Remuneration Committee and the details of meetings attended by its members during the year are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2022-23	
			Held during	Attended
1.	Mr. K.R. Ramamoorthy	Independent Director	3	3
2.	Mr. Sunil Vinayak Patel	Chairman (Independent Director)	3	3
3.	Mr. Samit Ghosh	Non-Independent, Non-Executive	3	3
4.	Mr. Renzo Christopher Viegas	Independent Director	3	3

iii. All of the members of the Nomination Committee are non-executive directors, and at least half of the members of the Governance, Nomination and Remuneration Committee are independent directors.

iv. The chairman of the Nomination and Remuneration Committee is an independent director.

v. The Nomination Committee has met 3 (three) times during the year on April 18, 2022, June 23, 2022, and March 17, 2023.

vi. The scope of the Governance, Nomination and Remuneration Committee are:

(1) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.

(2) To ensure 'fit and proper' status of proposed/ existing Directors

(3) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

(4) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(5) To recommend to the Board the appointment and removal of Senior Management

(6) Recommend to the board, all remuneration, in whatever form, payable to senior management

(7) To carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.

(8) To recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.

(9) To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;

(10) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,

(11) To devise a policy on Board diversity;

(12) To develop a succession plan for the Board and to regularly review the plan;

(13) To also act as the ESOP committee for the purposes of SEBI (Share Based Employee Benefits) Regulations 2014 and administer and manage the ESOP Schemes

C. Stakeholders Relationship Committee

i. For redressing the grievances of the stakeholders, the Company has formed Stakeholders Relationship Committee as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI LODR Regulations.

ii. The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members during the year are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2022-23	
			Held during their tenure	**Attended**
1.	Mr. K.R. Ramamoorthy	Chairman (Independent Director)	1	1
2.	Ms. Mona Kachhwaha	Independent Director	1	1
3.	Mr. Sunil Vinayak Patel	Independent Director	1	1

iii. Mr. K.R. Ramamoorthy (Independent Director) is the chairman of the Stakeholders Relationship Committee.

iv. Mr. Shashidhara S (Company Secretary) is the Compliance Officer of the Company.

v. During the FY 22-23, the Company has received 16 investor complaints and all the complaints were solved to the satisfaction of the shareholders and no complaint is pending for redressal at the end of the year.

vi. The Stakeholders Relationship Committee has met once during the year on March 10, 2023. The committee has passed 4 circular resolutions during the year for the allotment of shares pursuant to the exercise of vested stock options.

vii. The scope of the Stakeholders Relationship Committee are:

(1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(2) Review of measures taken for effective exercise of voting rights by shareholders.

(3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.

(4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the company.

(5) To perform all functions relating to the interests of security holders of the Company and as assigned by the Board, as may be required by the provisions of the Companies Act,

2013 and Rules made thereunder, Listing Agreements with the Stock Exchanges and guidelines issued by the SEBI or any other regulatory authority.

(6) Allotment of shares to the employees or ex-employees on exercise of stock options granted and vested under the various Employees Stock Option Schemes.

D. Risk Management Committee

i. The Board has constituted the Risk Management Committee in line with the RBI directive and SEBI listing Regulations.

ii. The composition of the Risk Management Committee and the details of meetings attended by its members are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2022-23	
			Held	Attended
1.	Mr. K.R. Ramamoorthy	Chairman (Independent Director)	2	2
2.	Mr. Sunil Vinayak Patel	Independent Director	2	2
3.	Mr. Samit Ghosh	Non-Executive Director	2	2
4.	Mr. Narayan Anand	Non-Executive Director	2	2

The Risk Management Committee met twice during the year on August 22, 2022 & February 09, 2023.

The terms of reference of the risk management committee (including the recent inclusions made under the SEBI Listing Regulations) are as under:

- To review the investment of the Company in its subsidiary, evaluate overall risks faced by the subsidiary and monitor the reputational list of both entities and specifically oversee matters related to cyber security.
- To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
  - The Company is a non-operating Company with no customer inter-face and hence ESG Risk may not be applicable

E. IT Strategy Committee

i. The Board has constituted the IT Strategy Committee as required by RBI Master Directions on IT framework.

ii. The composition of the IT Strategy Committee and the details of meetings attended by its members are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2022-23	
			Held	Attended
1.	Mr. Sunil Vinayak Patel	Chairman (Independent Director)	2	2
2.	Mr. Narayan Anand	Non-Independent, Non-Executive	2	2
3.	Mr. Samit Ghosh	Non-Executive Director	2	2
4.	Mr. Renzo Christopher Viegas	Independent Director	2	2

The IT Strategy Committee met twice during the year on June 30, 2022 and December 07, 2022.

iii. The scope of the IT Strategy Committee are:

a) Reviewing and approving IT related policy documents

b) Reviewing the existing MOU with Ujjivan Small Finance Bank Limited wherein the Company has agreed to avail IT related services at an arm's length basis.

c) To carry out review and amend the IT strategies in line with the corporate strategies, board policy reviews, cyber security arrangements and any other matter related to IT Governance.

iv. Chairman of the Committee is an independent director;

F. MERGER COMMITTEE

i. The Board has constituted the reverse Merger Committee w.e.f February 12, 2022

ii. The composition of the reverse Merger Committee and the details of meetings attended by its members are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2022-23	
			Held	Attended
1.	Mr. Sunil Vinayak Patel	Chairman (Independent Director)	1	1
2.	Ms. Mona Kachhwaha	Independent Director	1	1
3.	Mr. Narayan Anand	Non-Independent, Non-Executive	1	1

The reverse Merger Committee met once during the year on September 26, 2022.

iii. The Term of reference of the reverse Merger Committee are:

a. Review the progress of merger and advise the Board with respect the proposed reverse merger of the Company into and with Ujjivan Small Finance Bank Limited ("Bank")

b. To evaluate matters which may have a bearing on the proposed merger.

c. Consider appropriate consulting support and review relevant contracts for appointment (e.g. due diligence, legal support etc.);

Independent Director's Meeting

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, 2015, the independent directors held their separate meeting on March 31, 2022 without the attendance of non-independent directors and members of Management, inter alia, to discuss the following:

(1) review the performance of non-independent directors and the Board as a whole;

(2) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;

(3) assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties;

3. REMUNERATION OF DIRECTORS

The Board of Directors of the Company comprises of various professionals from diverse backgrounds in the field of finance, banking, investments, management etc. which brings to the table different dimensions for its effective functioning. Considering the time and efforts made by the Non-Executive Directors, it is necessary that appropriate sitting fees are paid to the Non-Executive Directors for attending the meetings of the Board and its Committees.

The Company is paying only the sitting fees to all the Non-Executive Directors within the ceiling of ₹ 1,00,000 per meeting as prescribed under the Companies Act, 2013. During the year, the Non-Executive Directors are paid sitting fees of ₹ 1,00,000 for attending every Board Meeting and ₹ 75,000 for attending every Committee Meeting. During the year, most of the meetings were held through permitted audio-visual modes. However, on few occasions non-executive directors are being paid travelling expenses including airfare, hotel stay and car on rental basis for attending meetings of the board along with reimbursement of expenses as per provisions of Companies Act, 2013.

Remuneration paid to Managing Director during the FY 2022-23: NIL

During the year, the Company has not paid any performance linked incentive, bonus etc. to any of its directors.

4. GENERAL BODY MEETINGS OF SHAREHOLDERS

i. Location and time where last 3 (three) Annual General Meetings (AGMs) held and the Special resolutions passed in the AGMs

For the FY	Venue	Day & Date	Time	Special Resolution Passed
FY 2021-22	Through Video Conferencing in compliance with the Companies Act, 2013 and in accordance with relevant circulars issued by MCA and SEBI	Friday, September 02, 2022	04:30 PM IST	1. Appointment of Mr. Renzo Christopher Viegas (DIN:07560087) as the Independent Director
FY 2020-21	Through Video Conferencing in compliance with the Companies Act, 2013 and in accordance with relevant circulars issued by MCA and SEBI	Wednesday, September 29, 2021	03:30 PM IST	None
FY 2019-20	Through Video Conferencing in compliance with the Companies Act, 2013 and in accordance with relevant circulars issued by MCA and SEBI	Friday, September 11, 2020	03:00 PM IST	None

Postal Ballot

During the FY 2022-23, no postal ballot approvals were sought from the shareholders.

5. MEANS OF COMMUNICATION

The Company has an operational website www.ujjivan.com wherein inter alia its quarterly, half yearly and annual financials together with all material disclosures as may be required under various laws are placed. The Company has ensured that its financial results are promptly uploaded on the websites of the stock exchanges within the timelines and the results were published in the following newspapers unless exempted:

- Financial Express (All editions) in English Language and
- Hosadigantha (Bangalore edition) in Kannada Language.

6. CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

Regulation 17 read with Part B of Schedule II of the Listing Regulations, requires the CEO and CFO certification on the Financial Statements, the Cash

CORPORATE GOVERNANCE REPORT (Contd.)

Flow Statements and the internal financial reporting for the FY 2022-23 has been obtained from Mr. Ravi Radhakrishnan, Chief Executive Officer (CEO) and Chief Financial Officer (CFO). The said certificate is a part of this Annual Report.

7. CODE OF CONDUCT AS PRESCRIBED UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

In accordance with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has instituted a comprehensive code of conduct to regulate, monitor and report trading by its employees and other connected persons. For the benefit of the designated employees who could have access to 'price sensitive information', the Company has availed the services of KFin Technologies Ltd. (the Registrar of the Company) to provide software based reporting facility (i.e. FINTRAKS) which enables the Company to monitor the transactions of the designated employees and ensure timely compliance of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code and reporting of deviations, if any.

8. UJJIVAN CODE OF CONDUCT

The Company has adopted its Code of Conduct which is applicable for all its Directors (including independent directors) and employees. The key objectives of the Code of Conduct are to establish professional business standards and ensure adherence to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional relationships, to provide full, fair and accurate disclosures in the periodic reports required to be filed by the Company with its stakeholders and to ensure compliance with applicable laws, rules and regulations.

Ujjivan Code of Conduct is available on the website of the Company www.ujjivan.com. Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a confirmation from the Chairman (in the absence of the MD & CEO) regarding compliance with the Code by all the Directors and senior management forms part of the Annual Report.

9. MATERIAL SUBSIDIARIES

In accordance with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy for determining Material Subsidiaries and the same can be accessed from the website of the Company from the link given below: https://www.ujjivan.com/mandatory-policies

10. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors of the Company are familiarised with their roles, rights and responsibilities in the Company as well as with the nature of industry and business model of the Company through induction programmes at the time of their appointment as Directors. The details of the familiarisation programmes have been hosted on the website of the Company and can be accessed from the link below:

https://www.ujjivan.com/mandatory-policies

11. GENERAL SHAREHOLDER INFORMATION

Sr.	Particulars		Details
a)	Annual General Meeting for FY 2022-23 (Date, time and venue)	:	Friday, July 28, 2023 04:30 P.M. IST (AGM is being conducted through video conferencing or other audio video means in compliance with the Companies Act, 2013 / Rules and MCA and SEBI circulars); please refer to the AGM notice for further details.
b)	Financial Year	:	April 01 till March 31
c)	Dividend payment date	:	Interim dividend of Rs 5 per equity share for FY 2022-23 was distributed to shareholders on March 28, 2023

<table>
<tr><th>Sr.</th><th>Particulars</th><th></th><th>Details</th></tr>
<tr><td>d)</td><td>Listing on Stock Exchanges and Stock Code</td><td></td><td>The Company's equity shares are listed at both NSE and BSE
Stock Code / Symbol:
NSE: UJJIVAN
BSE: 539874</td></tr>
<tr><td>e)</td><td>Payment of Listing fees</td><td>:</td><td>The Company has paid all listing fees as applicable</td></tr>
<tr><td>f)</td><td>Registrar and Transfer Agent and Address for correspondence</td><td>:</td><td>KFin Technologies Ltd.
Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032
Telengana, India
P : +91 040 6716 1562
www.kfintech.com</td></tr>
<tr><td>g)</td><td>Share Transfer System</td><td>:</td><td>The investor's services like share transfer, demat or remat of shares and other services are handled by the RTA of the Company.
As on March 31, 2023, 99.99% of the equity share capital of the Company, are in dematerialised form and its transfer are done directly through the depositories.
As required under Regulation 40(1) of SEBI Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository except in case of transmission or transposition of securities.</td></tr>
<tr><td>h)</td><td>Dematerialisation of shares and liquidity</td><td>:</td><td>The Company's Equity Shares are in compulsory demat segment and are available for trading under dematerialised form with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd.
(CDSL).
<table>
<tr><th colspan="5">Control Report as on March 31, 2023</th></tr>
<tr><th>Sr.</th><th>Description</th><th>No of Holders</th><th>Shares</th><th>% To Equity</th></tr>
<tr><td>1</td><td>Physical</td><td>17</td><td>4,615</td><td>0.00</td></tr>
<tr><td>2</td><td>NSDL</td><td>38,900</td><td>86,927,671</td><td>71.44</td></tr>
<tr><td>3</td><td>CDSL</td><td>46,495</td><td>34,745,808</td><td>28.56</td></tr>
<tr><td></td><td>Total</td><td>85,412</td><td>121,678,094</td><td>100.00</td></tr>
</table>As on March 31, 2023, 121,678,094 equity shares of the Company, forming 99.99% of the equity share capital of the Company, were in dematerialised form and 4,615 equity shares were in physical form.
The ISIN of the Company is INE334L01012 with NSDL and CDSL) and the equity shares of the Company are frequently traded on both BSE and NSE.</td></tr>
<tr><td>i)</td><td>Outstanding GDRs/ADSs/ Warrants or any Convertible instruments, conversion date and likely impact on equity.</td><td>:</td><td>The Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments other than outstanding ESOPs granted to employees.</td></tr>
<tr><td>j)</td><td>Plant Locations</td><td>:</td><td>As the Company is engaged in the business of NBFC, there is no plant location.</td></tr>
<tr><td>k)</td><td>Address of the Compliance Officer</td><td>:</td><td>Shashidhara S,
Company Secretary and Compliance Officer;
Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095, Karnataka, India
Tel: +91 80 4071 2121; Fax: +91 80 4146 8700
E-mail: compliance@ujjivanfin.com</td></tr>
</table>

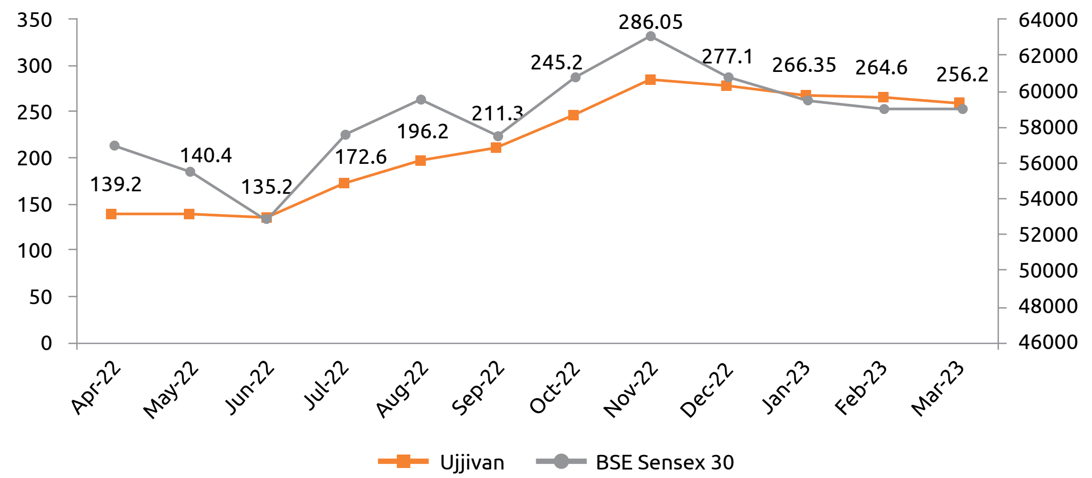
CORPORATE GOVERNANCE REPORT (Contd.)

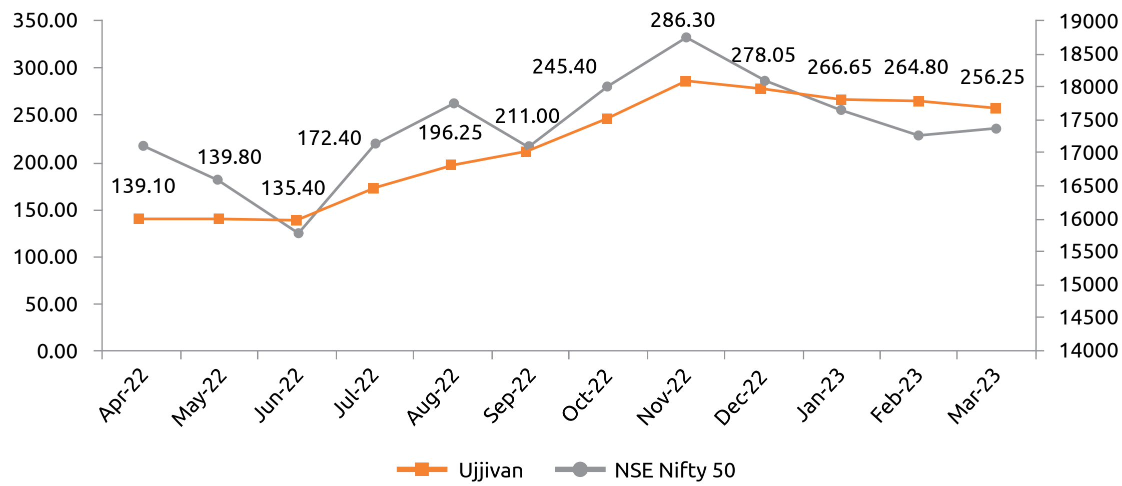
(B) market price data- high, low during each month in last financial year;

Month	BSE			NSE		
	High Price	Low Price	Volume (No. of Shares Traded)	High Price	Low Price	Volume (No. of Shares Traded)
Apr-22	156.9	102.9	2,651,773	157.00	102.65	37,768,848
May-22	146.5	123.65	892,481	146.95	123.75	13,784,925
Jun-22	142.55	120.55	537,439	142.85	120.75	7,772,713
Jul-22	180	131.25	1,713,650	180.00	131.10	21,103,876
Aug-22	203.45	170.2	1,969,147	203.55	170.45	23,970,023
Sep-22	237.6	191.8	2,614,906	237.70	192.75	24,021,069
Oct-22	263.15	205	1,443,863	263.15	204.75	13,910,451
Nov-22	313.3	245.85	1,657,434	313.35	246.05	22,102,905
Dec-22	308	229.9	1,263,136	308.00	222.00	13,113,994
Jan-23	286	255.7	631,955	286.00	255.05	9,581,492
Feb-23	294	250.2	680,032	294.00	250.10	8,142,796
Mar-23	297.5	233.2	763,521	297.70	233.00	10,831,125

Performance in comparison to broad-based indices such as BSE Sensex, NSE Nifty

Comparative chart of Ujjivan Financial Services Limited Scrip with BSE Sensex 30 and NSE Nifty 50





Distribution of Shareholding as on March 31, 2023

Sl no	Category (Shares)	No. of Holders	% To Holders	No.of Shares	Amount (in Rupees)	% To Equity
1	1 - 5000	83,763	98.07	21,772,278	217,722,780	17.89
2	5001 - 10000	763	0.89	5,499,014	54,990,140	4.52
3	10001 - 20000	377	0.44	5,456,348	54,563,480	4.48
4	20001 - 30000	139	0.16	3,496,281	34,962,810	2.87
5	30001 - 40000	87	0.10	3,020,175	30,201,750	2.48
6	40001 - 50000	51	0.06	2,308,331	23,083,310	1.90
7	50001 - 100000	108	0.13	7,874,824	78,748,240	6.47
8	100001 and above	124	0.15	72,250,843	722,508,430	59.38
	TOTAL:	**85,412**	**100.00**	**121,678,094**	**12,167,809,400**	**100.00**

12. INVESTOR EDUCATION AND PROTECTION FUND - UNCLAIMED DIVIDEND

Pursuant to section 125 of the Companies Act, 2013, all unpaid and unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government after the completion of seven years. As on March 31, 2023, the unclaimed dividend declared by the Company for the below years are as under:

Sr.	Financial Year	Dividend Type	Unclaimed Dividend (in ₹)
1.	FY 2015-16	Final	41,225
2.	FY 2016-17	Final	163,302
3.	FY 2017-18	Final	169,940
4.	FY 2018-19	Interim	255,771
5.	FY 2018-19	Final	78,532
6.	FY 2019-20	Final	176,642

The above unclaimed dividend will be transferred by the Company to IEPF on the completion of seven years, if remained unclaimed. The details of the unclaimed dividend can be accessed from the website of the Company from the link below:

https://www.ujjivan.com/unclaimed-dividend

13. EQUITY SHARES IN THE DEMAT SUSPENSE ACCOUNT / UNCLAIMED SUSPENSE ACCOUNT

As on March 31, 2023 there are no shares in the demat suspense account / unclaimed suspense account.

14. OTHER DISCLOSURES

i. Related Party Transactions

All the contracts or arrangements or transactions entered by the Company during the year ended March 31, 2023 were at arm's length basis and with the requisite approvals from the Audit Committee and the Board. The Company has a policy on materiality and on dealing with related party transactions which has been uploaded on our website at the link https://www.ujjivan.com/mandatory-policies

Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years;

- Nil

ii. Whistle Blower Policy

The Company in compliance with Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations has established a Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy. Further, this policy also specifically enables the employees of the Company and those of its subsidiary to report instances of any leak of unpublished price sensitive information by the employees of the Company to any outsider which is not for legitimate business purposes. This is to ensure the compliance of SEBI

CORPORATE GOVERNANCE REPORT (Contd.)

(Prohibition of Insider Trading) Regulations, 2015 and Code of Conduct for Prevention of Insider Trading of Ujjivan Financial Services Limited.

No person has been denied access to the Audit Committee. The Whistle Blower policy has been uploaded on our website at the link https://www.ujjivan.com/mandatory-policies

iii. The Company has adopted Policy for Determination of Materiality of Events / Information for Disclosures, Policy on Preservation of Document and Archival Policy. The policies has been uploaded on our website at the link https://www.ujjivan.com/mandatory-policies

iv. A total fee of ₹21.74 Lakhs (including GST) including reimbursement of expenses and levies at actuals has been incurred / paid by the Company to the existing Statutory Auditor of the Company, Varma and Varma for all the services provided by Varma and Varma to the Company for the FY 2022-23.

v. The Company has adopted the below discretionary requirements as specified in Part E of Schedule II of SEBI Listing Regulations:

   a. Separate posts of chairperson and chief executive officer

   b. Reporting of internal auditor directly to the audit committee

vi. The Company is in compliance with the corporate governance requirements specified in regulation 17 to 27 of SEBI Listing Regulations and has an operational website www.ujjivan.com wherein the information as required under Regulation 46 of the SEBI Listing Regulations has been disseminated.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. The code is available on the Company's Website www.ujjivan.com.

I confirm that the Company has in respect of the year ended March 31, 2023, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer and the Company Secretary as on March 31, 2023.

Date: May 18, 2023
Place: Bangalore

Radhakrishnan Ravi
CEO & CFO

CEO / CFO CERTIFICATION

To,

The Board of Directors

Ujjivan Financial Services Limited

Subject: Compliance Certificate as required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We hereby certify that:

A. We have reviewed financial statements and the cash flow statement for the financial year 2021-22 and that to the best of our knowledge and belief:

   (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

   (1) That there were no significant change in internal control over financial reporting during the year;

   (2) There was no instance of any significant change in accounting policies during the year; and

   (3) There was no instance of any significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Bangalore
Date: May 18, 2023

Radhakrishnan Ravi
Chief Executive Officer and Chief Financial Officer

"ANNEXURE 7" (Contd.)

INDEPENDENT PRACTICING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

[Pursuant to Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)]

Corporate Identity No. : L65999KA2004PLC035329
Nominal Capital: ₹ 1,25,00,00,000/-

To,
The Members,
UJJIVAN FINANCIAL SERVICES LIMITED
Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bangalore, KA 560095

I have examined all the relevant records of "**UJJIVAN FINANCIAL SERVICES LIMITED**" ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of Regulation 46 (2) and other applicable regulations of Chapter IV pertaining to Corporate Governance and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the Financial Year ended **March 31, 2023**. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the aforesaid Listing Regulations. As regards Discretionary Requirements specified in Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has complied with items C and E.

K. Jayachandran
Company Secretary
ACS No.: 11309/**CP No.:** 4031
UDIN: A011309E000331618
Peer Review No: 784/2020

Date: May 18, 2023
Place: Bengaluru

"ANNEXURE 7"

BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORTING (BRSR)

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Listed Entity	L65999KA2004PLC035329
2.	Name of the Listed Entity	Ujjivan Financial Services Limited
3.	Year of incorporation	2004
4.	Registered office address	Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru-560095, Karnataka
5.	Corporate address	Grape Garden, No. 27, 3rd "A" Cross, 18th Main, 6th Block, Koramangala, Bengaluru-560095, Karnataka
6.	E-mail	compliance@ujjivanfin.com
7.	Telephone	1800 208 2121
8.	Website	www.ujjivan.com
9.	Financial year for which reporting is being done	FY-2022-23
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Ltd. (NSE) and BSE Ltd. (BSE)
11.	Paid-up Capital	₹ 121.68 Crores
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Shashidhara S Email – shashidhara.s@ujjivanfin.com Phone: 1800 208 2121
13.	Reporting boundary Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Standalone basis

II. Products/services

14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of main activity	Description of business activity	% of turnover of the entity (FY23)
1	Financial and Insurance Services	Activities by Trust, funds and other financial holding companies	100

15. Products/Services sold by the entity *(accounting for 90% of the entity's Turnover):*

S. No.	Product/Service	NIC Code	% of total turnover contributed
1.	The Company is an investment Company and its main objects are to carry on the business of making investments in group company(ies) in the form of securities and providing guarantees etc. and to carry on financial activities, whether in India or outside, in the nature of investment in bank deposits, money market instruments (including money market mutual funds and liquid mutual funds), government securities, and to carry on such other activities as may be permitted and prescribed by the relevant statutory authorities for core investment	64200	100%

"ANNEXURE 7" (Contd.)

III. Operations

16. Number of locations where plants and/or operations/offices of the entities are situated:

The Company as on March 31, 2023 carries its business from its registered office and has no branches.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	1 (Registered office)
International (No. of Countries)	Nil

Note: Ujjivan together with its subsidiary "Ujjivan Small Finance Bank, serves national market only.

b. What is the contribution of exports as a percentage of the total turnover of the entity?

The Company is an investment company and its object is to carry investment in the group companies. Given the nature of business and operations of the company, exports are not applicable to it.

c. A brief on types of customers

No customers served by Ujjivan Financial Services Limited.

However, Ujjivan Small Finance Bank subsidiary of Ujjivan Financial Services Limited, provides its services to a diverse range of customers such as – Senior citizens, Minors, Proprietors/ MSME customers/Corporate entities/ Government entities, Visually impaired / Handicapped customers and Underserved/unsophisticated customers.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		EMPLOYEES				
1.	Total employees	3	3	100%	-	-

b. Differently abled Employees

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
		DIFFERENTLY ABLED EMPLOYEES				
1.	Total differently abled employees	NIL				

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	6	1	17
Key Management Personnel	2	0	0

20. Turnover rate for permanent employees

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	1	-	1	2*	-	2	1	-	1

* Two employees were transferred to subsidiary "Ujjivan Small Finance Bank"

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed Entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1.	Ujjivan Small Finance Bank Limited	Subsidiary	73.67%	Yes

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) – Yes. The Company (standalone basis) has been executing CSR projects on liability terms since inception. Similarly, in FY 2022-23 the organisation carried out its CSR obligations

(ii) Turnover (in ₹) – 127.25 Crores

(iii) Net worth (in ₹) – 1,853.19 Crores

VII. Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance redressal mechanism in place (Yes/No)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	No	0	0	NA	0	0	NA
Investors (other than shareholders)	No	NA	NA	There were no Investors other than Shareholders in FY 2021-22	NA	NA	There were no Investors other than Shareholders in FY 2021-22
Shareholders	Yes	10	0	NA	43	0	NA
Employees and workers	Yes	0	0	NA	0	0	NA
Customers	No	0	0	NA	0	0	NA
Value Chain Partners	No	0	0	NA	0	0	NA

"ANNEXURE 7" (Contd.)

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Decarbonisation Strategy	Opportunity	Transitioning to low carbon operations by enhancing renewable energy share, further optimising resource consumption through various operational measures and also by leveraging on technology	-	Positive
2.	Human Capital Development	Opportunity	Focusing on ability to attract, retain, and develop a highly skilled workforce.	-	Positive
3.	Employee wellbeing	Opportunity	Focus on physical and mental wellbeing of the employees leading to personal and professional growth and offering recognition and rewards for employees.	-	Positive
4.	Cyber Security & Data Privacy	Risk	Customer data breach, data loss, cyber-attacks could lead to exposure of sensitive data to the unauthorised individuals.	Cyber Security & Data Privacy is considered as one of the critical aspects given the nature of the business. Defined policy, procedure and governance is established for safeguarding the risk. Risk Management committee shall also oversee cybersecurity related issues on a periodic frequency. Internal audits are conducted to ensure alignment with global standards like ISO 27001.	Negative
5.	Corporate Citizenship & Philanthropy	Opportunity	Promoting social welfare, extend the need-based projects for the communities thereby building trust and relationship with communities	-	Positive

Sr. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6.	Governance and Ethics	Opportunity	Robust Governance structure influences the performance thereby attracting attention of investors and other stakeholders. It focuses on building a strong market reputation and relationship with the customers.	-	Positive
		Risk	The structure, behavior, culture, and performance of an organisation is shaped by internal Governance. Risks include ethical and legal risks, information disclosure, regulatory & reputational risks.	Stringent policies and processes are in place for operations and managing risks. Setting and monitoring operational goals by senior management. Internal audits to assess the implementation of process. Providing accurate and reliable reporting.	Negative
7.	Compliance	Risk	Failure to comply with the regulations and industry standards, policies, privacy breaches etc. may lead to legal implications, financial loss, reputation loss, penalties etc.	Compliance risk management by the risk committee to identify any non-compliances and addressing the same, internal audits and reporting, build a culture of ethics and compliance.	Negative
8.	Transparency & disclosures	Opportunity	Transparent communications is critical to reinforce trust and desired behaviours, ultimately driving sustainable value realisation.	-	Positive
		Risk	Misleading disclosures or inadequate reporting impacts the performance, reputation, and governance of the organisation.	Transparent governance policies and procedures. Adequate reporting and disclosures in alignment with global frameworks like GRI/ TCFD/IIRC.	Negative
9.	Stakeholder engagement	Opportunity	Understanding the needs and requirements of different stakeholder groups. Planning and designing the products and services to meet the requirements.	-	Positive

"ANNEXURE 7" (Contd.)

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	NA
b. Has the policy been approved by the Board? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	NA
c. Web Link of the Policies, if available https://www.ujjivan.com/mandatory-policies									
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	NA	Yes	NA
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes								
4. Name of the national and international codes/ certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) mapped to each principle.	-								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Ujjivan Financial Services Limited is a core investment company having its investment in listed material subsidiary "Ujjivan Small Finance Bank". Majorly all material aspects relating to the company transpires from its subsidiary, which is closely monitored and assessed by the Board of both entities.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	NA								
Governance, leadership and oversight									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements Ujjivan Financial Services Limited (UFSL) is a Core Investment Company (NBFC-NDSI-CIC) registered with the Reserve Bank of India (RBI). Being a non-operating holding Company, its main objective is to carry on the business of making investments in the group company(ies). Both, the Company and its subsidiary 'Ujjivan Small Finance Bank', are led by highly governed and regulated Boards, and adopt high standards of corporate, environment and social governance encompassing a holistic approach which effectively paves the way for the trust of all the stakeholders including, but not limited to its customers, employees, shareholders, the regulators and the community at large.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy/policies	Mr. Radhakrishnan Ravi, CEO and CFO								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No								

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	NA	Y	NA	Annually								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Compliance with statutory requirements is carried out annually by the Company. All the statutory Policies requiring Board/ Board Committee approval are placed for review at least annually																	
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/ No). If yes, provide name of the agency	No																	

12. If answer to question (11) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	Principle
The entity does not consider the principles material to its business (Yes/No)	Ujjivan Financial Services is a non-operating holding company having its material investment in its listed entity 'Ujjivan Small Finance Bank'. Further there is no other business conducted by the company apart from holding investments in its subsidiary and investing of surplus cash in fixed deposits. Moreover Board members of the Company on a regular basis monitor all policies and address any existing issues.
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	
The entity does not have the financial or/human and technical resources available for the task (Yes/No)	
It is planned to be done in the next financial year (Yes/No)	
Any other reason (please specify)	

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorised as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally and ethically responsible.

"ANNEXURE 7" (Contd.)

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year:**

   Not Applicable

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC Principle	Name of the regulatory/ Enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil				
Settlement	Nil				
Compounding fee	Nil				
Awards	Nil				

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil			
Punishment	Nil			

For FY 2022-23, no cases are reported.

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

   Not Available

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

   Yes, the Company has an anti-bribery and anti-corruption policy. The Anti-bribery and Anti-Corruption Policy of Ujjivan Financial Services Limited (UFSL) is aligned with UFSL's code of conduct for employees, various policies, rules and regulations adopted by UFSL and in conformance with the legal and statutory framework of anti-bribery and anti-corruption legislation prevalent in India. The Policy reflects the commitment of UFSL and its management for maintaining highest ethical standards while undertaking open and fair business and culture, following the best practices of corporate governance and enhancing the UFSL's reputation at appropriate levels.

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption.**

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil

6. Details of complaints with regard to conflict of interest:

	FY 2022-23 Current Financial Year		FY 2021-22 Previous Financial Year	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil			
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

7. Provide details of any corrective action taken or underway on issues related to fines / penalties /action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

No issues related to corruption and conflicts of interest was observed for the reporting period.

Further, the Company's business activity is limited to holding investment in its subsidiary Ujjivan Small Finance Bank and investment of surplus cash in fixed deposits. Thus occurrence of any instances corroborating to corruption is very minimal. However, in the event of such occurrences, the Company's board will decide on the appropriate course of action to address the shortcoming arising due to the undue act.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23 Current Financial Year	FY 2021-22 Previous Financial Year	Details of improvements in environmental and social impacts
R&D	Not Applicable		
Capex			

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No) b. If yes, what percentage of inputs were sourced sustainably?

Not Applicable

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Companies operations are exclusively in the financial service sector and product reclamation has a very limited scope. As the business operations of the company are very limited, we try and limit any form of wastage. Moreover, the Company has a rental arrangement with its subsidiary Ujjivan Small Finance Bank (USFB), any paper waste or e-waste is disposed in a similar manner as conducted by USFB, generally through certified vendors.

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).

If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Extended Producer Responsibility (EPR) is not applicable to the Company.

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. Details of measures for the well-being of employees.

Category	Total (A)	% of employees covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		No. (B)	% (B/ A)	No. (C)	% (C/A)	No. (D)	% (D/A)	No. (E)	% (E/ A)	No. (F)	% (F/ A)
	Permanent employees										
Male	3	3	100%	3	100%	-	-	3	100%	-	-
Female	-	-	-	-	-	-	-	-	-	-	-
Total	**3**	**3**	**100%**	**3**	**100%**	**-**	**-**	**3**	**100%**	**-**	**-**

2. Details of retirement benefits.

Benefits	FY 2022-23 (Current Financial Year)			FY 2021-22 (Previous Financial Year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100%	NA	Y	100%	NA	Y
Gratuity	100%	NA	NA	100%	NA	NA
ESI	NA	NA	NA	NA	NA	NA
Others (Leave Encashment)	100%	NA	NA	100%	NA	NA

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes, the premises/offices of the Company are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016. Further our subsidiary "Ujjivan Small Finance Bank, also adhere to the above act.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company is an equal opportunities employer and recognises everyone equally in areas of employment, including hiring, job assignment, compensation, promotion, discipline and access to benefits and training.

5. Return to work and Retention rates of permanent employees that took parental leave.

Gender	Permanent employees					
	Total number of people returned after parental leave in FY	Total Number of people who took parental leave in FY	Return to work rate	Total Number of people retained for 12 months after returning from parental leave	Total number of people returned from parental leave in prior FY	Retention Rate
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.

	(If Yes, then give details of the mechanism in brief)
Permanent Employees	Yes. The Whistle Blower policy has been formulated as part of corporate governance and transparency norms where the employees, directors, customers, stakeholders or NGOs are encouraged to refer any complaints which have not been resolved or satisfactorily resolved within the usual applicable protocols. The employees may refer any complaints covering areas such as corruption, misuse of office, criminal offences, suspected/actual fraud, failure to comply with existing rules and regulations and acts resulting in financial loss/operational risk, loss of reputation etc. detrimental to depositors'/public interest. The policy is aimed at ensuring adherence to the highest standards of ethical, moral and legal conduct of business operations; promoting clean business transactions, professionalism, productivity, promptness and transparent practices and ensures putting in place systems and procedures to curb opportunities for corruption. It institutionalises a mechanism for protection of employees, directors from reprisals or victimisation, for Whistle blowing in good faith as the Company strictly follows No Retaliation Policy. This ensures we treat violations/ breaches/ noncompliance promptly with due care and accordingly realign processes and take corrective actions as part of its Corporate Governance. The Company encourages all stakeholders to freely communicate their concerns about illegal or unethical practices.

7. Membership of employees in association(s) or Unions recognised by the listed entity:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
Total Permanent Employees	Not Applicable					
Male						
Female						

"ANNEXURE 7" (Contd.)

8. Details of training given to employees:

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

9. Details of performance and career development reviews of employees:

Category	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

10. Health and safety management system:

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, what is the coverage of such a system?

The company makes a timely assessment on health and safety of employees in case of any unforeseen circumstance. With only 3 employees in the system its easier to monitor and track any health/safety related hazards, which is also addressed promptly.

b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Not available

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks.

Not available

d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?

Yes, the employees of the Company have access to non-occupational medical and healthcare services

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Lost Time Injury Frequency Rate (LTIFR) (per one Million-person hours worked)	Employees	0	0
Total recordable work-related injuries	Employees	0	0
No. of fatalities	Employees	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

The Company follows the adequate safety and healthy workplace measures to keep the workplace in best shape by providing better working conditions to all its employees viz, air conditioned environment, periodical maintenance of electric equipment's. Healthy and safe drinking water is provided at workplace to all employees. Also employees are educated to evacuate in emergency situations with mock fire drills held every quarter to keep the employees in the state of preparedness.

13. Number of complaints on the following made by employees

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	NA	0	0	NA
Health & Safety	0	0	NA	0	0	NA

14. Assessments for the year

	% of your offices and branches that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	No assessment carried out for the reporting year
Working Conditions	

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not available

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company engages with multiple stakeholders through formal and informal channels of communication. For redressing the grievances of the shareholders among other matters, the Bank has constituted a Stakeholders Relationship Committee as per the requirements of Section 178 of the Act and Regulation 20 of SEBI Listing Regulations. The Stakeholders Relationship Committee is chaired by an Independent Director of the Bank. The Stakeholders Relationship Committee met once a year to discuss on the various aspects of stakeholder engagement.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Email, SMS, WhatsApp and Notice Board	Frequently	Sharing of information and updates about ongoing activities in the Company and publically disseminated information related to subsidiary.
Investors	No	Email, Phone Contacts	As and when needed	Understanding investors perspective with current market requirements and regulatory compliances pertaining to the company

"ANNEXURE 7" (Contd.)

Stakeholder Group	Whether identified as Vulnerable & Marginalised Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Suppliers	No	Email, SMS	As and when needed	Discussion on efficient and sustainable supply chain
Communities	Yes	Email, SMS, Newspaper	As and when needed	Projects in relation to CSR activities are considered

Principle 5: Businesses should respect and promote human rights

Essential Indicators

1. Employees who have been provided training on human rights issues and policy(ies) of the entity, in the following format: *

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent employees	-	-	-	-	-	-

2. Details of minimum wages paid to employees, in the following format: *

Category	FY 2022-23 Current Financial Year					FY 2021-22 Previous Financial Year				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	-	-	-	-	-	-	-	-	-	-
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-

*Ujjivan Financial Services has only 3 employees on payroll as on March 31, 2023.

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (₹)	Number	Median remuneration/ salary/ wages of respective category (₹)
Board of Directors (BoD)*	5	-	1	-
Key Managerial Personnel	2	2,790,000	0	-
Employees other than BoD and KMP	1	1,750,000	0	-

*The median remuneration for Board of Directors (BoDs) is only the sitting fees.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Currently, no individual/ committee is present for addressing human rights impacts or issues caused or contributed to by the business.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Not applicable

6. Number of Complaints on the following made by employees:

	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
	Filed during the year	Pending Resolution at the end of year	Remarks	Filed during the year	Pending Resolution at the end of year	Remarks
Sexual Harassment	0	0	NA	0	0	NA
Discrimination at workplace	0	0	NA	0	0	NA
Child Labour	0	0	NA	0	0	NA
Forced Labour/ Involuntary Labour	0	0	NA	0	0	NA
Wages	0	0	NA	0	0	NA

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Ujjivan is committed to provide a safe work environment to its employees, free from any kind of harassment at workplace. This includes freedom from harassment of an employee by supervisors, co-workers, vendors, consultants or any other party with whom Ujjivan is in business, service or professional relationship. At Ujjivan, sexual harassment at the workplace is a 'misconduct'. Any conduct or behaviour that amounts to sexual harassment at the workplace by any employee of Ujjivan shall result in disciplinary action as per policies and applicable laws.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

As per business agreements and contracts, a general clause form part of the agreement that requires the vendors to comply to all the statutory laws and requirements.

9. Assessments of the year

	% of your offices and branches that were assessed (by entity or statutory authorities or third parties)
Child labour	NA
Forced/involuntary labour	NA
Sexual harassment	NA
Discrimination at workplace	NA
Wages	NA

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

Not applicable

"ANNEXURE 7" (Contd.)

Principle 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format*:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total electricity consumption (A)	-	-
Total fuel consumption* (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumption (A+B+C)	**-**	**-**
Energy intensity per Crores of turnover (Total energy consumption (Giga Joules) / turnover in Crores rupees)	-	-

Energy consumption by the company will be marginal, with only 3 employees in employment with the company as on March 31, 2023. Further, the Company shares its premises with the subsidiary 'Ujjivan Small Finance Bank' and it will be difficult to assess energy consumption for these employees.

* Fuel consumption is with respect to diesel consumption for diesel generators

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

No.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Water withdrawal by source (in kilolitres)	-	-
Total volume of water consumption (in kilolitres)*	-	-
Water intensity per Crores of turnover *(Water consumed / turnover in Crores)*	-	-

*Water consumption by the company will be marginal, with only 3 employees in employment with the company as on March 31, 2023. Further, the Company shares its premises with the subsidiary 'Ujjivan Small Finance Bank' and it will be difficult to assess consumption for these employees.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

No

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
NOx	mg/m3	Not applicable	
SOx	mg/m3		
Particulate matter* (PM10)	mg/m3		
Particulate matter (PM2.5)	mg/m3		
Persistent organic pollutants (POP)	-		
Volatile organic compounds (VOC)	-		
Hazardous air pollutants (HAP)	mg/m3		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	-	-
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tons of CO2 equivalent	-	-
Total Scope 1 and Scope 2 emissions per Crores of turnover	Metric tons of CO2 equivalent/turnover in Crores	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

No

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Total Waste generated (in metric tonnes)		
E-waste	-	-
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste	-	-
(i) Recycled	-	-
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total	-	-

"ANNEXURE 7" (Contd.)

Parameter	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
For each category of waste generated, total waste disposed by nature of disposal method (in metric tons)		
Category of waste	-	-
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

Note: Any waste generated will be very marginal in nature. Company also strives to minimise waste to the extent possible.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The activities in which the Company is engaged does not generate any hazardous and toxic chemicals.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

The Company does not have operations in Ecologically sensitive areas.

S. No.	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
Not Applicable			

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable.

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

Yes, the entity is compliant with the applicable environmental laws/regulations/guidelines in India.

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. **Number of affiliations with trade and industry chambers/ associations.**

   Not applicable

   b. **List the top 10 trade and industry chambers/ associations (determined based on the total members of such a body) the entity is a member of/ affiliated to.**

   Not applicable

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

   No adverse orders from RBI for anti-competitive conduct.

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development

Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web Link
Not applicable as there were no projects undertaken that required an SIA in the current financial year.					

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In ₹)
Not Applicable						

3. Describe the mechanisms to receive and redress grievances of the community.

Ujjivan through its CSR initiatives help and address any social issues to community at large as permitted by their CSR budget. Usually needs are identified through NGOs and then funds are disbursed towards the projects basis critical evaluation of requirement and its impact.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23 (Current Financial Year)	FY 2021-22 (Previous Financial Year)
Directly sourced from MSMEs/ small producers	Not Available	
Sourced directly from within the district and neighboring districts	All the materials required are procured locally.	

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

This is not applicable as the company does not have any customers.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	Not Available
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

Not applicable

4. Details of instances of product recalls on account of safety issues:

Not applicable

"ANNEXURE 7" (Contd.)

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

   Ujjivan believes in data privacy & security and has established a robust framework to detect any threats arising on their servers/systems and is committed to protect it. All necessary and reasonable measures to protect data and its transmission within and outside organisation is monitored and addressed with great care. Further, the Company doesn't have any customer and has no branches, the risk of losing customer data is not applicable. However, information assets of Ujjivan can be at risk from potential threats such as employee error, malicious or criminal action, system failure and natural disasters. Hence, the Information Security Policy establishes binding policies that are applicable to all employees, contractors, consultants, and other individuals at Ujjivan, including those affiliated with third parties who access Ujjivan information processing systems.

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

   Not applicable

Financial Statements

INDEPENDENT AUDITORS REPORT

TO THE MEMBERS OF UJJIVAN FINANCIAL SERVICES LIMITED

Report on the Audit of the Standalone Financial Statements

OPINION

We have audited the accompanying standalone financial statements of Ujjivan Financial Services Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SA"s) 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 Standalone Financial Statements section of our report. We are independent of the Company 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 standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

KEY AUDIT MATTERS

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

We have determined that there are no key audit matters to communicate in our report

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility and Sustainability Report and Corporate Governance report, but does not include the consolidated financial statements, standalone financial statements and our reports thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our 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.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company'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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 financial 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 Company has adequate internal financial controls system 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 the 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 Company'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 standalone 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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 standalone financial statements of the current year 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. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit 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 Company so far as it appears from our examination of those books.
   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
   e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure B**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
   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:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
   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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position except for disputed taxes reported in Para vii(b) of Annexure A.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
      iii. As stated in Note No.10.1 of the standalone financial statements for the year ended 31 March 2023, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.
      iv. (a.) As stated in Note No.35 of the standalone financial statements for the year ended 31 March 2023, the Management has represented that, to the best of its knowledge and belief, 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 Company to or in any other person or entity, including foreign entity ("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 Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

         (b.) As stated in Note No.35 of the standalone financial statements for the year ended 31 March 2023, the Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company 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;

(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. The interim dividend, as stated in Note No.12C of the standalone financial statements for the year ended 31 March 2023, declared and paid by the Company during the year is in compliance with Section 123 of the Act. No final dividend was proposed by the board of directors during the year.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

K P SRINIVAS
Partner
M No. 208520
ICAI UDIN: 23208520BGUHDO5589

Place: New Delhi
Date: 18 May 2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Ujjivan Financial Services Limited of even date on the standalone financial statements for the year ended 31 March 2023]

(i.) (a.) (A.) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B.) The Company does not have any intangible assets and hence reporting under clause 3(i)(a)(B) of the Order is not applicable.

(b.) According to the information and explanations given to us, the Property, Plant and Equipment are physically verified by the Management during the year and no material discrepancies were noticed on such verification.

(c.) According to the information and explanations given to us, there are no immovable properties except in case of lease which are executed in favour of Company, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(d.) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment during the year. Accordingly, Clause 3(i)(c) of the order is not applicable to the Company.

(e.) As stated in Note No.31 of the standalone financial statements and according to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder. Accordingly, paragraph 3(i)(e) of the Order is not applicable.

(ii.) (a.) The Company is a Non-Banking Financial Company (NBFC) and accordingly, it does not hold any inventory. Hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b.) The Company has not been sanctioned any working capital limits at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable to the Company.

(iii.) The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) during the year. Accordingly, reporting requirement under clause 3(iii) of the order is not applicable to the company.

(iv.) In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies during the year. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

(v.) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other provisions of the Act and the rules framed there under. Accordingly, clause 3(v) of the Order is not applicable to the Company.

(vi.) The maintenance of cost records has not been specified by the Central Government under subsection (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause 3 (vi) of the Order is not applicable to the Company.

(vii.) (a.) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues to the extent applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b.) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, there were no statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes except for the following;

Nature of the statute	Nature of dues	Amount (₹ In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	118	FY 2016-17 (AY 2017-18)	Commissioner Income Tax (Appeals)

^ against this demand, the Company has paid ₹ 24 lakhs under protest.

(viii.) According to the information and explanations given to us, there were no transactions not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix.) (a.) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.

(b.) The Company has not been declared wilful defaulter by any bank or financial institution or Government or any Government authority.

(c.) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence reporting under clause 3(ix)(c) of the Order is not applicable.

(d.) The Company has not raised any loans during the year and hence, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.

(e.) According to the information and explanations given to us, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f.) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x.) (a.) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b.) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable. Issue of shares under the ESOP scheme has not been considered for this purpose.

(xi.) (a.) According to the information and explanations given to us, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year.

(b.) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c.) According to the information and explanations given to us, no whistle blower complaint was received by the company during the year.

(xii.) According to the information and explanations given to us, the Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii.) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standard.

(xiv.) (a.) In our opinion and according to the information and explanations given to us, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b.) We have considered, the internal audit reports for the year under audit, issued to the Company during the year up to the balance sheet date, in determining the nature, timing and extent of our audit procedures.

(xv.) In our opinion and based on the information and explanations given to us, the Company has not entered into any non-cash transactions with its Directors or persons connected with its directors during the year and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi.) (a.) According to the information and explanations given to us and based on our examination of the records of the Company, the Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as an Non-Banking Non Deposit taking Systematically Important Core Investment Company (NBFC-ND-SI-CIC).

(b.) The company has conducted Non-Banking Financial activities and as stated in Clause xvi (a) above, the company has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as an NBFC-ND-SI-CIC.

(c.) As stated in Note No.1 of the standalone financial statements and according to the information and explanations given to us, the company is a core investment company and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as an NBFC-ND-SI-CIC and continues to fulfil the criteria of a CIC as at the balance sheet date.

(d.) According to the information and explanations given to us by the management, the Group has only one CIC which is the Company as mentioned in paragraph (a) above and registered with the Reserve Bank of India.

(xvii.) The Company has not incurred cash losses during the current financial year and the immediately preceding financial year.

(xviii.) There has been no resignation of the statutory auditors of the Company during the year.

(xix.) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that, the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx.) (a.) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to subsection (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company for the year.

(b.) In respect of ongoing projects, there are no amounts required to be transferred to unspent Corporate Social Responsibility (CSR) account as at the end of the previous financial year and for the current financial year. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable to the Company Also, refer note 17(b) of the standalone financial statements for the year ended 31 March 2023.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

K P SRINIVAS
Partner
M No. 208520

Place: New Delhi
Date: 18 May 2023

ANNEXURE B TO THE INDEPENDENT AUDITORS REPORT

[Referred to in Paragraph (2)(f) under "Report on Other Legal and Regulatory Requirements" of our Independent Auditors Report of even date on the financial statements of Ujjivan Financial Services Limited for the year ended 31 March 2023]

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 Financial Services Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to financial statements issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company'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 Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls With reference to financial statements (the "Guidance Note") and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 adequate 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 system 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 judgment, 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 Company's internal financial controls system with reference to financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

A company'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 company'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 company; (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 company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company'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 Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal control with reference to financial statements criteria established by the Company 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.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

K P SRINIVAS
Partner
M. No. 208520

Place: New Delhi
Date: 18 May 2023

STANDALONE BALANCE SHEET
AS AT MARCH 31, 2023

(₹ in Lakhs)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial Assets			
Cash and cash equivalents	3	69	13
Bank balances other than above	3.A	17,297	12,616
Investments	4	1,67,983	1,67,983
Non - Financial Assets			
Current tax assets (net)	5	72	70
Deferred tax assets (net)	20.1	1	1
Property, plant and equipment	6	3	1
Other non-financial assets	7	10	8
Total Assets		**1,85,435**	**1,80,694**
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Payables			
Trade payables	8		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		17	15
Other financial Liabilities	10	16	9
Non Financial Liabilities			
Provisions	9	2	3
Other non-financial liabilities	10A	82	82
Total Liabilities		**117**	**109**
Equity			
Equity share capital	11	12,168	12,168
Other equity	12	1,73,150	1,68,416
Total Equity		**1,85,318**	**1,80,584**
Total Liabilities and Equity		**1,85,435**	**1,80,694**

The above standalone balance sheet should be read together with the significant accounting policies and the accompanying notes which forms an integral part of the standalone financial statements. (Note 1-38)

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

SAMIT GHOSH
Non-Executive Director and Chairman
DIN: 00185369

SUNIL PATEL
Independent Director
DIN: 00050837

K P SRINIVAS
Partner
Membership No. 208520

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: New Delhi
Date: May 18, 2023

Place: Bengaluru
Date: May 18, 2023

STATEMENT OF STANDALONE PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	13	11,900	-
Other income	14	825	675
Total Income (A)		**12,725**	**675**
Expenses			
Employee benefits expenses	15	61	112
Depreciation	16	1	1
Other expenses	17	251	261
Total Expenses (B)		**313**	**374**
Profit before tax (C=A-B)		**12,412**	**301**
Tax expense	20		
Current tax		1,594	84
In respect of earlier year(s)		2	-
Deferred tax charge / (credit)		(0)	(0)
Total tax expense (D)		**1,596**	**84**
Profit for the year (E=C-D)		**10,816**	**217**
Other Comprehensive Income / (loss)			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plan		1	7
(b) Income tax relating thereto		(0)	(2)
Total Other Comprehensive Loss (F)		**1**	**6**
Total Comprehensive Income for the year (Comprising Profit and other Comprehensive Income for the year) (G=E+F)		**10,817**	**222**
Earnings per Equity Share: Face value ₹ 10 each	18		
(a) Basic (₹)		8.89	0.18
(b) Diluted (₹)		8.89	0.18

The above statement of standalone profit and loss should be read together with the significant accounting policies and the accompanying notes which forms an integral part of the standalone financial statements. (Note 1 - 38)

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

SAMIT GHOSH
Non-Executive Director and Chairman
DIN: 00185369

SUNIL PATEL
Independent Director
DIN: 00050837

K P SRINIVAS
Partner
Membership No. 208520

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: New Delhi
Date: May 18, 2023

Place: Bengaluru
Date: May 18, 2023

STATEMENT OF STANDALONE CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023

A. Equity share capital

(₹ in Lakhs)

Particulars	Amount
Balance as at April 01, 2021	12,166
Changes in equity share capital due to prior period error	-
Restated balance	**12,166**
Changes in equity share capital during the year	
Additions during the year	2
Balance as at March 31, 2022	**12,168**
Balance as at April 01, 2022	12,168
Changes in equity share capital due to prior period error	-
Restated balance	**12,168**
Changes in equity share capital during the year	
Additions during the year	-
Balance as at March 31, 2023	**12,168**

B. Other Equity

Current reporting year ended 31 March 2023 (₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Total
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account	
Balance as at April 01, 2022	-	12,165	1,10,821	40,964	2,159	2,307	1,68,416
Changes in other equity due to prior period error	-	-	-	-	-	-	-
Restated balance	-	12,165	1,10,821	40,964	2,159	2,307	1,68,416
Add: Profit for the year	-	-	-	10,816	-	-	10,816
Add : Other comprehensive income for the year	-	-	-	1	-	-	1
Total comprehensive income for the year	**-**	**-**	**-**	**10,817**	**-**	**-**	**10,817**
Add/(less): Appropriation to statutory reserve	-	2,163	-	(2,163)	-	-	-
Less: Towards vested options lapsed during the year	-	-	-	-	1,198	(1,198)	-
Less: Interim dividend distributed during the year (Refer note 12B)	-	-	-	(6,084)	-	-	(6,084)
Balance as at March 31, 2023	**-**	**14,328**	**1,10,821**	**43,534**	**3,357**	**1,109**	**1,73,150**

STATEMENT OF STANDALONE CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Previous reporting year ended 31 March 2022 (₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Total
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account	
Balance as at April 01, 2021	0	12,121	1,10,770	40,786	1,032	3,436	1,68,145
Changes in other equity due to prior period error	-	-	-	-	-	-	-
Restated balance	0	12,121	1,10,770	40,786	1,032	3,436	1,68,145
Add: Profit for the year	-	-	-	217	-	-	217
Add : Other comprehensive income for the year	-	-	-	6	-	-	6
Total comprehensive income for the year	**-**	**-**	**-**	**222**	**-**	**-**	**222**
Add/(less): Appropriation to statutory reserve	-	44	-	(44)	-	-	-
Add: ESOP expense for the year	-	-	-	-	-	0	0
Less: Grants exercised during the year	-	-	-	-	-	(21)	(21)
Add: Deemed Investment in Subsidiary	-	-	-	-	-	18	18
Less: Towards vested options lapsed during the year	-	-	-	-	1,127	(1,127)	-
Add : Share application money received	32	-	-	-	-	-	32
Less : Shares allotted during the year	(2)	-	-	-	-	-	(2)
Less: Premium on shares allotted during the year	(30)	-	-	-	-	-	(30)
Add : Premium on shares issued during the year on stock options	-	-	51	-	-	-	51
Balance as at March 31, 2022	**-**	**12,165**	**1,10,821**	**40,964**	**2,159**	**2,307**	**1,68,416**

The above statement of standalone Statement of Changes in Equity should be read together with the significant accounting policies and the accompanying notes which forms an integral part of the standalone financial statements. (Note 1 - 38)

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

SAMIT GHOSH
Non-Executive Director and Chairman
DIN: 00185369

SUNIL PATEL
Independent Director
DIN: 00050837

K P SRINIVAS
Partner
Membership No. 208520

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: New Delhi
Date: May 18, 2023

Place: Bengaluru
Date: May 18, 2023

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flows from operating activities		
Profit before tax	**12,412**	**301**
Adjustments for:		
Depreciation expenses	1	1
Share based payments	-	0
Interest on fixed deposits	(823)	(675)
Operating cash flows before working capital changes	**11,590**	**(372)**
Changes in working capital:		
Financial Assets/ Liabilities		
Increase / (Decrease) in trade payables	2	(7)
Non Financial Assets/ Liabilities		
(Increase) / decrease in other assets	(2)	18
(Increase) / decrease in other bank balances	(7)	-
Increase / (decrease) in provisions	0	1
Increase / (decrease) in other financial liabilities	6	(16)
Cash flow used in operations	**11,589**	**(376)**
Income tax (paid) / refunds received, net	(1,598)	(90)
Net cash generated from / (used in) operating activities (A)	**9,992**	**(466)**
Cash flows from Investing activities		
Purchase of property, plant and equipment	(2)	(0)
Proceeds from sale of property, plant and equipment	-	0
Maturity proceeds from fixed deposit placed with banks	12,410	12,330
Placement of fixed deposits with banks	(16,979)	(12,610)
Interest received on fixed deposits placed with banks	719	677
Net cash (used in) / generated from investing activities (B)	**(3,852)**	**397**
Cash flows from financing activities		
Proceeds from share application money (net) received on excerise of ESOP	-	32
Interim dividend paid	(6,084)	-
Net cash (used in) / generated from financing activities (C)	**(6,084)**	**32**
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)	**56**	**(37)**
Cash and cash equivalents at the beginning of the year	13	50
Cash and cash equivalents at the end of the year	**69**	**13**
Reconciliation of cash and cash equivalents		
Cash and cash equivalents		
Balances with banks held in current accounts (Refer note 3)	69	13

CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Notes to statement of cashflow :

(a.) The above Standalone Cash Flow Statement has been prepared as per Ind AS 7 Statement of Cashflow specified under section 133 of the Companies Act, 2013.

(b.) The above statement of standalone cash flow statement should be read be read together with the significant accounting policies and the accompanying notes which forms an integral part of the standalone financial statements. (Note 1 - 38)

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

SAMIT GHOSH
Non-Executive Director and Chairman
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Independent Director
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K P SRINIVAS
Partner
Membership No. 208520

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: New Delhi
Date: May 18, 2023

Place: Bengaluru
Date: May 18, 2023

Corporate Information and Significant Accounting Policies

NOTE 1: CORPORATE INFORMATION

Ujjivan Financial Services Private Limited originally incorporated as on December 28, 2004 at Bengaluru, India as a private limited company under the Companies Act, 1956 which was subsequently converted into a public limited company and the name was consequently changed to Ujjivan Financial Services Limited ("the Company"). A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the Registrar of Companies, Bangalore ("ROC") on November 26, 2015. The Company was registered with Reserve Bank of India (" the RBI") as NBFC-MFI under Non-Banking Financial Company Micro Finance Institutions (NBFC-MFIs) directions on September 5, 2013. The Company subsequently received approval from the RBI to set up a Small Finance Bank. Pursuant to the same, the Company executed an agreement to transfer its Business undertaking to its wholly owned subsidiary Ujjivan Small Finance Bank Limited ("the Bank"). The Bank commenced operations w.e.f February 01, 2017, on which date the Company ceased to operate as a Micro finance company. Pursuant to this change, the Company surrendered its NBFC - MFI license and received approval and certificate of registration as NBFC-ND-SI-CIC (Core Investment Company) from the RBI on October 10, 2017.

The standalone financial statements are approved for issue by the Board of Directors of the Company at their meeting held on May 18, 2023.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted by the Company in the preparation of these standalone financial statements ("the financial statements"). These accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. These financial statements have been prepared on accrual and going concern basis.

(a) Basis of preparation

These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, 2013 and Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ('the Act') [Companies (Indian Accounting Standards) Rules, 2015], amended thereto and other relevant provisions of the Companies Act, 2013 ('the Act').

Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value, and
- defined benefit plans - plan assets are measured at fair value.
- share based payment

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(b) Foreign currency translation and transactions

Functional and presentation currency: Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(c) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

(i) Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(iii) Current and deferred tax

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

(d) Leases

The Company as a lessee, recognises the right of-use asset and lease liability at the lease commencement date. Initially the right-of-use asset is measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or a change in the estimate of the amount expected to be payable under a residual value guarantee, or a change in the assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The right-of use asset is measured by applying cost model i.e. right-of-use asset at cost less accumulated depreciation / impairment losses.

The right-of-use assets are depreciated from the date of commencement of the lease on a straight line basis over the shorter of the lease term and the useful life of the underlying asset. Carrying amount of lease liability is increased by interest on lease liability and reduced by lease payments made.

Lease payments associated with following leases are recognised as expense on straight-line basis:

(i) Low value leases; and

(ii) Leases which are short-term.

The Company as a lessor, classifies leases as either operating lease or finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Initially asset held under finance lease is recognised in balance sheet and presented as a receivable at an amount equal to the net investment in the lease. Finance income is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on Company's net investment in the lease. A lease which is not classified as a finance lease is an operating lease. Accordingly, the Company recognises lease payments as income on a straight-line basis in case of assets given on operating leases. The Company presents underlying assets subject to operating lease in its balance sheet under the respective class of asset.

(e) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Statement of Cash Flows

The cash flow comprising of cash flows from operating, investing and financing activities of the Company are segregated pursuant to the requirement of Ind AS 7 Statement of Cash Flows. Cash flows are reported using the indirect method, wherein profit/ loss for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing activities.

Cash and cash equivalents:

Cash and Cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

(g) Financial Instruments

(i) Classification

The Company classifies its financial assets into the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recognised in profit or loss.

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other gain or loss using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Changes in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised under other income. Interest income from these financial assets is included in other gain or loss using the effective interest rate method.

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of profit and loss under other gain or loss in the period in which it arises. Interest or dividend income, if any from these financial assets is separately included in other gain or loss.

Equity investments (other than Investments in subsidiary)

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain or loss in the statement of profit and loss.

Equity Investments (in subsidiary)

Investments in subsidiary are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The accounting policy on impairment of non-financial assets is disclosed in Note (e) above. On disposal of investments in subsidiary the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) De-recognition of financial assets

A financial asset is de-recognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset. Purchase and sale of investment are accounted at trade date.

(h) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividend income

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

(i) Financial liabilities

(i) Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(ii) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(iii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(iv) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(k) Property, plant and equipment

All the items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Asset Description	Useful Lives
Computer systems	3 Years
Servers	6 Years

The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company upto the end of financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions for legal claims and discounts/incentives are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the period in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity, and

(b) Defined contribution plans such as provident fund

Gratuity obligations

The Company has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans

Provident fund

The Company makes Provident Fund contributions to publicly administered funds as per local regulations. Such contribution to the provident fund for all employees, are charged to the profit and loss. The Company doesnot have any legal or contractive obligation to pay further, if fund doesnot hold sufficient assets to pay all employee benefits.

(v) Bonus plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Share Based Payments transactions of the Company

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 note 25.

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 share option outstanding reserve.

(p) Securities premium account

Securities premium includes the difference between the face value of the equity shares and the consideration received in respect of shares issued pursuant to Stock Option Scheme and the fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Stock Options Scheme.

The issue expenses of securities which qualify as equity instruments are written off against securities premium account.

(q) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(s) Rounding of amounts

All amounts disclosed in these financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III, unless otherwise stated. The sign "0" in these financial results indicate that the amounts involved are below rounding off norms adopted by the Company and the sign "-" indicates that the amount is "NIL".

Note 2.1: Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

Estimation of fair value of Employee's Share Based Payments (Refer Note 25)

Estimation of fair value of Defined Benefit Obligations (Refer Note 22)

Provision for taxes (Refer Note 20)

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Recent accounting pronouncements:

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1 - Presentation of Financial Statements - This amendment requires the entities to disclose the material accounting policies rather than the significant accounting policies. The effective date for adoption of this amendment is financial year beginning on or after April 01, 2023.

Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023.

Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023.

The Management of the Company has evaluated the above amendments and is of the view that there will be no significant impact on the standalone financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	-	-
Balances with banks:		
In current accounts (of the nature of cash and cash equivalents) ^ ^^	69	13
Total	**69**	**13**
^ Includes balances with bank in current account with subsidiary bank	49	7
^^ Includes balance subject to receipt of direct confirmation from the bank	2	2

Note 3.A Other Bank Balances

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Bank balances other than cash and cash equivalents:		
Bank Deposit with more than 3 months less but than 12 months maturity *	17,281	12,607
Earmarked balances held in unpaid dividend account (refer note 10)	16	9
Total	**17,297**	**12,616**
* Includes fixed deposits placed with subsidiary bank	17,281	10,617

NOTE 4: INVESTMENTS

Current reporting year ended 31 March 2023 (₹ in Lakhs)

Particulars	As at March 31, 2023						
	Amortised Cost	Fair Value				Others at cost*	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal		
Equity instruments of Subsidiary (Quoted)							
- Ujjivan Small Finance Bank Limited	-	-	-	-	-	1,67,983	**1,67,983**
Total Gross (A)	**-**	**-**	**-**	**-**	**-**	**1,67,983**	**1,67,983**
(i) Investments outside India	-	-	-	-	-	-	**-**
(ii) Investments in India	-	-	-	-	-	1,67,983	**1,67,983**
Total (B)	**-**	**-**	**-**	**-**	**-**	**1,67,983**	**1,67,983**
Less: Impairment loss allowance (C)	-	-	-	-	-	-	**-**
Total (Net) (D=A-C)	**-**	**-**	**-**	**-**	**-**	**1,67,983**	**1,67,983**

* Measured at cost pursuant to Ind AS 27

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2022						
	Amortised Cost	Fair Value				Others at cost*	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal		
Equity instruments of Subsidiary (Quoted)							
- Ujjivan Small Finance Bank Limited	-	-	-	-	-	1,67,983	**1,67,983**
Total Gross (A)	**-**	**-**	**-**	**-**	**-**	**1,67,983**	**1,67,983**
(i) Investments outside India	-	-	-	-	-	-	**-**
(ii) Investments in India	-	-	-	-	-	1,67,983	**1,67,983**
Total (B)	**-**	**-**	**-**	**-**	**-**	**1,67,983**	**1,67,983**
Less: Impairment loss allowance (C)	-	-	-	-		-	**-**
Total (Net) (D=A-C)	**-**	**-**	**-**	**-**	**-**	**1,67,983**	**1,67,983**

* Measured at cost pursuant to Ind AS 27

Note: 4.1 Investments in Subsidiary includes:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Equity shares		
Ujjivan Small Finance Bank Limited		
1,440,036,800 Equity Shares of ₹ 10 each fully paid up ^ (March 31, 2022: 1,440,036,800 Equity Shares of ₹ 10 each fully paid up)	1,44,004	1,44,004
Preference Shares		
Ujjivan Small Finance Bank Limited		
200,000,000 Non-convertible Perpetual Preference Shares of ₹ 10 each fully paid up * ^ (March 31, 2022: 200,000,000 Non-convertible Perpetual Preference Shares of ₹ 10 each fully paid up) * non-cumulative	20,000	20,000
Other		
Ujjivan Small Finance Bank Limited		
(Deemed investment on account of ESOP issued to employees of subsidiary)	3,979	3,979
Total	**1,67,983**	**1,67,983**

^ number of shares and face value of shares are reported in absolute numbers.

NOTE 5. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance income tax, net of provision (refer note 5.1)	72	70
Total	**72**	**70**

5.1 Includes income tax of ₹ 24 lakhs (March 31, 2022 : ₹ 24 lakhs) paid under protest against income tax demand of ₹ 118 lakhs (March 31, 2022 : ₹ 118 lakhs).

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Carrying amounts of:		
Computers	2	0
Server	1	1
Total	**3**	**1**

Note 6.1 - Property, plant and equipment

(₹ in Lakhs)

Particulars	Computers	Server	Total
Gross carrying amount as at April 01, 2021	5	4	**9**
Additions	0	-	**0**
Disposals	(1)	-	**(1)**
Closing carrying amount as at March 31, 2022	**4**	**4**	**8**
Accumulated Depreciation			
Opening accumulated depreciation	5	2	**7**
Depreciation charge for the year	0	1	**1**
Disposals during the year	(1)	-	**(1)**
Closing accumulated depreciation as at March 31, 2022	**4**	**3**	**7**
Net carrying amount as at March 31, 2022	**0**	**1**	**1**
Gross carrying amount as at April 01, 2022	4	4	**8**
Additions	2	-	**2**
Closing carrying amount as at March 31, 2023	**7**	**4**	**11**
Accumulated Depreciation			
Opening accumulated depreciation	4	3	**7**
Depreciation charge for the year	1	1	**1**
Closing accumulated depreciation as at March 31, 2023	**5**	**3**	**8**
Net carrying amount as at March 31, 2023	**2**	**1**	**3**

NOTE 7. OTHER NON FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	1	2
Gratuity fund balance (net of obligation) - Gratuity ^ (Refer Note 7.1 and 22)	9	7
Total	**10**	**8**

7.1 Excluding fund balance of ₹ 11 Lakhs (March 31, 2022 - ₹ 11 Lakhs) pending to be transferred to the subsidiary, from the gratuity fund.

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 8. TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Payables		
- Outstanding dues of micro enterprises and small enterprises (refer note 8.1)	-	-
- Outstanding dues of creditors other than micro enterprises and small enterprises	17	15
Total	**17**	**15**

8.1. The Company does not have any overdues to any micro and/or small enterprises specified under the Micro, Small and Medium Enterprises Development Act, 2006, and accordingly there are no interest amounts due as at March 31, 2023 and March 31, 2022.

8.2. Aging schedule of trade payables:

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Not due	Less than 1 year	1-3 years	More than 3 years	
MSME	-	-	-	-	-	-
	-	-	-	-	-	-
Others	17	-	-	-	-	17
	(15)	-	-	-	-	(15)
Disputed dues - MSME	-	-	-	-	-	-
	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
	-	-	-	-	-	-

Note: Amount within parenthesis represents previous year figures.

NOTE 9. PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Employee benefit expenses:		
Compensated absences	2	3
Total	**2**	**3**

NOTE 10. OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Unpaid dividend (refer note 10.1 and 3A)	16	9
	16	**9**

10.1 There is no amount required to be transferred to Investor education and protection fund as at the end of the year.

Note 10A. Other Non Financial Liabilities

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Employee benefits payable	75	75
Statutory dues payable	6	7
Others	0	0
Total	**82**	**82**

NOTE 11. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Equity share capital		
Authorised Share capital :		
125,000,000 (March 31, 2022: 125,000,000) Equity Shares of ₹ 10 each ^	12,500	12,500
Issued and subscribed capital comprises:		
121,678,094 (March 31, 2022: 121,678,094) Equity Shares of ₹10 each ^	12,168	12,168
Total issued, subscribed and fully paid-up share capital	**12,168**	**12,168**

^ Number of shares and face value per share are reported in absolute numbers

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year:

Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares (In absolute numbers)	Amount (₹ in Lakhs)	Number of shares (In absolute numbers)	Amount (₹ in Lakhs)
Balance as at the beginning of the year	12,16,78,094	12,168	12,16,55,986	12,166
Add: Shares issued during the year on exercise of Stock options	-	-	22,108	2
Balance outstanding as at the end of the year	**12,16,78,094**	**12,168**	**12,16,78,094**	**12,168**

(ii) Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares with voting rights (one vote per equity share). The distribution of dividend is in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The Company has not issued any bonus shares or allotted any shares as fully paid up pursuant to contract(s) without payment being received in cash and there were no buy-backs or any securities that are convertible into equity shares. Accordingly, no further disclosures are made in this regard.

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(iii) Details of shares held by each shareholder holding more than 5% Equity Shares

Shareholding as at 31 March 2023

Particulars	Number of shares (In Lakhs)	% holding in the class of shares
Ardisia Limited	12065500	9.92%
Duro One Investments Limited	6396459	5.26%
NewQuest Asia Investments II Limited	6286535	5.17%

Shareholding as at 31 March 2022

Particulars	Number of shares (In Lakhs)	% holding in the class of shares
Ardisia Limited	12065500	9.92%
NewQuest Asia Investments II Limited	6286535	5.17%

(iv) Information relating to Employee stock option plan (ESOP) including details of options issued, exercised and lapsed during the year and options outstanding at the end of the reporting year is set out in note no. 25.

(v) There are no shares held by the promoters as at the end of the year and immediately preceeding financial year.

NOTE 12 : OTHER EQUITY

(₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Total
		Statutory Reserve	Securities Premium account	Retained Earnings (refer note 12.B)	General Reserve	Share Options Outstanding Account	
Balance at April 01, 2021	0	12,121	1,10,770	40,786	1,032	3,436	1,68,145
Add: Profit for the year	-	-	-	217	-	-	217
Add : Other comprehensive income for the year	-	-	-	6	-	-	6
Total comprehensive income for the year	**-**	**-**	**-**	**222**	**-**	**-**	**222**
Add/(less): Appropriation to statutory reserve	-	44	-	(44)	-	-	-
Add: ESOP expense for the year	-	-	-	-	-	0	0
Less: Grants exercised during the year	-	-	-	-	-	(21)	(21)
Add: Deemed Investment in Subsidiary	-	-	-	-	-	18	18
Less: Towards vested options lapsed during the year	-	-	-	-	1,127	(1,127)	-
Add : Share application money received	32	-	-	-	-	-	32
Less: shares alloted during the year	(2)	-	-	-	-	-	(2)
Less: Premium on shares allotted during the year	(30)	-	-	-	-	-	(30)

(₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Total
		Statutory Reserve	Securities Premium account	Retained Earnings (refer note 12.B)	General Reserve	Share Options Outstanding Account	
Add : Premium on shares issued during the year on stock options	-	-	51	-	-	-	51
Balance as at March 31, 2022	**-**	**12,165**	**1,10,821**	**40,964**	**2,159**	**2,307**	**1,68,416**
Balance at April 01, 2022	-	12,165	1,10,821	40,964	2,159	2,307	1,68,416
Add: Profit for the year				10,816			10,816
Add : Other comprehensive income for the year				1			1
Total comprehensive income for the year	**-**	**-**	**-**	**10,817**	**-**	**-**	**10,817**
Appropriation to statutory reserve	-	2,163	-	(2,163)	-	-	-
Less: Towards vested options lapsed during the year	-	-	-	-	1,198	(1,198)	-
Less: Interim dividend distributed during the year	-	-	-	(6,084)	-	-	(6,084)
Balance at March 31, 2023	**-**	**14,328**	**1,10,821**	**43,534**	**3,357**	**1,109**	**1,73,150**

(12.A) Nature and purpose of each reserve is as under:

Statutory Reserve :

Pursuant to the requirements of section 45 – IC of the Reserve Bank of India Act, 1934 ("the RBI Act") the Company is required to transfer not less than 20% of the profit after tax before any dividend is declared to the statutory reserve. Accordingly, the Company has transferred Rs.2,164 Lakhs to the statutory reserve for the year ended March 31, 2023 (March 31, 2022: Rs.44 Lakhs). The utilisation of this reserve fund is governed by the provisions of the Reserve Bank of India Act.

Securities Premium Account:

Securities Premium account represents premium on issue of equity shares. The amount received in excess of the par value of equity shares is recognised as securities premium. The securities premium will be utilised in accordance with the provisions of section 52 of Companies Act, 2013.

Shares options outstanding account:

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under the Company's Employees stock option plan. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees. (Also refer Note 25).

General Reserve:

This reserve represents balance transferred from Share Option Outstanding Account upon employee stock options that expired unexercised or upon forfeiture of options granted.

Retained earnings:

This is accretion of profits and represents surplus in statement of profit and loss.

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

12.B The Remeasurement gain/loss in respect of employee benefits, included in retained earnings above is as under:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
As at the beginning of the year	3	(2)
Remeasurements gain/(loss) on defined benefit plans	1	7
Income tax effect on above	(0)	(2)
As at the end of the year	**4**	**3**

12.C During the year ended March 31, 2023, the Board of Directors vide its meeting held on March 10, 2023 declared an interim dividend of Rs.5 per equity shares of Rs.10 each (March 31, 2022 - Nil).

(₹ in Lakhs)

Financial Year	Net Profit for the year ended	Rate of Dividend (%)	Amount of Dividend	Dividend Payout Ratio (%)
2022-23	10,816	50%	6,084	56%

NOTE 13 - REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Dividend on equity shares received from Subsidiary Company	10,800	-
Dividend on preference shares received from Subsidiary Company	1,100	-
Total	**11,900**	**-**

NOTE 14 - OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest on fixed deposits placed with banks (on financial assets measured at amortised cost) ^	823	675
Employee stock option expense, net of expense (Refer Note 25.6)	1	-
Reversal of gratuity cost, net of expense (Refer Note 22)	1	-
Total	**825**	**675**
^ Includes interest received on fixed deposits held with Subsidiary Company	793	526

NOTE 15 - EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	59	94
Contributions to provident and other funds	1	8
Contribution to gratuity fund(Refer Note 22)	-	1
Employee stock option expense (Refer Note 25.6)	-	8
Staff welfare expenses	1	0
Total	**61**	**112**

NOTE 16 - DEPRECIATION EXPENSE

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation on Computers (Refer Note 6)	1	0
Depreciation on Server (Refer Note 6)	1	1
Total	**1**	**1**

NOTE 17 - OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent - office premises ^	8	15
Repairs and maintenance	1	2
Insurance	2	3
Rates and taxes	12	9
Audit fees (Refer Note 17(a) below)	22	21
Professional charges	73	61
Sitting fee paid to directors	114	90
Postage and courier	0	-
Printing and stationery	0	1
Communication cost	0	0
Travelling & conveyance expenses	2	0
Expenditure on Corporate social responsibility activities (Refer Note 17(b) below)	5	3
Donations	-	49
Advertisement and publicity	2	2
Bank charges	0	0
Miscellaneous expenses	9	4
Total	**251**	**261**

^ represents charges paid to subsidiary as per cost sharing arrangement with the subsidiary company.

Note. 17(a) Details of payments to auditors

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Payments to the auditors comprises (including goods and services tax)		
- statutory audit services (including for consolidated financial statements and limited review)	19	18
- tax audit	-	2
- other services	2	1
- reimbursement of expenses (out of pocket expenses)	0	0
Total	**22**	**21**

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Note 17 (b) - Corporate Social Responsibility Expenditure

Pursuant to the requirement of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Company has spent the required amount towards CSR activities. These funds were primarily contributed to the corpus of implementing agency and utilised through out the year on CSR activities which are specified in Schedule VII of the Act.

ii) Amount spent during the year :

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount required to be spent by the Company during the year	4	3
Amount of expenditure incurred	5	3
Amount of shortfall at the end of the year	-	-
Total of previous years shortfall	-	-
Reason for shortfall	Not applicable	Not applicable
Nature of CSR activities	Promoting health care	Promoting education
Details of related party transactions (also refer note 25)	-	3
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

NOTE 18 - EARNINGS PER SHARE

(a.) Basic Earnings Per Equity Share

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Nominal value of equity share (₹)	10	10
Profit after tax - (A) (₹ in Lakhs)	10,816	217
Weighted average number of shares outstanding (B) (in absolute numbers)	12,16,78,094	12,16,78,094
Basic earnings per share (₹) - (A/B)	8.89	0.18

(b.) Diluted Earnings Per Equity Share

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Nominal value of equity share (₹)	10	10
Profit after tax - (A) (₹ in Lakhs)	10,816	217
Weighted average number of shares outstanding (B) (in absolute numbers)	12,16,78,094	12,16,78,094
Diluted earnings per share (₹) - (A/B)	8.89	0.18

Reconciliation of Weighted Average Number of Shares used as denominator (in absolute numbers)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	12,16,78,094	12,16,78,094
Adjustments for calculation of diluted earnings per share	-	-
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	12,16,78,094	12,16,78,094

NOTE 19 - LOW VALUE LEASES / SHORT TERM LEASES

Payments recognised as expense in statement of profit and losss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Short term leases (refer note 17)	8	15
Low value leases	-	-

NOTE 20 - TAX EXPENSE

Income tax recognised in statement of profit and loss and other comprehensive income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax:		
In respect of current year	1,594	84
In respect of prior year(s)	2	-
Deferred tax:		
In respect of current year (including recognised in other comprehensive income)	0	2
Total tax expense recognised in the Statement of profit and loss and other comprehensive income	**1,596**	**86**

Note 20.1 - Movement in deferred tax balances

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023			
	Opening Balance	Recognised in statement of profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Depreciation	0	0	-	0
	0	0	-	0
Tax effect of items constituting deferred tax assets				
Employee Benefits	1	0	(0)	1
	1	0	(0)	1
Net deferred tax Asset / (Liabilities)	**1**	**0**	**(0)**	**1**

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	**For the year ended March 31, 2022**			
	Opening Balance	**Recognised in statement of profit and loss**	**Recognised in Other Comprehensive Income**	**Closing Balance**
Tax effect of items constituting deferred tax liabilities				
Depreciation	0	(0)	-	0
	0	(0)	-	0
Tax effect of items constituting deferred tax assets				
Employee Benefits	3	0	(2)	1
	3	0	(2)	1
Net deferred tax Asset / (Liabilities)	**3**	**0**	**(2)**	**1**

Note 20.2 - The reconciliation between the income tax expense and income tax considering the applicable enacted tax rate. The amounts are computed by applying the income tax rate to profit before taxes as applicable to the Company's is as follows:

(₹ in Lakhs)

Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Profit before tax and other comprehensive income (OCI)	12,413	309
Enacted income tax rate in India	25.168%	25.168%
Expected tax expense computed using enacted tax rate	3,124	78
Tax effect on deduction for redistribution of dividend received	(1,531)	-
Tax effect on corporate social responsibility expenditure and donations not deductible for tax purposes	1	13
Tax effect in other ajustments	(0)	(5)
Earlier year taxes debited to statement of profit and loss	2	-
Income tax expense recognised in Statement of profit and loss & OCI	**1,596**	**86**

NOTE 21 - SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the CEO of the Company. The Company being a NBFC-ND-SI-CIC (Core Investment Company) registered with the RBI under section 45-IA of the Reserve Bank of India Act, 1934, operates only in one Business Segment, accordingly it does not have any separate reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company being Core Investment Company derives its revenue from operations from its investment in subsidiary. In addition to this, company also earns interest income from the fixed deposits placed with other banks which are disclosed under "Other Income".

NOTE 22 - EMPLOYEES BENEFIT PLANS

Post Employment Benefit Plans

Defined contribution plans

The Company makes the provident fund contributions for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the Government. The obligation of the company is limited to the amount contributed and it has no further legal nor any contractual obligations.

Gratuity

The Gratuity scheme is a defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules. The benefits are calculated on the basis of last drawn salary and the period of service at the time of separation and paid as lumpsum. There is a vesting period of 5 years.

(i) Risk Exposure

The Company is exposed to the following risks that affect the liabilities and cash flows,

1. **Interest rates risk :** the defined benefit obligation (DBO) calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
2. **Demographic risks:** this is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination of salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

(ii) Amount recognised in the Balance Sheet and the movements in the net benefit obligation over the year are as follows:

Components of Employer expense

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Current service Cost	0	1
Total Service Cost	**0**	**1**
Net Interest Cost		
Interest Expense on Defined Benefit Obligation (DBO)	0	1
Interest (Income on Plan Asset)	(2)	(1)
Total Net Interest	**(1)**	**0**
Administrative Expenses/Taxes/Insurance Cost	0	0
Defined Benefits cost included in P&L	**(1)**	**1**

(iii) Remeasurement effects

Remeasurement effects recognised in other comprehensive income (OCI)

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	-	3
Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(0)	(1)
Actuarial (Gain)/ Losses due to Experience on DBO	(1)	2
Return on Plan Assets (Greater) / Less than Discount rate	0	(12)
Total actuarial (gain)/loss included in OCI	**(1)**	**(7)**
Total cost recognised in P&L and OCI (Defined Benefit Cost)		
Cost Recognised in P&L	(1)	1
Remeasurement effect recognised in OCI	(1)	(7)
Total Defined Benefit Cost included in statement of profit and loss	**(2)**	**(7)**

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(iv) The net liability disclosed above related to funded plans are as follows:

Net Asset/(Liability) Recognised in Balance Sheet

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Present value of Funded Obligation	4	4
Fair Value of Plan Assets	24	22
Funded status (Deficit)	20	18
Outstanding unpaid Gratuity	11	11
Net Asset (Liability)	**9**	**7**
Recognised in balance sheet (also refer note 7)	**9**	**7**

(v) The amount recognised in the balance sheet and the movement in the net defined benefit obligation

Change in DBO over the year ending on

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Present value of DBO at beginning of the year	4	21
Interest Cost	0	1
Current Service Cost	0	1
Benefits Pay-outs from plan	-	(12)
Acquisitions/Divestures/Transfer	-	(11)
Actuarial (Gains)/Loss	(1)	4
Present Value Of DBO as at the end of the year	**4**	**4**

(vi) Reconciliation of Opening & Closing of Plan Assets

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Fair Value of Plan Assets at end of prior year	22	19
Employer Contribution	-	2
Expected Interest income of assets	2	1
Benefits Pay-outs from plan	-	(12)
Admin expenses /Taxes paid from plan assets	(0)	(0)
Actuarial gain/(Loss)	(0)	12
Fair Value of assets at the End	24	22
Actual Return on Plan Assets ^	**2**	**13**

^ Expected Interest income of assets+ Actuarial gain/(Loss)

(vii) Expected Contributions to the plan for the next annual reporting period.

Information on the maturity profile of the liabilities given below

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Weighted average duration of the DBO (years)	24	25
Projected Benefit Obligation	4	4
Accumulated Benefits Obligation	1	1

(viii) Five Year Payouts

(₹ in Lakhs)

Particulars	March 31, 2023	
	Discounted values / Present value	Undiscounted values/ Actual value
Year (I)	0	0
Year (II)	0	0
Year (III)	0	0
Year (IV)	0	0
Year (V)	0	0
Next 5 Year Payouts (6-10Yrs)	0	0
Payouts Above Ten Years	4	17
Vested benefit Obligation as on March 31, 2023	4	4

(ix) Major Categories of Plan Asset are as follows as a percentage of the fair value

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Govt Securities (Central & State)	0.00%	0.00%
High quality Corporate Bonds	0.00%	0.00%
Equity shares of Listed Co's	0.00%	0.00%
Property	0.00%	0.00%
Special deposits	0.00%	0.00%
Others (PSU)	0.00%	0.00%
Assets under Insurance Schemes	100.00%	100.00%
Total	**100.00%**	**100.00%**

(x) Key Assumptions

One of the principal assumptions is the discount rate, which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Actuarial Assumptions:

Salary Escalation:

In projecting the salary increases there are three factors to consider - first is inflation level leading to a general change in salary level. The other two are career progression of the employees & productivity gains for the organisation. Where appropriate the salary increases, a periodic salary experience study with the Company's data will be conducted as an input for the Company, when setting the assumption.

Demographic Assumptions:

For Attrition / Withdrawal

Withdrawal rates, both at early durations of service and near retirement date, not only have a significant impact on estimates of 'liability' and 'contributions' (more than of mortality in service) but are most difficult to estimate. The past may not be a guide to the future. Even if the past experience can be statistically analyzed and produce some meaningful rates, the future experience of withdrawals will depend on general economic conditions as also the particular conditions affecting the given employer's business. Furthermore, withdrawal rates differ significantly from scheme to scheme and within a scheme from year to year. We examine these rates and any other information available and use best possible judgment to cater to the long term nature of the actuarial estimates being carrying out.

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
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The financial and demographic assumptions employed for the calculations as at the end of previous year and current year are as follows:

(₹ in Lakhs)

Assumptions	March 31, 2023	March 31, 2022
Discount rate	7.57%	7.48%
Salary Escalation	9.00%	9.00%
Attrition rate	0.00%	0.00%
Expected return on assets	7.57%	7.48%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	
Disability	5% of mortality rate	
Retirement age	60	60

(xi) Sensitivity Analysis - March 31, 2023

(₹ in Lakhs)

Particulars	% increase / (decrease) in DBO	Liability	Increase In DBO
Discount rate +100 basis points	(17.80%)	3	(1)
Discount rate -100 basis points	21.94%	4	1
Salary growth +100 basis points	12.82%	4	0
Salary growth -100 basis points	(17.86%)	3	(1)
Attrition rate +100 basis points	(3.81%)	3	(0)
Attrition rate-100 basis points	4.50%	4	0
Mortality rate 10% up	(0.15%)	4	(0)

(xii) Sensitivity Analysis - March 31, 2022

(₹ in Lakhs)

Particulars	% increase / (decrease) in DBO	Liability	Increase In DBO
Discount rate +100 basis points	(19.65%)	3	(1)
Discount rate -100 basis points	24.84%	5	1
Salary growth +100 basis points	24.40%	5	1
Salary growth -100 basis points	(19.69%)	3	(1)
Attrition rate +100 basis points	(5.05%)	4	(0)
Attrition rate-100 basis points	6.00%	4	0
Mortality rate 10% up	(0.17%)	4	(0)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compare to the prior period.

NOTE 23 (A) - CAPITAL MANAGEMENT

The Company manages its capital to ensure its ability to continue as going concern while optmising the returns to stakeholders. The capital structure of the Company consists of equity. The Management of the Company reviews the capital structure of the Company on a annual basis. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor and market confidence and to sustain future development and growth of its business.

Refer note 24 for the details on critical ratios.

NOTE 23 (B) - FAIR VALUE MEASUREMENTS

Categories of financial instruments

(₹ in Lakhs)

Financial assets	As at March 31, 2023	As at March 31, 2022
Financial asset		
Measured at amortised cost		
Cash and bank balances	17,366	12,630
Financial liabilities		
Measured at amortised cost		
Other financial liabilities (including trade payables)	17	15

The carrying amounts of trade payables, other receivables, cash and cash equivalent including other current bank balances and other liabilities are considered to be the same as their fair values, due to current and short term nature of such balances.

For financial assets and liabilities that are measured at amortised cost, the carrying amounts approximate their fair values. All the above financial assets and liabilities are valued at level 3.

NOTE 23 (C) - FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's risk management is carried out by the Management under policies laid down by the Board of Directors. The Company's activities expose it to liquidity risk. The Management of the Company monitors the risk exposures on a periodical basis and reports to the Board of Directors on the risks that it monitors and policies implemented to mitigate risk exposures.

1. Foreign currency risk

The company undertakes no transaction in foreign currency; consequently no exposure to exchange fluctuation.

2. Interest rate risk

The Company's interest bearing financial assets are term deposits which earn interest at fixed bank deposit rate. Accordingly, the Company's income and operating cash flows are substantially insensitive of changes in market interest rates. The interest bearing financial assets are placed in term deposit which are maturing within twelve months to minimise the interest rate risk. The Company did not have any borrowings during the year and as at the year end.

3. Credit risk

The Company maintains exposure in cash and cash equivalents and term deposits with banks. The Company has a portfolio of investment with Bank which has secure credit ratings hence the risk is reduced.

4. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its obligations on time or at a reasonable price.

Liquidity analysis for non derivative financial liabilities-

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
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As at March 31, 2023 (₹ in Lakhs)

Particulars	Due within (years)		Total	Carrying amount
	Less than 1 year	More than 1 year		
Trade payables	17	-	17	17
Other financial liability (Non interest bearing)^	-	-	-	-
Total	**17**	**-**	**17**	**17**

^Includes amounts not due

As at March 31, 2022 (₹ in Lakhs)

Particulars	Due within (years)		Total	Carrying amount
	Less than 1 year	More than 1 year		
Trade payables	15	-	15	15
Other financial liability (Non interest bearing)^	-	-	-	-
Total	**15**	**-**	**15**	**15**

^Includes amounts not due

The Management considers that the carrying amount of financial assets and financial liabilities recognised in these financial statements approximate their fair values.

Mitigating Liquidity Risk

The Company maintains sufficient liquid assets to meet for working capital requirements or expansion requirements in the form of term deposits with banks which can be liquidated on demand. The Company's financial liabilities, consisting mainly of accrued expenses and other liabilities which are due within the next twelve months from the reporting date. The Company has sufficient funds to meet all maturing obligations.

5. Price Risk

Investments in Subsidiary are carried at cost, pursuant to the applicable accounting standard and carry no impact of price risk. The shares of the subsidiary are actively traded in the major recognised stock exchanges of India. There are no investments in mutual funds as at March 31, 2023 and immediately preceding financial year ended March 31, 2022.

NOTE 24 - RATIOS

Description	Numerator	Denominator	As at 31 March, 2023	As at 31 March, 2022	% Variance	Reasons for variance ^
Capital to Risk-Weighted Assets Ratio (CRAR)	Adjusted Networth (ANW)	Risk Weighted Assets (RWA)	188.87%	149.00%	26.76%	refer note (a) below
Tier I Capital	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Tier II Capital	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Liquidity Coverage Ratio	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

^ variance above 25%.

Note (a) : Increase in the market value of investments in subsidiary.

NOTE 25 - SHARE-BASED PAYMENTS

25.1 Employee Share Option Plan ('ESOP') of the Company

25.1.1 Details of the employee share option plan of the Company

The Company has share option scheme for employees of the Company and its subsidiary i.e. Ujjivan Small Finance Bank Limited ('USFB'), active scheme being ESOP 2015.

ESOP 2015

Out of 55,15,880 Options granted, 8,28,182 options have been exercised, 39,14,746 options are lapsed and 7,72,952 vested options are yet to be exercised as at the year end.

The vesting period for the options granted under ESOP 2015 is for a period of three years as under:

Year	Options Granted	% of vesting		
		Year 1	Year 2	Year 3
ESOP 2015	14,69,800	34%	33%	33%
ESOP 2015 (Additional Grant Scheme 1)	16,96,850	33%	33%	34%
ESOP 2015 (Additional Grant Scheme 2)	23,37,670	34%	33%	33%
ESOP 2015 (Additional Grant Scheme 3)	11,560	34%	33%	33%
Total	**55,15,880**			

The following employee share option plan arrangements were in existence during the current and prior years:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
ESOP 2015	14,69,800	November 03, 2015	November 03, 2019	146.35	-
		November 03, 2015	November 03, 2020	146.35	84.00
		November 03, 2015	November 03, 2021	146.35	95.00
ESOP 2015 (Additional Grant Scheme 1)	16,96,850	September 14, 2016	September 14, 2020	417.15	109.00
		September 14, 2016	September 14, 2021	417.15	134.00
		September 14, 2016	September 14, 2022	417.15	161.00
ESOP 2015 (Additional Grant Scheme 2)	23,37,670	June 27, 2018	June 27, 2022	385.05	110.00
		June 27, 2018	June 27, 2023	385.05	132.00
		June 27, 2018	June 27, 2024	385.05	155.00
ESOP 2015 (Additional Grant Scheme 3)	11,560	January 23, 2019	January 23, 2023	290.60	83.00
		January 23, 2019	January 23, 2024	290.60	100.00
		January 23, 2019	January 23, 2025	290.60	117.00

25.2 Fair value of share options granted during the year

No share options were granted during the financial year ended March 31, 2023 and March 31, 2022. Options granted in earlier year were priced using Black and Scholes Model ('Model'). Vested ESOPs can be exercised within three 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. While the Company has been listed since 2016, the period of listing upto the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies have been considered for the purposes of valuation.

Inputs into the model

Particulars	ESOP 2015			ESOP 2015 (Additional Grant Scheme 1)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	186.59	186.59	186.59	417.15	417.15	417.15
Exercise price	146.35	146.35	146.35	417.15	417.15	417.15
Expected volatility	30.90%	32.60%	35.20%	29.70%	30%	31.80%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Risk-free interest rate	7.4%	7.5%	7.6%	6.8%	6.8%	6.9%

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Inputs into the model

Particulars	ESOP 2015 (Additional Grant Scheme 2)			ESOP 2015 (Additional Grant Scheme 3)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	385.05	385.05	385.05	290.6	290.6	290.6
Exercise price	385.05	385.05	385.05	290.6	290.6	290.6
Expected volatility	32.80%	31.30%	31.60%	32.80%	31.30%	31.60%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Risk-free interest rate	7.6%	7.8%	7.9%	7.6%	7.8%	7.9%

25.3 Movements in share options

During the FY 2022-23

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the end of the year and outstanding
ESOP 2015	-	-	-	-	-
ESOP 2015 (Additional Grant Scheme 1)	2,99,958	-	-	2,99,958	-
ESOP 2015 (Additional Grant Scheme 2)	13,80,930	-	-	6,07,978	7,72,952
ESOP 2015 (Additional Grant Scheme 3)	-	-	-	-	-
Total	**16,80,888**	**-**	**-**	**9,07,936**	**7,72,952**
Weighted average exercise price	390.78	-	-	395.65	385.05
Weighted average remaining contractual life					0.37 years

During the FY 2021-22

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the end of the year and outstanding
ESOP 2015	1,69,184	-	22,108	1,47,076	-
ESOP 2015 (Additional Grant Scheme 1)	7,13,739	-	-	4,13,781	2,99,958
ESOP 2015 (Additional Grant Scheme 2)	17,32,019	-	-	3,51,089	13,80,930
ESOP 2015 (Additional Grant Scheme 3)	-	-	-	-	-
Total	**26,14,942**	**-**	**22,108**	**9,11,946**	**16,80,888**
Weighted average exercise price	378.37	-	146.35	361.12	390.78
Weighted average remaining contractual life					0.55 years

25.4 Share options exercised during the year

There are no shares excercised during the year ended March 31, 2023. Weighted average share price for the year ended March 31, 2022 is ₹ 200.93.

25.5 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 ₹ 385.05 (March 31, 2022: ₹ 390.78), and a weighted average remaining contractual life of 0.37 years (March 31, 2022: 0.55 years).

25.6 Expense arising from share based payment transaction recognized in profit or loss statement as employee benefit expense are as follows:

(₹ in Lakhs)

Description	March 31, 2023	March 31, 2022
Employee benefit expense in respect of ESOP issued by the Company	-	8
Employee benefit expense in respect of ESOP issued by the Subsidiary, net (refer note 25.7)	(1)	(8)
Net Employee benefit expense adjusted to Share Options Outstanding Account	**(1)**	**0**

25.7 ESOP arrangement with subsidiary

With effect from February 1, 2017, the entity was demerged into Ujjivan Small Finance Bank Limited (USFB) resulting in the transfer of options from the employees of the Company to the employees of USFB (Subsidiary of the Company). As per Ind AS 102 Share-based Payment, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. Pursuant to management decision, Impact of Ind AS 102 on account of options granted to the employees of subsidiary is treated as deemed investment in subsidiary in the Company's books.

During the year ended March 31, 2020, the USFB has approved an ESOP scheme and an Employee Share Purchase Scheme ('ESPS') for employees of USFB and its holding company, i.e., Ujjivan Financial Services Limited. Under ESOP 2019, total 628,782 options (March 31, 2022 - 601,561) were granted to the employees of the holding company to be vested over a period of 5 years and total 211,200 shares (March 31, 2022- 211,200) were purchased under ESPS 2019 scheme. Further, during the year ended March 31, 2022, two employees were transferred to the USFB to whom 264,441 ESOPs granted under the scheme. As per Ind AS 102 Share-based Payment, the fair value cost of the options for the period expired out of the vesting period and shares purchased were recognised in the statement of profit and loss and reimbursed to the subsidiary entity, i.e., USFB. As on March 31, 2023, towards remaining employees of the holding company, out of 364,341 options granted (March 31, 2022 – 337,120), 300,431 options are lapsed (March 31, 2022 - 282,176), 15,183 options were vested yet to be exercised (March 31, 2022 – 11,004) and 48,727 options were unvested (March 31, 2022 – 43,940).

NOTE 26 - RELATED PARTY DISCLOSURE

Terms and Conditions of transactions with related parties:

The transactions with related parties are made in the ordinary course of business and the same is at arm's length. Outstanding balances at the year end are unsecured and interest free other than fixed deposits and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment for receivables.

A. List of Related Parties are Given below:

Nature of relationship	Related Party
Key Management Personnel	Mr. Ittira Davis Poonollil, Director (from November 01, 2021 to January 13, 2022)
	Mr. Samit Ghosh, Director
	Mr. Kuttalam Rajagopalan Ramamoorthy, Director
	Ms. Mona Kachhwaha, Director
	Mr. Narayan Anand, Director
	Mr. Renzo Christopher Viegas, Director (from December 17, 2021)
	Mr. Sunil Patel, Director
	Mr. Abhijit Sen, Director (upto September 12, 2021)
	Mr. Rajesh Jogi, Director (From February 11, 2021 to August 22, 2021)
	Ms. Carol Kripanayana Furtado, CEO (from August 13, 2021 to August 25, 2021)

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Nature of relationship	Related Party
	Mr. Sanjeev Barnwal, CEO (from September 10, 2021 to February 14, 2022)
	Mr. Barun Kumar Agarwal, CFO (upto November 15, 2021)
	Mr. Radhakrishnan Ravi, CEO and CFO (from April 19, 2022)
	Mr. Sanjeev Barnwal, Company Secretary (upto February 14, 2022)
	Mr. Shashidhara S, Company Secretary (from February 15, 2022)
Subsidiary of Company	Ujjivan Small Finance Bank Limited
Enterprise in which relatives of KMP are members	Parinaam Foundation

B. Transactions with related parties during the year

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Amounts paid to KMP:		
Salary (including contribution to provident fund)	56	89
Sitting fee paid to Directors (excluding GST paid under RCM)	96	77
Interim dividend paid to Directors and KMP	5	-
Ujjivan Small Finance Bank Limited:		
Dividend income on equity shares received	10,800	-
Dividend income on preference shares received	1,100	-
Investment in Others* (Deemed Investment)	-	18
Placement of fixed deposit	16,979	10,670
Maturity of fixed deposit	10,470	9,050
Interest income recognised	793	526
Reimbursement of expenses on behalf of related party	-	2
Reimbursement of expenses to related party		
- ESOP perquisite tax	-	4
- Other expenses	10	17
- Proceeds from transfer of property plant and equipment	-	0
- ESOP/ESPS 2019 expense reversed	2	-
- ESOP/ESPS 2019 expense	1	8
Parinaam Foundation		
CSR contribution	-	3

*Deemed investment on account of ESOP issued to employees of subsidiary

C (i). Outstanding balance with related parties

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Term deposit balance with subsidiary bank (including interest accrued)	17,281	10,617
Balances with subsidiary bank in current account	49	7

C (ii). Maximum outstanding balances at any time during the year

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Term deposit balance with subsidiary bank (including interest accrued)	17,281	10,617
Balances with subsidiary bank in current account	*9,760*	*107*

E. Remuneration paid to Key managerial personnel comprises of:

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Short-term benefits	55	85
Other long-term benefits	1	4
Total	**56**	**89**

NOTE 27 - DISCLOSURE OF DETAILS AS REQUIRED UNDER CLAUSE NO. 30 ANNEXURE V OF MASTER DIRECTION - CORE INVESTMENT COMPANIES (RESERVE BANK) DIRECTION, 2016 (AS LAST UPDATED ON OCTOBER 05, 2020).

A Components of Adjusted Net Worth (ANW) and other related information

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
ANW as a % of Risk Weighted Assets	188.87%	149.00%
Unrealised appreciation in the book value of quoted investments (₹ in Lakhs)	1,25,556	66,098
Diminution in the aggregate book value of quoted investments (₹ in Lakhs)	-	-
Leverage Ratio (In times) (Outside Liabilites/ Networth)	0.00063	0.00061

B Investment in other CICs

a) Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs)	Not Applicable
b) Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds	Not Applicable
c) Number of CICs with their names wherein the direct or indirect capital contribution is less than 10% of Owned Funds	Not Applicable

C Off Balance Sheet Exposure

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
i) Off balance sheet exposure	Nil	Nil
ii) Financial Guarantee as a % of total off-balance sheet exposure	Nil	Nil
iii) Non-Financial Guarantee as a% of total off-balance sheet exposure	Nil	Nil
iv) Off balance sheet exposure to overseas subsidiaries	Nil	Nil
v) Letter of Comfort issued to any subsidiary	Nil	Nil

D Investments

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
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(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
1. Value of Investments	1,67,983	1,67,983
(i) Gross Value of Investments		
(a) In India	1,67,983	1,67,983
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	1,67,983	1,67,983
(b) Outside India.	-	-
2. 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	-	-

Also refer note 4 for details and break-up of investments.

E ALM - Maturity pattern of Assets and Liabilities

Particulars	Liabilities	Assets	
	Borrowings from Banks and others	Advances	Investments
1 to 7 days	-	-	-
8 to 14 days	-	-	-
15 to 30/31 days	-	-	-
Over 1 month to 2 months	-	-	-
Over 2 months to 3 months	-	-	-
Over 3 months up to 6 months	-	-	-
Over 6 months to 1 year	-	-	-
Over 1 year to 3 years	-	-	-
Over 3 years to 5 years	-	-	-
Over 5 years (March 31, 2022: 167,983 Lakhs)	-	-	1,67,983
Total	**-**	**-**	**1,67,983**

There are no foreign currency assets and foreign currency liabilties as at the balance sheet date.

F Business Ratios

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Return on Equity (RoE) (Profit for the year/ Total equity, excluding reserves towards stock options)	5.98%	0.13%
Return on Assets (RoA) (Profit for the year/ Total assets)	5.83%	0.12%
Net profit per employee (₹ in Lakhs)^ (Profit for the year/ No. of employees)	3,606	111

^Number of employee as at the end of the year.

G Provisions and Contingencies

Provisions and Contingencies shall be presented as under:

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Provisions for depreciation on Investment	Nil	Nil
Provision towards NPA	Nil	Nil
Provision made towards Income tax^	1,596	84
Other Provision and Contingencies (with details)	Nil	Nil
Provision for Standard Assets	Nil	Nil

^ The provision for income tax expense for the year has been debited under the head tax expense and includes earlier year taxes (refer note 20).

H Concentration of NPAs

Particulars	(₹ in Lakhs)	Exposure as a % of total assets
Total Exposure to top five NPA accounts	NA	-

I Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The Company did not have any overseas assets during and as at the year end (March 31, 2022 - Nil).

J Disclosure on provisioning in the Balance Sheet

Provisions as per CIC Guidelines - As the Company is not engaged in the business of financing, it has not provided any loans/advances and therefore related compliance in relation to classification as standard asset, sub standard assets, doubtful and loss assets are not applicable.

The Company does not have any exposure to real estate sector, both direct and indirect.

K The Company has not obtained any Registrations / licenses / authorisations from other financial sector regulators and RBI has not levied any penalties on the Company during the year.

NOTE 28 - DISCLOSURES RELATING TO SCALE BASED REGULATIONS APPLICABLE TO CORE INVESTMENT COMPANIES (CIC'S)

A The Company doesnot have any exposure to real estate sector, capital market, sectoral exposure and unhedged foreign currency exposure during the year. Investment in subsidiary is not considered for this purpose.

B The Company has not received any complaints from customers and from the Offices of Banking Ombudsman (OBOs) during the year.

C Details of the Directors

Number of shares in absolute numbers

Name of the Director	Designation	No of share held as at March 31, 2023	No of share held as at March 31, 2022
Mr. Samit Ghosh	Director	36,076	36,076
Mr. Kuttalam Rajagopalan Ramamoorthy	Director	1,000	1,000
Ms. Mona Kachhwaha	Director	-	-
Mr. Narayan Anand	Director	-	-
Mr. Renzo Christopher Viegas (from December 17, 2021)	Director	50,048	-
Mr. Sunil Patel	Director	-	-
Mr. Abhijit Sen (upto September 12, 2021)	Director	-	-
Mr. Rajesh Jogi (From February 11, 2021 to August 22, 2021)	Director	-	-

NOTES FORMING AN INTEGRAL PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

D Related party disclosures - Refer note 26 for details.

E Divergence in asset classification and provisioning - There are no instances of divergence in asset classification and provisioning during the year.

F Breach of covenant - Not applicable to the Company, as the Company has not availed any loan availed / issued any debt securities.

NOTE 29 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

NOTE 30 The Board of Directors of the Company and Ujjivan Small Finance Bank, the Subsidiary ("the Bank") in their respective meetings held on October 14, 2022 have approved a scheme of amalgamation of the Company with the Bank in terms of Sections 230 to 232 of the Companies Act, 2013. In terms of the said scheme, the Company will be amalgamated into and with the Bank and all 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 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. All the Key Managerial Personnel, and other employees of the Company who are in 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 the Company as on the Effective Date. All proceedings by or against the Company shall continue by or against the Bank. The appointed date under the said Scheme is April 01, 2023 or such other date as may be approved by the NCLT. In consideration of the proposed merger, the Bank will allot to the shareholders of the Company as on the Record Date (to be fixed by the Board of the Bank), 116 (One hundred and sixteen) equity shares of the face value of Rs. 10/- each of the Bank, credited as fully paid-up, for every 10 (ten) equity shares of the face value of Rs. 10/- each fully paid-up held by such shareholders of the Company. The shares held by the Company in the Bank shall stand extinguished on the amalgamation taking effect. The RBI vide its letter dated February 01, 2023, has conveyed its "no-objection" to the said proposal for voluntary amalgamation of the Company with the Bank subject to NCLT and other regulatory approvals. Further, the Bank on March 09, 2023 has received the no-observation letters from the Stock Exchanges (NSE and BSE), based on which a joint application has been filed with the NCLT on March 29, 2023, by the Company and Bank. The Company is now awaiting the directions / orders from the Hon'ble NCLT, Bengaluru Bench.

NOTE 31

The Company does not hold any Benami Property which is either recorded or not recorded in the books of account and there are no proceedings initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, no disclosures are made in this regard.

NOTE 32 BORROWINGS FROM BANKS OR FINANCIAL INSTITUTIONS

The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets. Accordingly, no disclosures are made in this regard.

NOTE 33 WILFUL DEFAULTER:

The Company did not have any borrowings during the year or as at the year end and the Company has not been declared as wilful defaulter by any bank or financial institution or Government or Government Authorities or other lender. Accordingly, no disclosures are made in this regard.

NOTE 34 RELATIONSHIP WITH STRUCK OFF COMPANIES

As per the information available with the Company, the Company did not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 except the following.

For current reporting year

Name of the Company	Nature of transactions	Shares held as at March 31, 2023 (in absolute numbers)	Relationship with the Struck off company, if any,
The Woodland Estates Limited	Note (a)	2	Not applicable

For previous reporting year

Name of the Company	Nature of transactions	Shares held as at March 31, 2022 (in absolute numbers)	Relationship with the Struck off company, if any,
Sujata Hotel Pvt. Ltd.*	Note (a)	2,910	Not applicable
Visucius Advisory Solutions Pvt. Ltd. (under process of striking off)	Note (a)	295	Not applicable

Note: (a) Equity shares of the Company held by the struck off company.
*active as on date of approval of these financial statements.

NOTE 35 The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company 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 Company (Ultimate Beneficiaries).

The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

NOTE 36 There are no transactions that are not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

NOTE 37 TRANSACTIONS IN CRYPTO CURRENCY OR VIRTUAL CURRENCY

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year. Accordingly, no further disclosures are made in this regard.

NOTE 38 The COVID-19, a global pandemic has affected the world economy over the last two years. The extent to which any new wave of COVID-19 will impact the Subsidiary's (Ujjivan Small Finance Bank Limited) operations 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.

Signature to all notes to standalone financial statements

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

SAMIT GHOSH
Non-Executive Director and Chairman
DIN: 00185369

SUNIL PATEL
Independent Director
DIN: 00050837

K P SRINIVAS
Partner
Membership No. 208520

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: New Delhi
Date: May 18, 2023

Place: Bengaluru
Date: May 18, 2023

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF UJJIVAN FINANCIAL SERVICES LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Ujjivan Financial Services Limited ("hereinafter referred as the Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind-AS") and other accounting principles generally accepted in India, of the Consolidated state of affairs of the group as at March 31,2023, its consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements, in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the code of ethics issued by Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with the requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us along with consideration of audit report of other auditors referred to in paragraph (i) of the "Other Matters" section below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report on the standalone financial statements of the Holding Company.

The following Key Audit Matters were included in the independent auditor's report dated May 11, 2023 issued by the Joint Auditors of Ujjivan Small Finance Bank Limited, a subsidiary of the Holding Company ("the Bank/ Subsidiary"), containing an unmodified audit opinion on the special purpose standalone financial statements of the subsidiary:

MEASUREMENT OF EXPECTED CREDIT LOSS (ECL) ON FINANCIAL ASSETS

Key Audit Matter as identified by the auditors of the subsidiary bank	How the auditors of subsidiary bank addressed the Key Audit Matter in their audit
Recognition and measurement of impairment relating to financial assets (designated at amortised cost and fair value through other comprehensive income) and those involving significant management judgement. With applicability of Ind AS 109 credit loss assessment is now based on ECL model, which is a forward-looking expected loss model. The Bank's impairment allowance is computed based on estimates including the historical default and loss ratios. The Bank leverages the assets classification and risk estimations under Internal Rating Based (IRB) Approach towards calculation of Capital charge for Credit Risk (IRB) for ECL computation. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant factors are: - Portfolio Segmentation - Asset staging criteria - Calculation of probability of default / Loss given default/ Credit conversion factor basis the portfolio segmentation. - Consideration of probability of forward looking macro-economic factors like Covid-19 impact on credit quality of the asset and the ECL computation. The change in estimates or assumptions used in the ECL model (new pooling estimates including basis of all assumptions for underlying inputs to the ECL model) in current year to ensure compliance with Ind AS 109 requirements were approved by competent/appropriate authorities of the Bank. The Bank has wide range of products in retail segment and loans of Financial Institutional Group (FIG). There is significant data input required for the computation of ECL for homogenous product in retail segment and basis model and internal grading system in FIG. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the ECL computation. The auditors have of the subsidiary bank have identified the measurement of ECL as a key audit matter in view of the significant judgement and assumptions involved.	• Reviewed the newly drafted policy during the current year on ECL for impairment of financial assets and assessed compliance with Ind-AS 109. • Understood the process of creation and assigning new pooling estimates for the financial assets of the Bank. • Evaluated the reasonableness of management's process of ECL estimation and related assumption. • Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation. • Reconciled total financial assets considered for ECL estimation with the books of accounts to ensure completeness. Performed substantive procedures for testing of ECL model and computation of ECL amount as listed below: • Reviewed procedures done by the bank over the segmentation of financial assets related to the advances as per their various products and models and risk characteristics. • Reviewed the assumptions used for and computation of probability of default, loss given default, discounting factors, credit conversion factor for different class of financial assets as per their nature and risk assessment for sample class of assets. • Tested the appropriate staging of assets basis their days past due on sample basis. • Tested the mathematical accuracy, assumption and underlying computation of the ECL model. • Assessed the adequacy and appropriateness of disclosures for compliance with the Indian Accounting Standards.

Key Audit Matter as identified by the auditors of the subsidiary bank	How the auditors of subsidiary bank addressed the Key Audit Matter in their audit
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.	The audit procedures of the auditors of subsidiary with respect to this matter included use of their 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 and security related policies were also part of their audit procedures.

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

The Holding Company's Board of Directors is responsible for the other information. The Other Information comprises the Directors Report and Annual Report, but does not include the consolidated financial statements, standalone financial statements and our auditors reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, if 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.

Responsibility of Management and those charged with governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (the Act) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of the Company and the Bank included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each entity 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

The respective Board of Directors of the Company and the Bank included in the Group are responsible for overseeing the financial reporting process of the each entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing ("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 consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 the 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 ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. For the entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company, 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 consolidated financial statements of the current period 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.

Other Matters

(1) We did not audit the special purpose Ind AS financial statements of subsidiary bank, whose financial statements reflect total assets (before consolidation adjustments) of Rs.35,48,495 lakhs as at 31 March 2023, total revenues (before consolidation adjustments) of Rs.4,67,846 lakhs, net profit after tax (before consolidation adjustments) of Rs.1,15,116 lakhs and net cash inflows (before consolidation adjustments) amounting to Rs.15,060 lakhs for the year ended on that date, as considered in the consolidated financial statements. These special purpose Ind AS financial statements which have been prepared by the Bank for the purposes of consolidation with the holding company, have been audited by their independent joint auditors whose report dated May 11, 2023, has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the aforementioned subsidiary is based solely on the report of the other auditors.

Our opinion on the consolidated financial statements and our report on other legal and regulatory requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the report of other auditors as mentioned above as well as the report of the auditors of subsidiary bank on the financial statements of the subsidiary bank prepared under the Banking Regulations Act, 1949 and the Companies Act, 2013.

Report on Other Legal and Regulatory Requirements

(2) With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by us for the Holding Company, we report that there are no qualifications or adverse remarks in the said CARO report;

With respect to the subsidiary, the provisions of the Companies (Auditor's Report) Order, 2020 is not applicable since it is a Banking Company as defined under the provisions of Banking Regulation Act, 1949.

(2) As required by Section 143(3) of the Act and on the consideration of report of the auditors of the subsidiary bank as mentioned under 'Other Matter' paragraph, 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 of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to the preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss including Other Comprehensive Income, consolidated Statement of Changes in Equity and the consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the holding company as on 31st March, 2023 taken on record by the Board of Directors of the holding company and the report of the statutory auditors of its subsidiary Bank incorporated in India, none of the directors of the group companies incorporated in India is disqualified as on 31st March, 2023 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 group and the operating effectiveness of such controls, refer to our separate report in **'Annexure A'**; and

(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. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is within the limits prescribed under the provisions of section 197 of the Act.

With respect to the subsidiary bank, as stated in the auditors report of that subsidiary the provisions of section 197 of the Act is not applicable to the subsidiary since it is a Banking Company as defined under the provisions of Banking Regulation Act, 1949.

(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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 28 to the consolidated financial statements.

(ii) The Group has not entered into any long term contracts nor entered into any derivative contracts as at 31 March 2023 and hence no provision is required to be made in this regard.

(iii) There was no amount which was required to be transferred during the year to the Investor Education and Protection Fund by the Holding Company and its subsidiary bank incorporated in India.

(iv) (a) The respective Management of the company and its subsidiary Bank incorporated in India, whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary, to the best of its knowledge and belief, other than as disclosed in the note 58 to the consolidated financial statements, 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 Company or any such subsidiaries to or in any other person or entity, including foreign entity ("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 Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The respective Management of the company and its subsidiary incorporated in India, whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries, to the best of its knowledge and belief, other than as disclosed in the note 58 to the consolidated financial statements, no funds have been received by the Company or any of such subsidiaries, from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries, shall, 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;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary bank whose financials statements have been audited under the Act, 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) The interim dividend, as stated in Note No.19A(c) of the consolidated financial statements for the year ended 31 March 2023, declared and paid by the Company during the year is in compliance with Section 123 of the Act. No final dividend was proposed by the board of directors during the year.

With respect to subsidiary bank, as stated in the auditors report of that subsidiary,

(a.) The interim dividend declared and paid by the Bank during the year are in accordance with section 123 of the Act.

(b.) The Board of Directors of the Bank have declared the balance interim preference dividends for the year on May 11, 2023 which in the opinion of the auditors of the bank is in accordance with section 123 of the Act to the extent it applies to declaration of interim dividend.

(c.) The Board of Directors of the Bank has proposed a final equity dividend for the year on May 11, 2023 which is subject to the approval of the members at the ensuing Annual General Meeting. In the opinion of the auditors of the bank the dividend proposed is in accordance with section 123 of the Act to the extent it applies to the proposal to pay dividends.

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Group with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

K P SRINIVAS
Partner
M No. 208520
ICAI UDIN: 23208520BGUHDP1653

Place: New Delhi
Date: 18 May 2023

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

[Annexure Referred to in Para 2 (f) "Report on Other Legal And Regulatory Requirements" of the Independent Auditor's Report on the Internal Financial Controls under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("The Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March 2023, we have audited the internal financial controls with reference to financial statements of Ujjivan Financial Services Limited ("the Holding Company") and its subsidiary Bank, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the holding company and Board of Directors of the subsidiary bank incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company'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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, 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 adequate 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 system 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 judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, and audit evidence obtained by the auditor of the subsidiary company incorporated in India in terms of their report referred to in the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to financial statements of the Holding Company and its subsidiary company incorporated in India.

Meaning of Internal Financial Controls with reference to financial statements

A company'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 company'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 company; (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 company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company'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 controls 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 and based on the report of the auditors of its subsidiary company incorporated in India, the Holding company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal control with reference to financial statements criteria established by the Holding Company and its subsidiary company incorporated in India considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over financial reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to the subsidiary bank incorporated in India is based solely on the corresponding report of the auditors of the said subsidiary incorporated in India who have expressed an unmodified opinion with Other Matter Paragraph which is reproduced below.

'Considering the nature of business and high volumes of cash collections from borrowers, procedures and systems and recording of collections relating to overdue advance accounts in the books of account need to be automated suitably, although manual controls are in place. Management has represented that steps are being taken to automate the said process by introducing a new system in the ensuing year. Our opinion is not modified in respect of this matter.'

Our opinion is not modified in respect of the above matters.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

K P SRINIVAS
Partner
M No. 208520

Place: New Delhi
Date: 18 May 2023

CONSOLIDATED BALANCE SHEET

AS AT MARCH 31, 2023

(₹ in Lakhs)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	3	231,413	215,544
Bank balances other than above	4	17,006	3,263
Loans	5	2,315,287	1,677,854
Investments	6	860,417	421,520
Other financial assets	7	9,602	3,624
Non financial assets			
Current tax assets (net)	8	1,143	6,931
Deferred tax assets (net)	30	33,289	41,401
Property, plant and equipment	9	16,159	13,994
Capital work-in-progress	9A	1,757	579
Right of use assets	10	41,826	42,229
Other intangible assets	10B	10,374	10,368
Other non financial assets	11	10,341	4,972
Total assets		**3,548,614**	**2,442,278**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Payables			
Trade payables	12		
-Total outstanding dues of micro enterprises and small enterprises		-	-
-Total outstanding dues of creditors other than micro and small enterprises		9,144	13,297
Debt securities	13	30,000	-
Borrowings (other than debt securities)	14	461,362	262,526
Deposits	15	2,536,780	1,813,857
Lease liability	10A	49,449	49,642
Other financial liabilities	16	17,559	20,613
Non financial liabilities			
Provisions	17	6,000	5,573
Other non financial liabilities	18	14,099	4,540
Total liabilities		**3,124,393**	**2,170,048**
Equity			
Equity share capital	19	12,168	12,168
Other equity	19A	310,186	220,093
Total equity attributable to owners of the Company		**322,354**	**232,261**
Non-controlling interests	19A	101,867	39,969
Total liabilities and equity		**3,548,614**	**2,442,278**

The above consolidated balance sheet should be read together with the significant accounting policies and the accompanying notes which forms an integral part of the consolidated financial statements. (Note 1-62)

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

SAMIT GHOSH
Non-Executive Director and Chairman
DIN: 00185369

SUNIL PATEL
Independent Director
DIN: 00050837

K P SRINIVAS
Partner
Membership No. 208520

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: New Delhi
Date: May 18, 2023

Place: Bengaluru
Date: May 18, 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations			
Interest income	20A	432,448	290,855
Fees and commission income (includes revenue from contracts from customers)	20B	9,508	6,889
Net gain on derecognition of financial instruments under amortised cost category	20C	178	1,771
Total revenue from operations (I)		**442,134**	**299,516**
Other income (II)	21	25,742	9,702
Total income (I+II)		**467,876**	**309,218**
Expenses			
Finance costs	22	149,314	107,108
Impairment of financial instruments (net of reversals)	23	(9,922)	84,620
Employee benefits expenses	24	92,975	82,189
Depreciation and amortisation expenses	25	16,279	15,507
Other expenses	26	66,150	50,190
Total expenses		**314,796**	**339,615**
Profit/(loss) before tax		**153,080**	**(30,397)**
Taxes expense			
Current tax		30,754	84
In respect of earlier year(s)		2	-
Deferred tax charge/ (credit)		8,296	(7,431)
Total tax expense		**39,052**	**(7,347)**
Profit/(loss) for the year		**114,029**	**(23,050)**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		128	452
Deferred tax on remeasurements of the defined benefit obligations		(32)	(114)
(ii) Items that will be reclassified to profit or loss			
Remeasurement of investments at fair value - cumulative gains/(loss) reclassified to profit and loss on sale of FVOCI		78	1
Deferred tax on remeasurements of investments		(20)	-
Other comprehensive income/(loss)		**154**	**339**
Total comprehensive income for the year (comprising profit / (loss) and other comprehensive income for the year)		**114,183**	**(22,711)**
Profit/(loss) for the year attributable to:			
Owners of the parent		89,072	(19,169)
Non- controlling interest		24,956	(3,881)
Other comprehensive income / (loss) attributable to:			
Owners of the parent		118	283
Non-controlling interest		36	57
Total comprehensive income/(loss) for the year attributable to			
Owners of the parent		89,190	(18,886)
Non-controlling interest		24,992	(3,825)
Earnings per equity share	33		
Basic		73.20	(15.76)
Diluted		73.20	(15.76)

The above consolidated statement of profit and loss should be read together with the significant accounting policies and the accompanying notes which forms an integral part of the consolidated financial statements. (Note 1-62)

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

SAMIT GHOSH
Non-Executive Director and Chairman
DIN: 00185369

SUNIL PATEL
Independent Director
DIN: 00050837

K P SRINIVAS
Partner
Membership No. 208520

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: New Delhi
Date: May 18, 2023

Place: Bengaluru
Date: May 18, 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

A. Equity share capital

(₹ in Lakhs)

Particulars	Amount
Balance as at April 01, 2021	**12,166**
Changes in equity share capital due to prior period error	-
Restated balance	**12,166**
Changes in equity share capital during the year	
Additions during the year	2
Balance as at March 31, 2022	**12,168**
Changes in equity share capital due to prior period error	-
Restated balance	**12,168**
Changes in equity share capital during the year	
Additions during the year	-
Balance as at March 31, 2023	**12,168**

B. Other Equity

Current reporting year ended March 31, 2023

(₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Attributable to Owners of Ujjivan Financial Services Limited							Total Reserves & Surplus	Non-Controlling Interests	Total
		Reserves and Surplus									
		Statutory Reserve	Securities Premium	Retained Earnings	Special Reserve U/S 36 (1)(viii) Income tax Act 1961	General Reserve	Share Options Outstanding Account	Items of Other Comprehensive income FVTOCI Reserve			
Balance at April 01, 2022	**-**	**22,929**	**110,821**	**77,613**	**-**	**2,080**	**6,637**	**7**	**220,093**	**39,969**	**260,062**
Changes in equity share capital due to prior period error	-	-	-	-	-	-	-	-	-	-	-
Restated balance	**-**	**22,929**	**110,821**	**77,613**	**-**	**2,080**	**6,637**	**7**	**220,093**	**39,969**	**260,062**
Add : Profit for the year	-	-	-	89,072	-	-	-	-	89,072	24,956	114,029
Add : Other comprehensive income for the year (Refer Note 19A(b))	-	-	-	59	-	-	-	58	118	36	154
Total comprehensive income / (loss) for the year	**-**	**-**	**-**	**89,132**	**-**	**-**	**-**	**58**	**89,190**	**24,992**	**114,183**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Current reporting year ended March 31, 2023 (₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Attributable to Owners of Ujjivan Financial Services Limited							Total Reserves & Surplus	Non-Controlling Interests	Total
		Reserves and Surplus									
		Statutory Reserve	Securities Premium	Retained Earnings	Special Reserve U/S 36 (1)(viii) Income tax Act 1961	General Reserve	Share Options Outstanding Account	Items of Other Comprehensive income FVTOCI Reserve			
Less: Appropriation to statutory reserve	-	30,981	-	(30,981)	-	-	-	-	-	-	-
Add: Employee stock option plan expense for the year	-	-	-	-	-	-	697	-	697	206	903
Less: Transferred to General Reserve for vested options lapsed during the year	-	-	-	-	-	1,198	(1,198)	-	-	-	-
Transaction with owners in their capacity as owners											
Add: Consideration received on dilution of stake in subsidiary (QIP and ESOP)	-	-	-	-	-	-	-	-	-	46,849	46,849
Add: Gain on dilution of stake in subsidiary	-	-	-	6,001	-	-	-	-	6,001	(6,001)	-
Less: Interim dividend distributed during the year	-	-	-	(5,794)	-	-	-	-	(5,794)	(4,149)	(9,943)
Add : Transfer to special reserve u/s36(1)(viii) of Income tax Act, 1961	-	-	-	(3,000)	3,000	-	-	-	-	-	-
As at March 31, 2023	**-**	**53,910**	**110,821**	**132,970**	**3,000**	**3,278**	**6,136**	**65**	**310,186**	**101,867**	**412,053**

Previous reporting year ended March 31, 2022

(₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Attributable to Owners of Ujjivan Financial Services Limited							Total Reserves & Surplus	Non-Controlling Interests	Total
		Reserves and Surplus									
		Statutory Reserve	Securities Premium	Retained Earnings	Special Reserve U/S 36 (1)(viii) Income tax Act 1961	General Reserve	Share Options Outstanding Account	Items of Other Comprehensive income FVTOCI Reserve			
Balance at April 01, 2021	**0**	**22,904**	**110,770**	**111,192**	-	**1,032**	**7,808**	**6**	**253,712**	**29,155**	**282,867**
Changes in accounting policy or prior period errors (Refer note 19B)	-	-	-	(14,660)	-	-	-	-	(14,660)	14,660	-
Restated balance at the beginning of the year	**0**	**22,904**	**110,770**	**96,532**	**-**	**1,032**	**7,808**	**6**	**239,052**	**43,815**	**282,867**
Add : Loss for the year	-	-	-	(19,169)	-	-	-	-	(19,169)	(3,881)	(23,050)
Add : Other comprehensive income for the year (Refer Note 19A(b))	-	-	-	282	-	-	-	1	284	56	339
Total comprehensive income / (loss) for the year	-	-	-	(18,887)	-	-	-	1	(18,885)	(3,825)	(22,711)
Less: Appropriation to statutory reserve	-	25	-	(25)	-	-	-	-	-	-	-
Add: Employee stock option plan expense for the year	-	-	-	-	-	-	(103)	-	(103)	(21)	(124)
Less: Grants exercised during the year	-	-	-	-	-	-	(21)	-	(21)	-	(21)
Less: Transferred to general reserve for vested options lapsed during the year	-	-	-	-	-	1,048	(1,048)	-	-	-	-
Transaction with owners in their capacity as owners											
Add : Share application money received	32	-	-	-	-	-	-	-	32	-	32

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Previous reporting year ended March 31, 2022

(₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Attributable to Owners of Ujjivan Financial Services Limited							Total Reserves & Surplus	Non-Controlling Interests	Total
		Reserves and Surplus									
		Statutory Reserve	Securities Premium	Retained Earnings	Special Reserve U/S 36 (1)(viii) Income tax Act 1961	General Reserve	Share Options Outstanding Account	Items of Other Comprehensive income FVTOCI Reserve			
Less : Shares allotted during the year	(2)	-	-	-	-	-	-	-	(2)	-	(2)
Less: Premium on shares allotted during the year	(30)	-	-	-	-	-	-	-	(30)	-	(30)
Add : Premium on shares issued during the year on stock options	-	-	51	-	-	-	-	-	51	-	51
As at March 31, 2022	-	22,929	110,821	77,620	-	2,080	6,637	7	220,093	39,969	260,062

The above statement of consolidated statement of changes in equity should be read together with the significant accounting policies and the accompanying notes which forms an integral part of the consolidated financial statements. (Note 1-62)

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

K P SRINIVAS
Partner
Membership No. 208520

Place: New Delhi
Date: May 18, 2023

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

SAMIT GHOSH
Non-Executive Director and Chairman
DIN: 00185369

SUNIL PATEL
Independent Director
DIN: 00050837

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: Bengaluru
Date: May 18, 2023

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Lakhs)

Particulars		For the year ended March 31, 2023	For the year ended March 31, 2022
Cash flow from operating activities			
Net profit/(loss) before tax		**153,080**	**(30,397)**
Adjustments for :			
Depreciation, amortization expenses and impairment of property, plant and equipment and intangible assets		16,279	15,507
Loss/(gain) on sale of property, plant and equipment		(67)	200
Employee stock option plan expense (ESOP)		903	(132)
Impairment on financial instruments (net of reversals)		(9,922)	84,620
Interest income		(823)	(149)
Operating cash flows before working capital changes		**159,450**	**69,650**
Adjustments for :			
Financial assets / liabilities			
(Increase)/decrease in loans		(627,422)	(377,701)
(Increase)/decrease in other bank balances		(15,734)	63,137
(Increase)/decrease in other financial assets		(5,977)	294
Increase/(decrease) in trade payable		(4,152)	8,136
Increase/(decrease) in other financial liabilities		(1,600)	7,806
Increase in deposits (net)		722,923	512,159
Non financial assets/liabilities			
(Increase)/decrease in other assets		(5,372)	(120)
Increase/(decrease) in provisions		554	705
Increase/(decrease) in other liabilities		9,562	793
Cash generated from / (used in) Operations		**232,232**	**284,860**
Net tax (paid)/refunds received, net		(24,967)	(2,243)
Net cash generated from/(used) in operating activities	**(A)**	**207,265**	**282,617**
Cash flow from investing activities			
(Increase)/decrease in investments (net)		(436,968)	(168,080)
Proceeds from sale of property, plant and equipment		92	38
Purchase of PPE and intangible assets (including CWIP)		(19,253)	(10,654)
Interest received on fixed deposits		719	151
Net cash generated from / (used) in investing activities	**(B)**	**(455,410)**	**(178,545)**
Cash flow from financing activities			
Proceeds from share application money (Net)		-	32
Issue of debt Securities		30,000	-
Issue of equity Shares		46,613	-
Interim dividend paid - preference shares		(1,100)	-
Interim dividend paid - equity shares		(9,943)	-
Payment of lease liability		(193)	(1,023)
Increase/(decrease) in borrowings (net)		198,638	(80,921)
Net cash generated from/(used) in financing activities	**(C)**	**264,015**	**(81,912)**

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**15,869**	**22,159**
Cash and cash equivalents at the beginning of the year	**215,544**	**193,385**
Cash and cash equivalents at the end of the year	**231,413**	**215,544**

Note:

1. The above statement of cash flow has been prepared as per Ind AS 7 Statement of Cashflow specified under section 133 of the Companies Act, 2013.
2. The above statement of consolidated statement of cash flow statement should be read together with the significant accounting policies and the accompanying notes which forms an integral part of the consolidated financial statements. (Note 1-62)

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

SAMIT GHOSH
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K P SRINIVAS
Partner
Membership No. 208520

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: New Delhi
Date: May 18, 2023

Place: Bengaluru
Date: May 18, 2023

Corporate Information and Significant Accounting Policies

NOTE 1: CORPORATE INFORMATION

Ujjivan Financial Services Private Limited was originally incorporated as on December 28, 2004 at Bengaluru, Karnataka, India as a private limited company under the Companies Act, 1956 which was subsequently converted into a public limited company and the name was changed to Ujjivan Financial Services Limited ("the Holding Company / Company"). A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the Registrar of Companies, Bangalore, Karnataka ("ROC") on November 26, 2015. The Company was registered with Reserve Bank of India ("the RBI") as NBFC-MFI under Non-Banking Financial Company Micro Finance Institutions (NBFC-MFIs) directions on September 05, 2013. The Company received approval from the RBI to set up a Small Finance Bank. Pursuant to the same, the Company executed an agreement to transfer its Business undertaking to its wholly owned subsidiary Ujjivan Small Finance Bank Limited ("the Bank"). The Bank commenced operations w.e.f February 1, 2017, on which date the Company ceased to operate as a Micro finance company. Pursuant to this change, the Company surrendered its NBFC - MFI license and received approval and certificate of registration as NBFC-ND-SI-CIC (Core Investment Company) from the RBI on October 10, 2017.

The consolidated financial statements are approved for issue by the Board of Directors of the Company at their meeting held on May 18, 2023.

The Consolidated Financial Statements relates to the Holding Company and its subsidiary company (collectively referred to as "the Group"). Refer Note 42 for details of the Group.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted by the Company in the preparation of these consolidated financial statements ("the financial statements"). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.1 Basis of preparation and presentation

These consolidated financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, 2013 and Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], as amended and other relevant provisions of the Companies Act 2013 ("the Act").

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value, and
- defined benefit plans - plan assets are measured at fair value.
- employee stock options plan

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. The Financial assets and liabilities are presented in ascending order of their liquidity. Fair value for measurement and/or disclosure purposes in these Ind AS financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36. The consolidated financial statements are presented in Indian Rupees rounded off to the nearest Lakhs unless otherwise stated.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiary are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Consolidated Balance Sheet.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

2.3 Foreign currency translation and transactions

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupees (₹), which is the Group's functional and presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies entered into by the Group are accounted at the exchange rate prevailing as on the date of transactions or at the rates that closely approximate the rate at the date of transaction.

2.4 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Significant accounting estimates and judgements are involved in determining Bank's tax charge for the year which includes an interpretation of local tax laws, judicial pronouncements and an assessment whether the tax authorities will accept the position taken. These judgements, also, take account of external advice, wherever appropriate, and the Bank's view on settling with the tax authorities.

2.5 LEASES

Group as a lessee:

The Group's lease asset classes primarily consist of leases for premises, Automated Teller Machines (ATMs), Automated Cash Recyclers (ACRs) and DG gensets.

At the date of commencement of the lease, the Bank recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low-value leases. For these short-term and low-value leases, the Bank recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Bank makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Bank considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the Bank has concluded that no material changes are required to lease period relating to the existing lease contracts.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised.

ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at amortized cost at the present value of the future lease

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payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related ROU asset if the Bank changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group as a lessor:

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Effective April 1, 2019, the Bank adopted Ind AS 116, Leases using the modified retrospective method.

2.6 Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.7 CASH AND CASH EQUIVALENTS

Cash and Cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked / restricted for specific purposes.

2.8 FINANCIAL ASSETS

All financial assets are recognised and derecognised where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in Statement of profit and loss. All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI);
- all other debt instruments and equity investments are subsequently measured at FVTPL."

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset- by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a Business Combination to which Ind AS 103 applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an

accounting mismatch. After initial recognition, the deferred gain/loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset. For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI). For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated. "

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how Group's financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis."

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models. When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to Statement of profit and loss but transferred within equity. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in Statement of profit and loss.

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects at initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading."

Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet comprise cash at Banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

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2.8.1 Subsequent Measurement of financial assets and Reclassifications

Subsequent Measurement

Financial assets at amortized cost are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, and impairment provisions are recognized in Statement of profit and loss. Any gain and loss on de-recognition is recognized in Statement of profit and loss.

Debt investment at FVOCI are subsequently measured at fair value. Interest income at coupon rate and impairment provision, if any, are recognized in Statement of profit and loss. Net gains or losses on fair valuation are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to Statement of profit and loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in Statement of profit and loss.

Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

Collateral valuation

To mitigate its credit risks on financial assets (Loans), the Group seeks to use collaterals as per the policy and product programme of the Group. The collaterals are taken in various forms, such as cash, real estate, receivables, inventories and other non-financial. The Collateral, unless repossessed, is not recorded on the Group's balance sheet. The valuation of Non-financial collateral, such as real estate is done by the third party/Internal technical experts.

Contract assets

The Group follows 'simplified approach' for recognition of impairment loss allowance on contract assets. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the contract assets.

2.8.2 Impairment

ECL has been estimated on the loan commitments and investments measured at AC (Amortised Cost) & FVOCI (Fair Value through Other Comprehensive Income) portfolio of the Group. The portfolios have been divided into 3 stages based on the Staging rules defined subsequently. ECL has been separately estimated for each stage. The Loan portfolio of the Group has various segments: Micro- Banking (MB), Micro and Small Enterprises (MSE), Housing, Personal Loan etc. These segments have been further sub-segmented based on a combination on the product type and risk perspective. Group also has an Investment portfolio which includes Domestic Bonds (G-secs and Treasury Bills). Staging rules set have been applied to the product categories to bucket them into either Stage 1, Stage 2 or Stage 3.

Stages	Days Past Due	ECL
Stage 1	Upto 30 Days	12- Month ECL
Stage 2	30- 90 Days	Lifetime ECL
Stage 3	90+ Days	Lifetime ECL

The primary risk components applied for estimation of ECL are Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). ECL is estimated as a multiple of PD, LGD and EAD for each of the product sub categories.

i. The PD provides an estimate of the likelihood that a borrower will be unable to meet his debt obligations. PD may be applied at a rating grade for corporate borrowers or for a pool of accounts showing similar behavioural and risk characteristics like Retail Segment or small businesses (MSE/MFI).

ii. The EAD is the total receivables that the Group is exposed to at the time of an account's default.

iii. LGD is usually shown as the percentage of EAD that the Group might lose in case the borrower defaults. It depends, among others, on the type and amount of collateral, collection mechanism existing in the Group and the expected proceeds from a work out (e.g. recovery from sale of collaterals/securities or otherwise) of the assets.

Determination of Expected Credit Loss ("ECL")

The measurement of impairment losses (ECL) across all categories of financial assets requires judgement. In particular, the estimation of the amount and timing of future cash flows based on Group's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

Elements of the ECL models that are considered accounting judgments and estimates include:

- Bifurcation of the financial assets into different portfolios when ECL is assessed on a collective basis.
- Group's criteria for assessing if there has been a significant increase in credit risk. (Refer Note)
- Development of ECL models, including choice of inputs / assumptions used.

Measurement of Expected Credit Losses

The Group calculates ECL based on probability-weighted scenarios to measure expected cash shortfalls, discounted at an approximation to the portfolio EIR. A cash shortfall is a difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive. When estimating ECL for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. The Group's ECL for financial guarantee is estimated based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

2.8.3 Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in

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the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back- stop if amounts are overdue for more than 90 days.

2.8.4 Definition of default

The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL. The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days + Accounts Identified by Group as NPA as per regulatory guidelines + Objective Evidence for impairment (Qualitative Overlay); or
- the borrower is unlikely to pay its credit obligations to the Group. When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not as relevant for individual lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

2.8.5 Significant increase in credit risk

The Group monitors all financial assets, including loan commitments and financial guarantee contracts issued that are subject to impairment requirements, to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group measures the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is not to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result the Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to impairment for a significant increase in credit risk. In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort. The qualitative factors that indicate a significant increase in credit risk are reflected in PD models on a timely basis. However, the Group still considers separately some qualitative factors to assess if credit risk has increased significantly. For corporate lending, there is a particular focus on assets that are included on a 'watch list'. Given an exposure is on a watch list once, there is a concern that the creditworthiness of the specific counterparty has deteriorated. ECL assessment for watch list accounts is done on a case by case approach after considering the probability of weighted average in a different recovery scenario. For individual loans the Group considers the expectation of forbearance, payment holidays, and events such as unemployment, Bankruptcy, divorce, or death. Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the PD is more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. As a back-stop when a financial asset becomes 30 days past due and overdue more than 1 calendar month, but not Stage 3; in addition to SICR accounts, the Bank considers that a significant increase in credit risk has occurred and the asset is classified in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

2.8.6 Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Group renegotiates loans to customers in financial difficulty to maximize collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated-credit impaired. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

ECL Computation has been made as per the best available information and estimates on the reporting date. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

2.8.7 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the

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Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

Derognition of financial assets other than due to substantial modification:

Financial asset:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

i. The Group has transferred its contractual rights to receive cash flows from the financial asset, or

ii. It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients), when all the three conditions are met:

iii. The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.

iv. The Group cannot sell or pledge the original asset other than as security to the eventual recipients

v. The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

i. The Group has transferred substantially all the risks and rewards of the asset, or

ii. ii. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss.

Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Group recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the Group is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

2.8.8 Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

2.8.9 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision. "

2.8.10 Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

2.8.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

2.8.12 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'Amortised cost'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Bank manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument. A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:
- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Bank of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about

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FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

the Banking is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Income from other financial instruments at FVTPL line item in the profit or loss account.

Amortised cost

Financial liabilities other than those measured at FVTPL, including deposits and borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.8.13 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value."

2.8.14 Undrawn loan commitments

These are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements."

2.8.15 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value Through Profit or Loss (FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss."

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in Statement of profit and loss on initial recognition (i.e. day 1 Statement of profit and loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 Statement of profit and loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

  Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

2.9 INTEREST INCOME

Interest income for all financial instruments are calculated at gross carrying amount (except for those classified as held for trading or those measured or designated as at FVTPL) are recognised in 'Interest income' as 'Interest on deposits with Group's and 'Interest on loans' and 'Interest on investments' in the statement of profit or loss using the Effective Interest Rate Method (EIR). Interest income is recognised on Net carrying value (gross value less ECL provision) on Stage 3 credit impaired financial assets. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.10 FEE AND COMMISSION INCOME (INCLUDES REVENUE FROM CONTRACTS WITH CUSTOMERS)

Fee and commission income include fees other than those that are an integral part of EIR. The fees included in this part of the Group's statement of profit or loss include ATM services, savings bank services etc. The commission income includes commission received on sale of insurance policies. In both the cases, the revenue is recognised at a point in time after completion of service to the customers. Commission Income on Bank Guarantee will be recognised over the tenure of the financial guarantee contract .

2.11 DIVIDEND INCOME

Dividends are recognised in Statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.12 PROPERTY, PLANT AND EQUIPMENT (INCLUDING CAPITAL WORK IN PROGRESS)

Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Asset	Useful life as per schedule II (years)
Computer	3
Furniture	10
Office Equipment	5
Motor Vehicle	8
Server	6

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The rates of depreciation adopted by the Group are consistent with those specified in Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss. Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions. Leasehold Improvements are depreciated over the primary lease period. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the

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carrying amount of the asset and is recognised in profit or loss.

Capital work in progress includes assets not ready for the intended use and is carried at cost, comprising direct cost and related incidental expenses.

2.13 INTANGIBLE ASSETS

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. Estimated useful life of the intangible assets are as follows:

Asset	Useful life estimated by the Group
Software	6

2.14 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted."

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15PROVISIONS

Provisions for legal claims and discounts/incentives are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are recognised when the Bank has a present obligation (legal or constructive) as a result of a past event, it is probable that the Bank will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.16 CONTINGENT LIABILITIES

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

2.17GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions applicable to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to Statement of profit and loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in Statement of profit or loss in the period in which they become receivable.

2.18 EMPLOYEE BENEFITS

(i) *Short-term employee benefits*

Liabilities for wages and salaries, annual leave and sick leave including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the period in which the related service is rendered. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

(ii) *Other long-term employee benefits*

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. Liabilities recognised in respect of leave encashment and other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Bank in respect of services provided by employees up to the reporting date.

(iii) *Post-employment obligations*

The Group operates the following post-employment schemes

(a) Defined benefit plans, and

(b) Defined contribution plans

Defined Benefit Obligations - Gratuity

The Group has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity

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plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Bank's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

Defined contribution plans- Provident Fund

The Group makes Provident Fund contributions to publicly administered funds as per local regulations. The Group has no further obligations once the contributions have been paid and such contributions are charged to profit and loss when they are due.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Share Based Payments transactions of the Group

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 Note 37.

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 Group'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 share options outstanding reserve.

The Bank recognizes compensation expense relating to Share-Based Payments in net profit using fair value in accordance with Ind AS 102, Share Based Payment. Share-based payment transactions of the Bank Employees of the Bank receiving remuneration in the form of equity settled instruments from the Holding Company, Ujjivan Financial Services Limited (UFSL), for rendering services over a defined vesting period. Equity-settled share-based payments to employees are measured at the fair value of the share option at the grant date.

It has been decided not to cross charge the Bank for the incremental cost arising due to the fair valuation of the option as per Black Scholes option pricing model. Accordingly, UFSL has not cross charged the Bank for the stock based compensation expense attributable to the ESOPs issued to the employees of the Bank, instead has been presented as a deemed capital contribution. The fair value of the options issued to the employees of the Bank has been recognised as an expense over the period of vesting.

Employee Stock Option Plan (ESOPs) 2019

The Bank has introduced share option scheme for employees (which includes the employees of the Holding Company), being ESOP 2019. 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 Note on Share Based Payment. 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 Bank'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.

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.

(vi) *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.

2.19 CONTRIBUTED EQUITY

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 DIVIDENDS

The Group recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

2.21 EARNINGS PER SHARE

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Holding Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.22 SEGMENT REPORTING

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors have appointed the CEO who assess the financial performance and position of the Group, and makes strategic decisions. Refer Note 32 for Segment Information.

2.23 ROUNDING OFF AMOUNTS

All amounts disclosed in these financial statements and notes have been rounded off to the nearest

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Lakhs as per the requirement of Schedule III, unless otherwise stated. The sign "0" in these financial results indicate that the amounts involved are below rounding off norms adopted by the Company and the sign "-" indicates that the amount is "NIL".

2.24 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the management have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in Special purpose Ind AS financial statements:

- Business model assessment: Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest (SPPI) and the business model test (please see financial assets sections of note 2). The Group determines the business model at a level that reflects how Group's financial assets are managed together to achieve a particular business objective. The Group has investments in fixed coupon bearing Government securities, which are held for fulfilling the statutory requirements. Also the Group holds some part of Government securities in excess of statutory requirement as mandated by the Board. The intention of the management is to hold the securities to only collect contractual cashflows and any sales made only to test liquidity. Accordingly they are classified at amortised cost.
- Significant increase of credit risk: Expected Credit Loss (ECL) are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. Ind AS 109 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.
- Establishing Banks of assets with similar credit risk characteristics: When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note on Credit Risk for details of the characterics considered in this judgment. The Bank monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that Bank of assets.
- Models and assumptions used: The Group uses various models and assumptions in estimating ECL. Judgment is applied in identifying the most appropriate model, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk.
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward looking information relevant to each scenario: When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Refer to note on Credit Risk for more details, including analysis of the sensitivity of the reported ECL to changes in estimated forward looking information.

- Probability of default: PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. See note for Credit Risk for more details, including analysis of the sensitivity of the reported ECL to changes in PD resulting from changes in economic drivers.
- Loss Given Default: LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. See note for Credit Risk for more details, including analysis of the sensitivity of the reported ECL to changes in LGD resulting from changes in economic drivers.
- The calculation of Gratuity and Leave Encashment is carried out by an actuary on the basis of certain financial and demographic assumptions.
- The ESOPs granted to the employees of the Holding Company and Bank were priced using Black Scholes Model. Vested ESOPs can be exercised within three years and five years for Holding Company and Bank ESOPs respectively 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. While the Holding Company has been listed since 2016, the period of listing up to the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies have been considered for the purposes of valuation.
- The calculation of ECL under Ind AS 109 involves significant judgements, assumptions and estimates. The level of estimation uncertainty and judgement is moderately low during financial year due to the curtailed impact of the pandemic spread, including significant judgements relating to:
- The selection and weighting of economic scenarios, given rapidly changing economic conditions in an unprecedented manner, uncertainty as to the effect of government and RBI support measures designed to alleviate adverse economic impacts, and a wider distribution of economic forecasts than before the pandemic. The key judgements are the length of time over which the economic effects of the pandemic will occur, the speed and shape of spread and recovery. The main factors include the effectiveness of pandemic containment measures, effectiveness of vaccines, and the emergence of new variants of the virus, plus a range of geopolitical uncertainties, which together may represent a high degree of estimation uncertainty, particularly in assessing worst case scenario;
- Estimating the economic effects on the scenarios on ECL, though the historical trends now include a little history post the outbreak of the pandemic that can be reflected in the models to represent the effects of the economic changes of the severity and speed brought about by the COVID-19 outbreak. Modelled assumptions and linkages between economic factors and credit losses may underestimate or overestimate ECL in these conditions, and there is significant uncertainty in the estimation of parameters such as collateral values and loss severity; and
- the identification of customers experiencing significant increases in credit risk and credit impairment, particularly where those customers have accepted payment deferrals and other reliefs designed to address short-term liquidity issues given muted default experience to date."
- Judgements (including overlays) in relation to credit impairments and the impact of macro-economic risks on the credit environment, in particular those arising from the COVID-19 pandemic, are continuously discussed throughout the year. The management focused on the key assumptions, methodologies and in-model and post model adjustments applied to provisions under Ind AS 109. The economic uncertainty and unprecedented conditions not experienced since the implementation of Ind AS 109 challenged the usefulness of model outputs. While the use of judgemental overlays and post-model adjustments should ideally be limited, their extensive use was deemed appropriate during the financial year, and

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might likely to continue to be required in future reporting periods.

- As a result of Government and Bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modelled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.
- The Group has developed various accounting estimates in these Financial Statements based on forecasts of economic conditions which reflect expectations and assumptions as at March 31, 2023 about future events that the management believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.
- The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to expected credit losses, fair value measurement, and recoverable amount assessments of non-financial assets.

2.25 NEW STANDARDS OR AMENDMENTS TO THE EXISTING STANDARDS AND OTHER PRONOUNCEMENTS

Recent pronouncements

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 01, 2023, as below:

- Ind AS 1 – Presentation of Financial Statements

  The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact on its financial statements.

- Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

  The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

- Ind AS 12 – Income Taxes

  The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, on its financial statements.

NOTE 3. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	17,699	17,563
	17,699	**17,563**
Balances with Reserve Bank of India		
In current accounts	108,128	68,532
In reverse repo	104,700	82,108
Total balances with RBI	**212,828**	**150,640**
Balances with other banks		
In current accounts^	863	3,051
	863	**3,051**
Money at call and short notice		
With banks	23	5
With other institutions	-	44,285
	23	**44,290**
Total	**231,413**	**215,544**
^ Includes balance subject to receipt of direct confirmation from the bank	2	2

NOTE 4: BANK BALANCES OTHER THAN ABOVE

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balances with other banks		
Bank deposit with more than 3 months but less than 12 months maturity[(b)]	16,990	3,254
Earmarked balances held in unpaid dividend account	16	9
Total	**17,006**	**3,263**
Balances in India	17,006	3,263
Balances outside India	-	-
Total	**17,006**	**3,263**

Notes:

(a) The fixed deposits bear interest at fixed rate.

(b) Includes fixed deposits held under lien ₹ 1,990 Lakhs (March 31, 2022 : 1,263 Lakhs)

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NOTE 5 - LOANS

(₹ in Lakhs)

Particulars	As at March 31, 2023							As at March 31, 2022						
	Amortised Cost	Fair Value				Others	Total	Amortised Cost	Fair Value				Others	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal				Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal		
Cash credits, overdrafts, loans repayable on demand	63,601	-	-	-	-	-	63,601	90,359	-	-	-	-	-	90,359
Term loans	2,334,548	-	-	-	-	-	2,334,548	1,728,639	-	-	-	-	-	1,728,639
Total (Gross)	**2,398,149**	**-**	**-**	**-**	**-**	**-**	**2,398,149**	**1,818,998**	**-**	**-**	**-**	**-**	**-**	**1,818,998**
Less: Impairment loss allowance	(82,862)	-	-	-	-	-	(82,862)	(141,144)	-	-	-	-	-	(141,144)
Total (Net)	**2,315,287**	**-**	**-**	**-**	**-**	**-**	**2,315,287**	**1,677,854**	**-**	**-**	**-**	**-**	**-**	**1,677,854**
Secured by tangible assets^	666,028	-	-	-	-	-	666,028	522,407	-	-	-	-	-	522,407
Unsecured	1,732,121	-	-	-	-	-	1,732,121	1,296,591	-	-	-	-	-	1,296,591
Total (Gross)	**2,398,149**	**-**	**-**	**-**	**-**	**-**	**2,398,149**	**1,818,998**	**-**	**-**	**-**	**-**	**-**	**1,818,998**
Less: Impairment loss allowance^^	(82,862)	-	-	-	-	-	(82,862)	(141,144)	-	-	-	-	-	(141,144)
Total (Net)	2,315,287	-	-	-	-	-	2,315,287	1,677,854	-	-	-	-	-	1,677,854
Loans in India														
Others	2,398,149	-	-	-	-	-	2,398,149	1,818,998	-	-	-	-	-	1,818,998
Total (Gross)	**2,398,149**	**-**	**-**	**-**	**-**	**-**	**2,398,149**	**1,818,998**	**-**	**-**	**-**	**-**	**-**	**1,818,998**
Less: Impairment loss allowance^^	(82,862)	-	-	-	-	-	(82,862)	(141,144)	-	-	-	-	-	(141,144)
Total (Net)	**2,315,287**	**-**	**-**	**-**	**-**	**-**	**2,315,287**	**1,677,854**	**-**	**-**	**-**	**-**	**-**	**1,677,854**

^ Includes advances against book debts ₹1,11,087 Lakhs (March 31, 2022: ₹ 85,519 Lakhs).

^^ Refer note 35.7 for the details.

NOTE 6 - INVESTMENTS

(₹ in Lakhs)

Particulars	As at March 31, 2023							As at March 31, 2022						
	Amortised Cost	Fair Value				Others	Total	Amortised Cost	Fair Value				Others	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal				Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal		
Government securities	524,018	316,050	19,245	-	335,295	-	859,313	358,051	58,852	3,424	-	62,277	-	420,328
Equity instruments	-	11	-	-	11	-	11	-	11	-	-	11	-	11
Others	-	1,263	-	-	1,263	-	1,263	-	1,263	-	-	1,263	-	1,263
Total (Gross)	**524,018**	**317,324**	**19,245**	**-**	**336,569**	**-**	**860,587**	**358,051**	**60,126**	**3,424**	**-**	**63,551**	**-**	**421,602**
Less: Impairment loss allowance	**(170)**	**-**	**-**	**-**	**-**	**-**	**(170)**	**(82)**	**-**	**-**	**-**	**-**	**-**	**(82)**
Total (Net)	**523,848**	**317,324**	**19,245**	**-**	**336,569**	**-**	**860,417**	**357,969**	**60,126**	**3,424**	**-**	**63,551**	**-**	**421,520**
Investments in India	524,018	317,324	19,245	-	336,569	-	860,587	358,051	60,126	3,424	-	63,551	-	421,602
Less: Impairment loss allowance	**(170)**	**-**	**-**	**-**	**-**	**-**	**(170)**	**(82)**	**-**	**-**	**-**	**-**	**-**	**(82)**
Total (Net)	**523,848**	**317,324**	**19,245**	**-**	**336,569**	**-**	**860,417**	**357,969**	**60,126**	**3,424**	**-**	**63,551**	**-**	**421,520**

^ Includes advances against book debts ₹1,11,087 Lakhs (March 31, 2022: ₹ 85,519 Lakhs).

^^ Refer note 35.7 for the details.

NOTE 7. FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial assets		
Interest accrued	117	1
Security deposits	3,991	3,312
Net investments in sub-lease	28	35
Other deposits	5,466	276
Total	**9,602**	**3,624**

NOTE 8. CURRENT TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Current tax assets	1,143	6,931
Total	**1,143**	**6,931**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	As at March 31, 2023						As at March 31, 2022					
	Com puter	Motor vehicle	Office Equi pment	Equipment, furniture and fittings	Leasehold improvements	Total	Computers	Motor vehicle	Office Equi pment	Equipment, furniture and fittings	Lease hold improvements	10.75
At cost as at the beginning of the year	13,806	89	6,257	3,863	11,085	35,099	12,764	89	6,083	3,893	11,135	33,964
Additions during the yeara	3,568	-	2,653	477	832	7,530	1,123	-	262	74	18	1,478
Disposals during the year	855	-	182	62	86	1,185	81	-	88	105	68	342
At cost as at the end of the year	**16,519**	**89**	**8,728**	**4,278**	**11,831**	**41,445**	**13,806**	**89**	**6,257**	**3,863**	**11,085**	**35,099**
Accumulated depreciation	9,974	54	4,281	1,817	4,980	21,106	8,108	42	3,216	1,518	3,739	16,623
Depreciation for the year	1,963	9	1,511	413	1,311	5,207	1,936	12	1,123	326	1,302	4,699
Disposals during the year	800	-	147	30	50	1,027	70	-	59	27	61	217
Accumulated depreciation and impairment as at the end of the year	**11,137**	**64**	**5,645**	**2,200**	**6,241**	**25,286**	**9,974**	**54**	**4,281**	**1,817**	**4,980**	**21,106**
Net carrying amount as at the end of the year	**5,383**	**25**	**3,083**	**2,078**	**5,590**	**16,159**	**3,832**	**34**	**1,976**	**2,046**	**6,105**	**13,994**

Note 9A - Capital work-in-progress

(₹ in Lakhs)

Particulars	Total
As at March 31, 2023	1,757
As at March 31, 2022	(579)

Notes to Capital Work-in Progress (CWIP)

I) Following is the ageing schedule of Capital work-in progress

(₹ in Lakhs)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Project in Progress	1,289	403	64	-	1,756
	(416)	(140)	(23)	-	(579)
(ii) Project temporily suspended	1	-	-	-	1
	-	-	-	-	-

Note: Amounts in paranthesis relates to previous year

II) Completion schedule of CWIP which are overdue or has exceeded its cost compared to its original plan

(₹ in Lakhs)

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Projects in progress					
As at March 31, 2023	**-**	**-**	**-**	**-**	**-**
As at March 31, 2022	-	-	-	-	-

NOTE 10 - RIGHT OF USE ASSET

(₹ in Lakhs)

Particulars	Assets under lease	As at March 31, 2023	Assets under lease	As at March 31, 2022
As at the beginning of the year	**68,336**	**68,336**	**62,820**	**62,820**
Additions during the year	6,846	6,846	5,536	5,536
Modifications during the year	-	-	(21)	(21)
Total cost as at the end of the year	75,181	75,181	68,336	68,336
Accumulated amortisation and impairment:				
Accumulated depreciation and impairment as at the beginning of the year	(26,106)	(26,106)	(18,643)	**(18,643)**
Amortisation during the year	(7,249)	(7,249)	(7,463)	**(7,463)**
Total amortisation and impairment as at the end of the year	(33,355)	(33,355)	(26,106)	**(26,106)**
Net carrying amount as at the end of the year	**41,826**	**41,826**	**42,229**	**42,229**

Note 10A - Lease Liability

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
As at the beginning of the year	**49,642**	**50,665**
Additions during the year	6,453	5,543
Interest cost during the year	3,427	3,576
Modifications during the year	-	73
Total cost as at the end of the year	**59,523**	**59,858**
Payment of lease rentals:		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Payment during the year	(10,073)	(10,215)
Total amortisation and impairment	(10,073)	(10,215)
Net carrying amount as at the end of the year	**49,449**	**49,642**

(i) Maturity analysis - contractual undiscounted cash flow

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Less than 1 year	10,544	9,779
1-3 years	18,170	17,900
3-5 years	15,625	16,675
More than 5 years	5,644	5,830
Total undiscounted lease liabilities	**49,983**	**50,184**

Note 10B - Other Intangible Assets

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Software	Total	Software	Total
At cost at the beginning of the year	21,693	21,693	18,409	18,409
Additions during the year	3,829	3,829	3,569	3,569
Disposals during the year	-	-	285	285
Total cost	**25,523**	**25,523**	**21,693**	**21,693**
Accumulated amortisation and impairment:				
Accumulated amortisation and impairment as at the beginning of the year	11,325	11,325	8,153	8,153
Amortisation during the year	3,823	3,823	3,345	3,345
Disposals during the year	**-**	**-**	**173**	**173**
Total amortisation and impairment as at the end of the year	**15,149**	**15,149**	**11,325**	**11,325**
Net carrying amount as at the end of the year	**10,374**	**10,374**	**10,368**	**10,368**

NOTE 11 - NON FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Non financial assets		
Prepaid expenses	4,314	2,849
Balance with government authorities	643	523
Funded balance of plan assets - gratuity^	9	7
Others	5,375	1,593
Total	**10,341**	**4,972**

^Represents surplus in fund balance, net of obligation of ₹11 Lakhs (March 31, 2022 - ₹11 Lakhs) pending to be transferred to the subsidiary, from the gratuity fund.

NOTE 12 - TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Payables		
- Outstanding dues of micro enterprises and small enterprises	-	-
- Outstanding dues of creditors other than micro enterprises and small enterprises	9,144	13,297
Total	**9,144**	**13,297**

12.1 Based on the information available with the Company, the Company is not liable and has not paid any interest in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, and there are no interest amounts due as at March 31, 2023 and March 31, 2022.

12.2. Aging schedule of trade payables

Particulars	Outstanding for following periods from due date of payment					Total
	Unbilled	Not due	Less than 1 year	1-3 years	More than 3 years	
MSME	-	-	-	-	-	-
	-	-	-	-	-	-
Others	17	-	9,127	-	-	9,144
	(15)	-	(13,282)	-	-	(13,297)
Disputed dues - MSME	-	-	-	-	-	-
	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
	-	-	-	-	-	-

Note: Amount in parenthesis relates to previous year.

NOTE 13 - DEBT SECURITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023				As at March 31, 2022			
	At amortised cost	At fair value through profit and loss	Designated at fair value through profit and loss	Total	At amortised cost	At fair value through profit and loss	Designated at fair value through profit and loss	Total
Non-convertible redeemable Debentures	30,000	-	-	30,000	-	-	-	-
Total	**30,000**	**-**	**-**	**30,000**	**-**	**-**	**-**	**-**
Debt securities in India	30,000	-	-	30,000				
Total	**30,000**	**-**	**-**	**30,000**	**-**	**-**	**-**	**-**

NOTE 14 - BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	At amortised cost	At Fair Value Through Profit and Loss	Total	At amortised cost	At Fair Value Through Profit and Loss	Total
Term loans						
From banks	40,000	-	40,000	136,241	-	136,241
From other parties	421,362	-	421,362	126,285	-	126,285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	At amortised cost	At Fair Value Through Profit and Loss	Total	At amortised cost	At Fair Value Through Profit and Loss	Total
Total	**461,362**	**-**	**461,362**	**262,526**	**-**	**262,526**
Borrowings in India	461,362	-	461,362	262,526	-	262,526
Total	**461,362**	**-**	**461,362**	**262,526**	**-**	**262,526**

Notes:

(i) Out of the the above loans, the following loans are secured by hypothecation of advances

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Term loans	67,476	39,292

(ii) The Borrowings have not been guaranteed by directors or others during current year and previous year.

(iii) There has been no default in repayment of principal and interest during current year and previous year.

14A - Terms of repayment for borrowings excluding interest accrued on borrowings:

As at March 31, 2023

Secured by hypothecation of advances

(a) Secured by hypothecation of advances - Borrowings from banks - (a)

(₹ in Lakhs)

Rate of interest	Maturity	Installments	As at March 31, 2023
Bullet repayment			
Interest rate - 4.00%	> 1 Year	1	25,000
Interest rate - 6.76%	< 1 Year	1	38,479
Interest rate - 6.75%	< 1 Year	1	3,998
Total - (a)			**67,476**

(b) Unsecured - Borrowings from others - (b)

(₹ in Lakhs)

Rate of interest	Maturity	Installments	As at March 31, 2023
Repayable in quarterly installments			
Interest rate - 7.65%	< 1 Year	4	15,000
Interest rate - 6.30%	> 1 Year	39	26,920
Interest rate - 8.60%	> 1 Year	8	50,000
Subtotal			**91,920**
Repayable in half yearly installments			
Interest rate - 9.30%	> 1 Year	3	1,000
Interest rate - 9.60%	> 1 Year	3	3,000
Interest rate - 8.60%	> 1 Year	18	50,000
Interest rate - 9.15%	> 1 Year	3	750
Interest rate - 9.25%	> 1 Year	4	10,000
	> 1 Year	4	10,000
Subtotal			**74,750**
Total - Unsecured - Borrowings from others - (b)			**166,670**

(c) IBPC and Securitisation - (c)

(₹ in Lakhs)

Rate of interest	Maturity	Installments	As at March 31, 2023
IBPC	< 1 Year	1	40,000
	< 1 Year	1	35,000
	< 1 Year	1	32,500
	< 1 Year	1	62,500
	< 1 Year	1	16,000
Securitisation	< 1 Year	NA*	3,977
	> 1 Year	NA*	18,312
Total - IBPC and Securitisation - (c)			**208,289**
Total borrowings (a+b+c+d)*			**442,435**

*Securitised amount is deposited in trust account as and when Group receives amount from customer.

Terms of repayment for borrowings:

As at March 31, 2022

(a) Secured by hypothecation of advances - (a)

(₹ in Lakhs)

Rate of interest	Maturity	Installments	As at March 31, 2023
(i) Borrowings from banks - Bullet repayment			
Interest rate - 5.15%	< 1 Year	1	13,800
Interest rate - 4.00%	< 3 Year	1	25,000
Subtotal			**38,800**
(ii) Borrowings from others - Bullet repayment			
Interest rate - 10.75%	< 1 Year	1	492
Subtotal			**492**
Total secured - (a)			**39,292**

(b) Unsecured - (b)

(₹ in Lakhs)

Rate of interest	Maturity	Installments	As at March 31, 2022
(i) Borrowings from banks			
Repayable in quarterly installments			
Interest rate - 5.50%	< 1 Year	1	5,000
Interest rate - 5.25%	< 1 Year	1	10,000
Interest rate - 7.65%	3 Year	4	15,000
Subtotal			**30,000**
(ii) Borrowings from others			
Repayable in monthly installments			
Interest rate - 4.15%	< 1 Year	7	808
Subtotal			**808**
Repayable in quarterly installments			
Interest rate - 8.15%	< 1 Year	3	2,006
Interest rate - 9.60%	< 1 Year	3	2,310
	2 Year	4	3,080
Interest rate - 6.50%	3 Year	5	3,850
	4 Year	27	20,760
			32,006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

Rate of interest	Maturity	Installments	As at March 31, 2022
Repayable in half yearly installments			
Interest rate - 5.75%	< 1 Year	1	20,000
Interest rate - 9.15%	< 1 Year	2	1,500
	2 Year	1	750
Interest rate - 9.25%	< 1 Year	2	20,000
	2 Year	2	20,000
Interest rate - 9.30%	< 1 Year	2	2,000
	2 Year	1	1,000
Interest rate - 9.60%	< 1 Year	2	6,000
	2 Year	1	3,000
Total			**74,250**
Total - Unsecured - (b)			**137,064**

(c) IBPC and Securitisation - (c)

(₹ in Lakhs)

Rate of interest	Maturity	Installments	As at March 31, 2022
IBPC	< 1 Year	1	42,500
Securitisation	< 1 Year	NA*	3,467
	> 1 Year	NA*	21,474
Total - IBPC and Securitisation - (c)			67,441
Total borrowings (a+b+c)*			**243,797**

* Securitised amount is deposited in trust account as and when Group receives amount from customer.

NOTE 15 - DEPOSITS

(₹ in Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	At amortised cost	At fair value through profit and loss	Total	At amortised cost	At fair value through profit and loss	Total
Deposits						
Demand deposits						
(i) From banks	516	-	516	601	-	601
(ii) From others	55,359	-	55,359	47,713	-	47,713
Savings deposits	618,503	-	618,503	450,897	-	450,897
Term deposits						
(i) From banks	-	-	-	**532,529**	-	**532,529**
(ii) From others	1,840,700	-	**1,840,700**	**706,500**	-	**706,500**
(iii) Certificate of deposits	21,702	-	**21,702**	**75,618**	-	**75,618**
Total	**2,536,780**	-	**2,536,780**	**1,813,857**	-	**1,813,857**
Deposits of branches in India	2,536,780	-	2,536,780	1,813,857	-	1,813,857
Total	**2,536,780**	-	**2,536,780**	**1,813,857**	-	**1,813,857**
Deposits - non-interest bearing	55,875	-	55,875	48,314	-	48,314
Deposits - interest bearing	2,480,905	-	2,480,905	1,765,543	-	1,765,543
Total	**2,536,780**	-	**2,536,780**	**1,813,857**	-	**1,813,857**

Note:

(i) There are no deposits which have been guaranteed by directors or others during the current and previous year.

(ii) There has been no default in repayment of deposits and interest thereon during the current and previous year.

(iii) The deposit rates during the year of the Group are as follows:

- Savings deposits interest rates : 3.50% to 7.50% (March 31, 2022 : 4.00% to 7.00%)
- Fixed deposits interest rates : 3.75% to 8.25% (March 31, 2022 : 2.90% to 6.75%)
- Recurring deposits interest rates : 5.50% to 8.00% (March 31, 2022 : 4.75% to 6.60%)

NOTE 16 - OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Financial liabilities		
Unclaimed dividend (refer note 4)^	16	9
Bills payable	15,585	15,337
Others	1,958	5,268
Total	**17,559**	**20,613**

^There is no amount required to be transferred to Investor education and protection fund as at the end of the year.

NOTE 17 - PROVISIONS

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provisions for employee benefits		
Provision for gratuity	1,138	1,141
Provision for leave encashment	4,862	4,432
Total	**6,000**	**5,573**

NOTE 18 - OTHER NON FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Non financial liabilities		
Employee benefits payable	6,501	1,699
Statutory remittances	2,799	2,103
Others	4,799	738
Total	**14,099**	**4,540**

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FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 19 - EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Equity share capital		
Authorised share capital :		
125,000,000 (March 31, 2022: 125,000,000) Equity shares of ₹ 10 each^	12,500	12,500
Issued and subscribed capital:		
121,678,094 (March 31, 2022: 121,678,094) Equity shares of ₹10 each^	12,168	12,168
Total issued, subscribed and fully paid-up equity share capital	**12,168**	**12,168**

^Number of shares and face value per share are reported in absolute numbers.

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number of shares (In absolute numbers)	Amount (₹ in Lakhs)	Number of shares (In absolute numbers)	Amount (₹ in Lakhs)
Balance as at the beginning of the year	121,678,094	12,168	121,655,986	12,166
Add: Shares issued during the year - stock options	-	-	22,108	2
Balance outstanding as at the end of the year	**121,678,094**	**12,168**	**121,678,094**	**12,168**

(ii) Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares with voting rights (one vote per share). The distribution of dividend is in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The Company has not issued any bonus shares or allotted any shares as fully paid up pursuant to contract(s) without payment being received in cash and there were no buy-backs or any securities that are convertible into equity shares. Accordingly, no further disclosures are made in this regard.

(iii) Details of shares held by each shareholder holding more than 5% Equity Shares

As at March 31, 2023

(₹ in Lakhs)

Rate of interest	Number of shares (In absolute numbers)	% holding in the class of shares
Ardisia Limited	12,065,500	9.92%
Duro One Investments Limited	6,396,459	5.26%
NewQuest Asia Investments II Limited	6,286,535	5.17%

As at March 31, 2022

(₹ in Lakhs)

Rate of interest	Number of shares (In absolute numbers)	% holding in the class of shares
Ardisia Limited	12,065,500	9.92%
NewQuest Asia Investments II Limited	6,286,535	8.37%

(iv) Information relating to Employee stock option plan (ESOP) including details of options issued, exercised and lapsed during the year and options outstanding at the end of the reporting year is set out in Note. 37.

(v) There are no shares held by the promoters as at the end of the year and immediately preceeding financial year.

Note 19A - Other Equity

Particulars	Attributable to Owners of Ujjivan Financial Services Limited									Non-Controlling Interests	Total
	Share Application Money Pending Allotment	Reserves and Surplus						Items of Other Comprehensive income	Total Reserves & Surplus		
		Statutory Reserve	Securities Premium	Retained Earnings	Special Reserve U/S 36 (1)(viii) Income tax Act 1961	General Reserve	Share Options Outstanding Account	FVTOCI Reserve			
Balance as at April 01, 2021	0	22,904	110,770	111,192	-	1,032	7,808	6	253,712	29,155	282,867
Re-statement in non-controlling interest (Note 19B)	-	-	-	(14,660)	-	-	-	-	(14,660)	14,660	-
Restated balance at the beginning of the previous reporting year	**0**	**22,904**	**110,770**	**96,532**		**1,032**	**7,808**	**6**	**239,052**	**43,815**	**282,867**
Add : Loss for the year	-	-	-	(19,169)	-	-	-	-	(19,169)	(3,881)	(23,050)
Add : Other Comprehensive Income for the year	-	-	-	282	-	-	-	1	284	56	339
Less: Appropriation to statutory reserve	-	25	-	(25)	-	-	-	-	-	-	-
Add: Employee stock option plan expense for the year	-	-	-	-	-	-	(103)	-	(103)	(21)	(124)
Less: Grants exercised during the year	-	-	-	-	-	-	(21)	-	(21)	-	(21)
Less: Transferred to general reserve for vested options lapsed during the year	-	-	-	-	-	1,048	(1,048)	-	-	-	-
Transaction with owners in their capacity as owners											
Add : Share application money received	32	-	-	-	-	-	-	-	32	-	32
Less : Shares allotted during the year	(2)	-	-	-	-	-	-	-	(2)	-	(2)
Less: Premium on shares allotted during the year	(30)	-	-	-	-	-	-	-	(30)	-	(30)
Add : Premium on shares issued during the year on stock options	-	-	51	-	-	-	-	-	51	-	51
As at March 31, 2022	**-**	**22,929**	**110,821**	**77,620**	**-**	**2,080**	**6,637**	**7**	**220,093**	**39,969**	**260,062**
Balance as at April 01, 2022	**-**	**22,929**	**110,821**	**77,620**	**-**	**2,080**	**6,637**	**7**	**220,093**	**39,969**	**260,062**
Add : Profit for the year	-	-	-	89,072	-	-	-	-	89,072	24,956	114,029
Add : Other Comprehensive Income for the year	-	-	-	59	-	-	-	58	118	36	154
Appropriation to statutory reserve	-	30,981	-	(30,981)	-	-	-	-	-	-	-
Add: Employee stock option plan expense for the year	-	-	-	-	-	-	697	-	697	206	903
Less: Transferred to General Reserve for vested options lapsed during the year	-	-	-	-	-	1,198	(1,198)	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Particulars	Attributable to Owners of Ujjivan Financial Services Limited									Non-Controlling Interests	Total
	Share Application Money Pending Allotment	Reserves and Surplus						Items of Other Comprehensive income FVTOCI Reserve	Total Reserves & Surplus		
		Statutory Reserve	Securities Premium	Retained Earnings	Special Reserve U/S 36 (1)(viii) Income tax Act 1961	General Reserve	Share Options Outstanding Account				
Transaction with owners in their capacity as owners											
Consideration received on dilution of stake in subsidiary	-	-	-	-	-	-	-	-	-	46,849	46,849
Gain on dilution of stake in subsidiary	-	-	-	6,001	-	-	-	-	6,001	(6,001)	-
Less: Interim dividend distributed during the year	-	-	-	(5,794)	-	-	-	-	(5,794)	(4,149)	(9,943)
Add : Transfer to special reserve u/ s36(1)(viii) of Income tax Act, 1961	-	-	-	(3,000)	3,000	-	-	-	-	-	-
As at March 31, 2023	**-**	**53,910**	**110,821**	**132,977**	**3,000**	**3,278**	**6,136**	**58**	**310,187**	**101,867**	**412,053**

(a) Other notes to changes in equity

Statutory Reserve :

Pursuant to the requirements of section 45 – IC of the Reserve Bank of India Act, 1934 ("the RBI Act") the Company has transfered 20% of the profit after tax before any dividend is declared to the statutory reserve. The utilisation of this reserve fund is governed by the provisions of the said Act. Accordingly, the Company has transferred ₹30,981 Lakhs to the statutory reserve for the year ended March 31, 2023 (31 March 2022: ₹25 Lakhs). The utilisation of this reserve fund is governed by the provisions of the Reserve Bank of India Act.

Securities Premium Reserve :

Securities Premium account represents premium on issue of equity shares. The amount received in excess of the par value of equity shares is recognised as securities premium. The securities premium will be utilised in accordance with the provisions of section 52 of Companies Act, 2013.

Shares options outstanding account :

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under the Company's Employees stock option plan. The amounts recorded in share options outstanding account are transferred to securities premium upon exercise of stock options and transferred to general reserve on account of stock options not exercised by employees. (Also refer Note 37).

General Reserve:

This reserve represents balance transferred from Share Option Outstanding Account upon employee stock options that expired unexercised or upon forfeiture of options granted.

Retained earnings:

This is accretion of profits and represents surplus in statement of profit and loss.

(b) The Remeasurement gain/loss in respect of employee benefits, included in retained earnings above is as under:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
As at the beginning of the year	**71**	**(268)**
Remeasurements gain/(loss) on defined benefit plans	128	452
Income tax effect on above	(32)	(114)
As at the end of the year	**166**	**71**

(c) During the quarter ended March 31, 2023, the Board of Directors of the Company vide its meeting held on March 10, 2023 declared an interim dividend of ₹ 5 per equity shares of ₹10 each (March 31, 2022 - Nil). The Board of Directors of the subsidiary bank vide its meeting held on February 21, 2023 has paid an interim equity dividend of ₹ 0.75 per share to the equity shareholders and interim preference dividend of ₹ 0.55 per share to the preference shareholders. Further, the Board of Directors at its meeting held on May 11, 2023, proposed final equity dividend of ₹ 0.5 per share subject to the approval of the members at the ensuing Annual General Meeting of the Subsidiary Bank and interim preference dividend of ₹ 0.55 per share has been approved by the Board of Directors of subsidiary bank.

(i) **Dividend distributed to equity shareholders of holding company on standalone basis**

(₹ in Lakhs)

Financial Year	Net Profit for the year ended	Rate of Dividend (%)	Amount of Dividend	Dividend Payout Ratio (%)
2022-23	10,816	50%	6,084	56%

(ii) Dividend distributed (including proposed) to shareholders by subsidiary bank

(₹ in Lakhs)

Financial Year	Net Profit for the year ended	Amount of Dividend	Dividend Payout Ratio (%)
2022-23	1,09,992	26,634	24%

Note:

1. The above disclosures are based on financial statements prepared under The Banking Regulations Act, 1949 / The Companies Act, 2013 by the subsidiary bank.
2. The dividend of Rs. 26,634 lakhs distributed by the Bank includes 11% preference dividend of Rs. 2,200 lakhs against preference shares held by the Company which is eliminated in full in the consolidated financial statements and 12.5% equity dividend (including 5% proposed equity dividend) to its equity shareholders. The interim dividend distributed on 14,400 lakhs equity shares held in the Bank is also eliminated in the consolidated financial statements.

19B - Restatement adjustment

During the previous year ended March 31, 2022, as per the requirements of schedule III of Companies Act, 2013 and the Indian Accounting Standards, an amount of ₹14,660 Lakhs has been reclassified from the 'Other Equity' to 'Non-controlling interest' arising from rectification in the computation of non-controlling interest in earlier years as given below. Accordingly, the amount of Other Equity and Non-Controlling Interest stated in Balance sheet for the year ended March 31, 2021 and March 31, 2022 is after this adjustment. This has no impact on the profit or loss or assets or liabilities. The details of this adjustment pursuant to the requirment of schedule III and applicable Indian Accounting Standards are as under:

(i) Balance Sheet as at April 01, 2020 with the impact of the above

(₹ In Lakhs)

Particulars	As at April 01, 2020 (Before adjustment)	Adjustment	As at April 01, 2020 (After adjustment)
Financial Assets			
Cash and cash equivalents	133,986	-	133,986
Bank balances other than above	457	-	457
Loans	1,393,373	-	1,393,373
Investments	242,920	-	242,920
Other financial assets	3,069	-	3,069

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ In Lakhs)

Particulars	As at April 01, 2020 (Before adjustment)	Adjustment	As at April 01, 2020 (After adjustment)
Non Financial Assets			
Current tax assets (net)	352	-	352
Deferred tax assets (net)	8,921	-	8,921
Property, plant and equipment	20,247	-	20,247
Right of use asset	51,897	-	51,897
Capital work-in-progress	2,063	-	2,063
Other intangible assets	7,742	-	7,742
Other non financial assets	6,081	-	6,081
Total Assets	1,871,108	-	1,871,108
Liabilities And Equity			
Liabilities			
Financial Liabilities			
Payables			
(a) Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises	-	-	-
- Total outstanding dues of creditors other than micro and small enterprises	6,405	-	6,405
Borrowings (other than debt securities)	395,262	-	395,262
Deposits	1,065,559	-	1,065,559
Lease liability	59,548	-	59,548
Other financial liabilities	19,268	-	19,268
Non Financial Liabilities			
Current tax liabilities	15	-	15
Provisions	4,678	-	4,678
Other non financial liabilities	3,290	-	3,290
Total Liabilities	**1,554,025**	**-**	**1,554,025**
Equity			
Equity share capital	12,160	-	12,160
Other equity	271,802	(14,259)	257,543
Total Equity Attributable to Owners of the Company	283,962	(14,259)	269,704
Non-controlling interests	33,120	14,259	47,378
Total Liabilities and Equity	**1,871,108**	**-**	**1,871,108**

(ii) Impact for the year 2020-21

(₹ in Lakhs)

Particulars	Amount
Transfer to non-controlling interest relating to movements in other equity during the year 2020-21	402
Total of (i) and (ii)	**14,660**

Note 20A - Interest income

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Financial instruments measurd at amortised cost:		
Interest on deposits with banks	1,836	5,337
Interest on loans	389,047	266,723
Interest income from investments	41,083	18,514
Other interest income	482	281
Total	**432,448**	**290,855**

Note 1: Interest income from investment includes income from investments in central government securities, treasury bills, money market instruments, units and debentures.

Note 20B - Fee and commission income (includes revenue from contracts from customers)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from bancassurance business	4,169	2,641
Revenue from fee based services	5,339	4,249
Total revenue	**9,508**	**6,889**

Note 20C - Net gain on derecognition of financial instruments under amortised cost category

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit on sale of investments	178	1,771
Total	**178**	**1,771**

NOTE 21 - OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net gain/(loss) on derecognition of property, plant and equipment	(67)	(200)
Others		
PSLC income	5,901	180
Bad debts written-off earlier now recovered	13,499	4,677
Others	6,409	5,045
Total	**25,742**	**9,702**

NOTE 22 - FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On financial liabilities measured at amortised cost (at effective interest rate)		
Interest on lease liability	3,427	3,576
	15,214	14,664
Interest on deposits	130,673	88,868
Total	**149,314**	**107,108**

NOTE 23 - IMPAIRMENT lOSSES ON FINANCIAL INSTRUMENTS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
On advances measured at amortised cost	(10,010)	84,588
On investments measured at amortised cost	88	32
Total	**(9,922)**	**84,620**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 24 - EMPLOYEE BENEFITS

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages including bonus	82,727	73,371
Contributions to provident and other funds	5,095	4,638
Gratuity	1,264	1,186
Employee share based payments, net (Refer Note 37)	913	(124)
Staff welfare	2,976	3,118
Total	**92,975**	**82,189**

NOTE 26 - OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Rent (refer note 34)	3,713	1,930
Taxes and energy costs	2,354	1,860
Repairs and maintenance	14,617	11,523
Communication costs	2,931	2,731
Postage & courier	1,242	826
Printing and stationery	3,238	1,453
Advertisement and publicity	3,847	1,240
Director's fees, allowances and expenses	397	298
Auditor's fees and expenses (refer note 26(i) below)	163	150
Corporate social responsibility (refer note 29)	81	430
Legal and professional charges	2,288	1,482
Travelling & conveyance expenses	6,368	4,575
Insurance	1,975	1,328
National financial switch (NFS) charges	5,421	4,103
Collection agency charges	1,852	3,142
Other expenses	15,663	13,118
Total	**66,150**	**50,190**

Note 26(i) - Details of payments to auditor (including auditor's fees and expenses of auditors of subsidiary bank)

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Audit services	123	60
Tax audit	5	7
Other services (including out of pocket expenses)^	34	83
Total	**163**	**150**

^Excludes the audit fee paid for QIP related services of Subsidiary Bank, amounting to ₹ 38 Lakhs, which has been debited to Share Premium account.

NOTE 27 - OTHER DISCLOSURES

(a) Following table summarises the other disclosures including notes references for expense, asset and liabilty heads under which certain expenses, assets and liability items are grouped in the financial statements.

(₹ in Lakhs)

Particulars	Amount for the year ended / As at	
	31 March 2023	31 March 2022
Depreciation charge for Right-of-use assets for leasehold premises (note - 25 "Depreciation, amortisation and impairment")	7,249	7,463
Interest expense on lease liabilities (note - 22 "Finance costs")	3,427	3,576
Payments for principal portion of lease liability (note 10A - "Lease liability")	6,646	6,639
Additions to right-of-use assets during the year (note 10 - "Right of use asset")	6,846	5,536
Lease liabilities (note - 10A - "Lease liabilities")	**49,449**	**49,642**

(b) Accumulated other comprehensive income

(₹ in Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Items that will not be reclassified to profit or loss		
Balance at the beginning of the year	71	(268)
- Remeasurements of post-employment benefit obligations	128	452
- Income tax relating to items that will not be reclassified to profit or loss	(32)	(114)
Balance at the end of the year : Subtotal (A)	**166**	**71**
Items that will be reclassified to profit or loss		
Balance at the beginning of the year	1	-
- Remeasurement of investments at fair value	78	1
- Income tax relating to items that will be reclassified to profit or loss	(20)	-
Balance at the end of the year : Subtotal (B)	**60**	**1**
Accumulated other comprehensive income (A + B)	**226**	**72**

NOTE 28 - CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ In Lakhs)

Particulars	As at 31 March 2023	As at 31 March 2022
Claims not acknowledged as debts		
Taxation	230	7,854
Other legal cases	28	30
Guarantees given on behalf of constituents - in India	2,025	25
Amount transferred to Depositor Education and Awareness Fund (DEAF)	125	23
Capital commitments not provided (Including DEAF)	7,092	5,791
Total	**9,500**	**13,723**

1 Claims against the bank not acknowledged as debts - Taxation

The Group is a party to various taxation matters in respect of which appeals are pending. The Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

2 **Claims against the Bank not acknowledged as debts -Other legal cases**

The Group is a party to various legal proceedings in the normal course of business. The Group does not expect the outcome of these proceedings to have a material adverse effect on the Group's financial conditions, results of operations or cash flows.

3 **Guarantees given on behalf of constituents, acceptances, endorsements and other obligations**

As a part of its commercial banking activities, the Group issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Group's customers. Guarantees generally represent irrevocable assurances that the Group will make payments in the event of the customer failing to fulfil its financial or performance obligations.

4 **Other items for which the Group is contingently liable**

These include:

a) Capital commitments;

b) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

NOTE 29 - 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, Subsidiary 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 Group during the financial year ended March 31, 2023 is Rs. 4 lakhs (March 31, 2022: Rs. 500 lakhs).

As per the provisions of Sec 135(5) and (6) of Companies Act 2013, Subsidiary Bank was 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, Subsidiary Bank had transferred unspent CSR amount of Rs. 71 Lakhs to a seperate Bank Account in previous year.

(₹ In Lakhs)

Particulars	**For the year ended March 31, 2023**		
	Amount Spent	**Amount unpaid / provision**	**Total**
Construction/acquisition of any asset	-	-	-
On purpose other than above	81	-	81

Particulars	**For the year ended March 31, 2022**		
	Amount Spent	**Amount unpaid / provision**	**Total**
Construction/acquisition of any asset	-	-	-
On purpose other than above	430	73	503

Note: As per the provisions of Sec 135(5) and (6) of Companies Act 2013, the subsidiary Bank was required to transfer unspent amount to a separate 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, for the financial year 2021-22, the Bank had transferred unspent CSR amount to a separate Bank Account. The Bank had unspent amount of ₹ 73 Lakhs which included ₹ 1.15 Lakhs as advance paid and ₹ 71.42 Lakhs, in Unspent CSR Account, for the financial year 2021-22. The aforementioned amount has been utilised/spent during the financial year 2022-23.

Other disclosures with respect to corporate social responsibility expenses,

(₹ In Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Amount required to be spent by the company during the year (including Rs.73 lakhs of earlier year (March 31, 2022 - Nil))	77	503
Amount of expenditure incurred,	81	430
Shortfall at the end of the year,	-	73
Total of previous years shortfall,	73	3
Reason for shortfall,	Not applicable	The Subsidiary Bank had undertaken its CSR activities both directly and through external implementing agencies. Few proposals received from external NGOs were not considered by the Bank due to lack of quality and non-alignment with the Bank's CSR strategy.
Nature of CSR activities,	Community Development, COVID relief activity and Promoting health care	COVID relief, Disaster relief & community development
Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	Parinaam Foundation – ₹ 496 lakhs	Parinaam Foundation - Rs.99 lakhs transferred in the financial year 2021-22 and Rs. 50 lakhs moved to the unspent CSR account.
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	NA	NA

NOTE 30 - CURRENT TAX AND DEFERRED TAX

(a) Income tax recognised in statement of profit and loss

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Tax:		
In respect of current year	30,754	84
In respect of prior years	2	-
Deferred Tax:		
Charged / (credit) through profit and Loss	**8,296**	**(7,431)**
Charged through other comprehensive income	**52**	**114**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Total income tax expense recognised in the statement of profit and loss	**39,103**	**(7,232)**

Note: The Special Reserve will never be utilised for payment of dividend or any other purpose and accordingly it does not result in a difference in tax base. Hence, DTL on Special Reserve has not been created.

(b) Movement in deferred tax balances

For the year ended March 31, 2023

Description	Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income	Recognised in Other Equity	Closing Balance
Tax effect of items constituting deferred tax liabilities					
PPE and intangible assets	(615)	343	-	-	(272)
NCD Issue Expenses	-	(165)	-	-	(165)
Income on Securitisation- DA (Net fair valuataion)	-	(788)	-	-	(788)
	(615)	**(610)**	**-**	**-**	**(1,225)**
Tax effect of items constituting deferred tax assets					
Provision for employee benefits	3,190	3,597	(32)	-	6,755
Impact of Ind AS 116	969	71	-	-	1,040
Impact of Ind AS 116 on Transition Reserve	1,386	-	-	-	1,386
ECL provision on advances and investments	31,790	(13,078)	-	-	18,712
Deduction U/s 80JJAA of Income Tax Act, 1956	107	(103)	-	-	4
Deferred income	3,245	2,098	-	-	5,343
Deferred tax asset on the timing difference of QIP expenses	-	(47)	-	237	190
Others on account of unabsorbed losses & allowances	1,328	(224)	(20)	-	1,084
	42,015	**(7,685)**	**(52)**	**237**	**34,514**
Net Tax Asset / (Liabilities)	**41,401**	**(8,296)**	**(52)**	**237**	**33,289**

Movement in deferred tax balances

For the Year ended March 31, 2022

During the FY 2021-22

(₹ in Lakhs)

	Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income	Recognised in Other Equity	Closing Balance
Tax effect of items constituting deferred tax liabilities					
PPE and intangibles assets	(1,020)	406	-	-	(615)
	(1,020)	406	-	-	(615)
Tax effect of items constituting deferred tax assets					
Provision for employee benefits	2,356	948	(114)	-	3,190
Impact of Ind AS 116	1,032	(63)	-	-	969
Impact of Ind AS 116 on Transition Reserve	1,386	-	-	-	1,386
ECL provision on advances and investments	28,286	3,504	-	-	31,790
Deduction U/s 80JJAA of Income Tax Act, 1956	470	(362)	-	-	107
Deferred income	1,599	1,646	-	-	3,245
Others on account of unabsorbed losses & allowances	(25)	1,353	-	-	1,328
	35,104	7,025	(114)	-	42,015
Net Tax Asset / (Liabilities)	**34,084**	**7,431**	**(114)**	**-**	**41,401**

Note: Timing difference on account of unabsorbed losses and allowances have been recognised keeping in mind profits made during the quarter March 31, 2022 and expected working during the current year keeping in mind, business on hand.

(c) The reconciliation between the income tax expense - the amounts are computed by applying the income tax rate to profit before taxes as applicable to the Indian Companies:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before tax and other comprehensive income (OCI)	**153,286**	**(29,943)**
Enacted income tax rate in India	25.168%	25.168%
Expected tax expense computed using enacted tax rate	**38,579**	**(7,536)**
Tax effect on corporate social responsibility expenditure and donations	20	108
Earlier year taxes debited to statement of profit and loss	2	-
Tax effect in other ajustments	502	196
Income tax expense recognised in Statement of profit and loss & OCI	**39,103**	**(7,232)**

NOTE 31 - EMPLOYEES BENEFIT PLANS

Post Employment Benefit Plans

Defined contribution plans- Provident Fund

The Group makes the provident fund contributions for employees at the rate of 12% of basic salary as per regulations. The contributions are made to statutory provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any contractual obligations.

Defined Benefit Obligations (DBO)- Gratuity

The Gratuity scheme is a final salary defined benefit plan, that provides for a lump sum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the period of service at the time of separation and paid as lump sum. There is a vesting period of 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(i) Risk Exposure

The design entails the following risks that affect the liabilities and cash flows

1. **Interest rates risk :** The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase. Thus the plan exposes the Company to the risk of fall in interest rates. Some times, the fall can be permanent, due to a paradigm shift in interest rate scenarios because of economic or fiscal reasons. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements). Even for funded schemes, a paradigm downward shift in bond yields may affect the reinvestment yields and may increase ultimate costs.
2. **Demographic risks:** Demographic assumptions are required to assess the timing and probability of a payment taking place. This is the risk of volatility of results due to unexpected nature of decrements that include mortality, attrition, disability and retirement. The effects of this decrement on the DBO depend upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short serving employees will be less compared to long service employees.
3. **Salary inflation risk:** The present value of the defined benefit plan is calculated with the assumption of salary escalation rate(SER), which is applied to find the salary of plan participants in future, at the time of separation Higher than expected increases in salary will increase the defined benefit obligation and will have an exponential effect.
4. **Asset Liability Mismatch.** This will come into play unless the funds are invested with a term of the assets replicating the term of the liability.
5. **Actuarial Risk:**

   It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons,

   (i) Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

   (ii) Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

   (iii) Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.
6. **Investment Risk:** For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.
7. **Liquidity Risk:** Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.
8. **Market Risk**: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
9. **Legislative Risk/Regulatory Risk:** Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognised immediately in the year when any such amendment is effective.

   The Code on Wages, 2019 ("code") and other connected legislations enacted by the Government of India envisages paymentof 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 Governmentof India. The current wages as a percentage to the remuneration 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.

10. **Retirement age:** It should be noted that in case of employees above retirement age, for the purpose of valuation it is assumed they will retire immediately & benefit is considered up to actual retirement age.

(ii) Amount recognised in the balance sheet and the movements in the net benefit obligation over the year are as follows:

Components of employer expense

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Current service cost	1,224	1,146
	Total Service Cost	**1,224**	**1,146**
2	Interest expense on DBO	410	374
3	Interest (income on plan asset)	(370)	(324)
	Total Net Interest	40	50
4	Administrative Expenses/Taxes/Insurance Cost/Exchange Rate cost	0	0
5	Cost of Termination Benefits/Acquisitions/Transfers	-	(11)
	Defined Benefits cost included in P&L	**1,264**	**1,186**

(iii) Remeasurement effects recognised in other comprehensive income (OCI)

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Actuarial (gain) / losses due to demographic assumption changes in DBO	(91)	(99)
2	Actuarial (gain) / losses due to financial assumption changes in DBO	(74)	(300)
3	Actuarial (gain) / losses due to experience on DBO	(1)	(26)
4	Return on plan assets (greater) / less than discount rate	38	(27)
	Total actuarial (gain)/loss included in OCI	**(128)**	**(452)**
	Total cost recognised in P&L and OCI (defined benefit cost)		
5	Cost recognised in P&L	1,264	1,186
6	Remeasurement effect recognised in OCI	(128)	(452)
	Total Defined Benefit Cost	**1,134**	**734**

(iv) The Net Asset/(Liability) Recognised in Balance Sheet are as follows

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Present value of funded obligation	6,807	6,034
2	Fair value of plan assets	5,677	4,899
	Funded status [surplus/(deficit)]	**(1,129)**	**(1,134)**
	Net liability	**(1,129)**	**(1,134)**
	Recognised in balance sheet, net	**(1,129)**	**(1,134)**

(v) The amount recognised in the balance sheet and the movement in the net defined benefit obligation

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Present value of DBO at beginning (opening)	6,034	5,637
2	Interest cost	410	374
3	Current service cost	1,224	1,146
4	Benefits payouts from plan	(696)	(698)
5	Actuarial (gains)/loss	(165)	(425)
	Present Value of DBO at the ending year	**6,807**	**6,034**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(vi) Reconciliation of opening & closing of plan assets

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Fair value of plan assets at end of prior year	4,899	4,613
2	Employer contribution	1,142	633
3	Expected interest income of assets	370	324
4	Benefits payouts from plan	(696)	(698)
5	Admin expenses /taxes paid from plan assets	(0)	-
6	Actuarial gain/(loss)	(38)	27
7	Fair value of assets at the end	5,677	4,899
8	Actual return on plan assets	332	351

The Group has started funding the liability through the medium of an insurance company and Regular assessment is made by the insurance company of the increase in liability under certain assumptions and contributions are being made to maintain the fund. Subject to credit risk of the insurance company and asset liability mismatch risk of the investments the Company will be able to meet the past service liability on the valuation date that fall due during the next 10 years.

(vii) Information on the maturity profile of the liabilities given below

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Weighted average duration of the DBO (years)	7.24	8.16
2	Projected benefit obligation	6,795	6,022
3	Accumulated benefits obligation	4,149	3,456

(viii) Five Year Pay-outs as at March 31, 2023

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Year (I)	857	902
2	Year (II)	674	761
3	Year (III)	520	630
4	Year (IV)	400	519
5	Year (V)	326	454
6	Next 5 year payouts (6-10 years)	996	1,664
7	Payouts above ten years	3,022	9,197
8	Vested benefit obligation as on March 31, 2023	5,504	

(ix) Major Categories of Plan Asset as a percentage of the fair value

Assets Distribution (in percentage)

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Govt Securities(Central & State)	-	-
2	High quality Corporate Bonds	-	-
3	Equity shares of Listed Co's	-	-
4	Property	-	-
5	Special deposits	-	-
6	Others (other investments, bank balance etc.)	-	-
7	Assets under Insurance Schemes	100%	100%
	Total	100%	100%

(x) Key Assumptions

One of the principal assumptions is the discount rate, which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Actuarial Assumptions:

Salary Escalation:

In projecting the salary increases there are three factors to consider - first is inflation level leading to a general change in salary level. The other two are career progression of the employees & productivity gains for the organisation. Where appropriate the salary increases, a periodic salary experience study with the client's data will be conducted as an input for the client, when setting the assumption.

Demographic Assumptions:

For Attrition / Withdrawal

Withdrawal rates, both at early durations of service and near retirement date, not only have a significant impact on estimates of 'liability' and 'contributions' (more than of mortality in service) but are most difficult to estimate. The past may not be a guide to the future. Even if the past experience can be statistically analysed and produce some meaningful rates, the future experience of withdrawals will depend on general economic conditions as also the particular conditions affecting the given employer's business. Furthermore, withdrawal rates differ significantly from scheme to scheme and within a scheme from year to year. We examine these rates and any other information available and use best possible judgment to cater to the long term nature of the actuarial estimates being is carrying out.

The financial and demographic assumptions employed for the calculations as at the end of previous period and current period are as follows:

Actuarial assumptions

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Discount rate	7.23% and 7.57%	7.08% and 7.48%
2	Expected return on assets	7.23% and 7.57%	6.44% and 7.48%
3	Salary Escalation	9.00%	9.00%
4	Attrition Rate	0% to 23.83%	0% to 21.74%
5	Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	

Demographic Assumptions

(₹ in Lakhs)

Sl No	Particulars	March 31, 2023	March 31, 2022
1	Disability:	5% of mortality rate rates	5% of mortality rate rates
2	Withdrawal:	Graded rates from Age 35 - 18.82%,From Age 40 - 12.54%, From Age 45 - 6.27%, From Age 50 - 2%.	Graded rates from Age 35 - 17.16%, From Age 40 - 11.44%, From Age 45 - 5.72%, From Age 50 - 2%.
3	Retirement age:	60 years	60 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Sensitivity Analysis - March 31, 2023

(₹ in Lakhs)

Sl No	Particulars	% increase in DBO	Liability	Increase In DBO
1	Discount rate +100 basis points	(7.36%)	6,306	(501)
2	Discount rate -100 basis points	8.14%	7,362	554
3	Salary growth +100 basis points	6.79%	7,270	462
4	Salary growth -100 basis points	(6.45%)	6,368	(439)
5	Attrition rate +100 basis points	(1.47%)	6,708	(100)
6	Attrition rate-100 basis points	1.23%	6,891	84
7	Mortality rate 10% up	(0.22%)	6,793	(15)

Sensitivity Analysis - March 31, 2022

(₹ in Lakhs)

Sl No	Particulars	% increase / (decrease) in DBO	Liability	Increase In DBO
1	Discount rate +100 basis points	(7.94%)	5,555	(479)
2	Discount rate -100 basis points	8.88%	6,570	536
3	Salary growth +100 basis points	7.58%	6,491	457
4	Salary growth -100 basis points	(7.10%)	5,606	(428)
5	Attrition rate +100 basis points	(1.85%)	5,922	(112)
6	Attrition rate-100 basis points	1.65%	6,134	100
7	Mortality rate 10% up	(0.23%)	6,020	(14)
8	Effect on ceiling	(2.13%)	5,983	128

Note 32 - Segment information

32.1 Products and services from which reportable segments derive their revenues

Operating segments are defined as components of the Group for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. The Group's CODM is the CEO of the Holding Company.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of products, and in respect of the 'Banking' operations, the information is further analysed based on the different categories of customers. The CODM has chosen to organise the group around differences in products and services.

The following operating segments namely Micro Finance, Rural Finance, Housing loans, Micro and Small Enterprise loans, Personal Loans, Vehicle Loans and Institutional Loans are aggregated as 'Banking' into a single operating segment taking into account the following factors:

- these operating segments have similar long-term gross profit margins;
- these operating segments operate in similar regulatory environment;
- the type or class of customer for their products and services; and
- the methods used to distribute the products to the customers are the same.

Specifically, the Company's reportable segment under Ind AS 108 is as follows:

Banking Segment provides loans to customers and raises deposits from loan customers. Revenues of the Banking segment are derived from interest earned on retail loans and processing fees earned. Expenses of this segment primarily comprise interest expense on deposits & Borrowings, infrastructure and premises expenses for operating the branch network, personnel costs, credit costs, other direct overheads and allocated expenses.

Others include NBFC Operations of the Group.

32.2 Segment revenues and results

The following is an analysis of the Company's revenue and results by reportable segment.

Revenue and results for the year ended March 31, 2023

(₹ in Lakhs)

Particulars	Banking	Others	Inter-Segmental	Total
Total segment revenue	467,844	12,725	(12,693)	**467,876**
Revenue from external customers	467,844	12,725	(12,693)	**467,876**
	467,844	12,725	(12,693)	**467,876**
Segment results				
Profit before tax and OCI	153,361	12,412	(12,693)	**153,080**

Revenue and results for the year ended March 31, 2022

(₹ in Lakhs)

Particulars	Banking	Others	Inter-Segmental	Total
Total segment revenue	309,069	675	(526)	309,218
Revenue from external customers	309,069	675	(526)	309,218
	309,069	**675**	**(526)**	**309,218**
Segment results				
Profit before tax and OCI	(30,172)	301	(526)	(30,397)

^Includes NBFC operations of the Group.

32.3 Segment assets and liabilities

The following is an analysis of the Company's assets and liabilities by reportable segment.

(₹ in Lakhs)

Particulars	Banking	Others	Inter-Segmental	Total
Segment assets	3,548,444	17,451	(17,281)	3,548,614
Segment liabilities	3,141,557	117	(17,281)	3,124,393
Capital employed	406,887	17,334	-	424,221

Segment assets and liabilities as at March 31, 2022

(₹ in Lakhs)

Particulars	Banking	Others	Inter-Segmental	Total
Segment assets	2,440,184	12,711	(10,617)	2,442,278
Segment liabilities	2,180,556	109	(10,617)	2,170,048
Capital employed	259,628	12,601	-	272,230

32.4 Geographical information

The entity is domiciled and operates in India. Hence, no geographical information is required.

32.5 Information about major customers

No single customer contributed 10% or more to the Group's revenue for both current financial year and immediately preceeding financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

NOTE 33 - EARNINGS PER SHARE

Basic earnings/ (loss) per equity share

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Nominal value of equity share (₹)	**10**	**10**
Profit after tax - (A) (₹ in Lakhs) attributable to shareholders of the company	89,072	(19,169)
Weighted average number of shares outstanding (B) (in absolute numbers)	**121,678,094**	**121,678,094**
Basic earnings per share (₹) - (A/B)	73.20	(15.76)

Diluted Earnings/ (Loss) Per Equity Share

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Nominal value of equity share (₹)	10	10
Profit after tax - (A) (₹ in Lakhs) attributable to shareholders of the company	89,072	(19,169)
Weighted average number of shares outstanding (B) (in absolute numbers)	121,678,094	121,678,094
Diluted earnings per share (₹) - (A/B)	73.20	(15.76)

NOTE 34 - LEASING ARRANGEMENTS

Payments recognised as expense

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Short term and low value leases (refer note 27), net *	3,713	1,930

*Pursuant to amendments brought in by the Ministry of Corporate Affairs through the Companies (Indian Accounting Standards) Amendment Rules, 2021 vide notification dated 18 June 2021, Ind AS 116 - Leases paragraph 46B was amended to extend the application of practical expedient related to Covid-19 - Related rent concessions to lease payments originally due on or before 30th June 2022. The Company had applied this practical expedient to all such rent concessions received during the year ended March 31, 2022 from certain lessors that meet the conditions specified in paragraph 46B. Savings in lease payments resulting from rent concessions received during the year is recognised in statement of profit and loss for the year ended March, 31, 2022.

NOTE 35 - FINANCIAL INSTRUMENTS

35.1 Capital management

The Group actively manages the capital to meet regulatory norms and current and future business needs, considering the risks in its businesses, expectations of rating agencies, shareholders and investors, and the available options of raising capital. Its capital management framework is administered by the Risk Committee of Group.

The Group's Material Subsidiary (the Bank) is subject to the capital adequacy requirements of the Reserve Bank of India (RBI), which are primarily based on the capital adequacy accord reached by the Basel Committee of the Bank of International Settlements (Basel Committee). Under RBI's capital adequacy guidelines, the Bank is required to maintain a minimum ratio of total capital to risk adjusted assets as determined by a specified formula, at least half of which must be Tier 1 capital, which is generally shareholders' equity.

The Group has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by RBI.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

35.2 Financial instruments by category

(₹ in Lakhs)

Particulars	As at March 31, 2023			As at March 31, 2022		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Investments	**19,245**	**317,324**	**523,848**	**3,424**	**60,126**	**357,969**
Cash & Cash equivalents and Other Bank balances (incl. interest)	-	-	248,418	-	-	218,806
Loans	-	-	2,315,287	-	-	1,677,854
Other Financial Assets	-	-	9,602	-	-	3,624
Total Financial Assets	**19,245**	**317,324**	**3,097,156**	**3,424**	**60,126**	**2,258,254**
Financial liabilities						
Trade Payable	-	-	9,144	-	-	13,297
Debt Securities	-	-	30,000	-	-	-
Borrowings	-	-	461,362	-	-	262,526
Deposits	-	-	2,536,780	-	-	1,813,857
Lease Liability	-	-	49,449	-	-	49,642
Others	-	-	17,559	-	-	20,613
Total Financial liabilities	**-**	**-**	**3,104,294**	**-**	**-**	**2,159,935**

35.3 Financial risk management

The Group is exposed to credit risk, market risk and liquidity risk. The following notes explains the sources of risks which the Group is exposed to and how it manages the risks in the financial statements. UFSL is not exposed to seperate exposure, and hence the disclosures pertain only to the significant component i.e., USFB (Bank). Both UFSL and USFB are exposed to liquidity risk. Consequently, Management has used the 'bank' wherever the disclosure pertain to the significant component and used the word group where it pertain to the consolidated financial statements.

35.4 Market risk

Market Risk is the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market process, in particular, changes in interest rates, exchange rates and equity and commodity prices. In line with the regulatory requirements, the Bank has put in place a Board approved Market Risk Management and ALM policy. The Policy provides the framework for computation of security valuation, modified duration and PV01.

35.5 Interest rate risk

The major market risk facing the Bank is Interest Rate Risk in the Banking Book (IRBB) as the Bank currently does not have exposure to Equity, Commodity or Foreign Exchange. IRBB is measured using both the Traditional Gap approach and Duration Gap approach to calculate the impact of change in interest rates on both profit and equity. The Interest Rate in the Banking Book (IRBB) is managed by bringing the impact of change in interest rates on the profit and equity to the notice of Asset Liability Management Committee (ALCO) on a monthly basis and recommending necessary business measures to reduce the volatility in both profit and equity. The directives of ALCO regarding the same are then intimated to the relevant stakeholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

35.5.1 Exposure to interest rate risk

The interest rate risk in banking book is measured using both the Traditional Gap approach and Duration Gap approach to calculate the impact of change in interest rates on both profit and equity which is given in tables below for the period of March 31, 2023 and March 31, 2022 respectively.

Traditional gap approach - March 31, 2023

(₹ in Lakhs)

Particulars	1-28 days	29 days -3 months	3-6 months	6months - 1years	Total
Risk sensitive assets	247,529	371,778	270,816	683,660	1,573,784
Risk sensitive liabilities	378,899	317,881	256,086	500,336	1,453,202
Gap	(131,370)	53,897	14,730	183,324	120,582
Remaining maturity in days	351	304	230	95	-
Earnings at risk (EaR) for 2% increase in interest rates	(2,527)	898	186	954	(489)

Traditional gap approach - March 31, 2022

(₹ in Lakhs)

Particulars	1-28 days	29 days -3 months	3-6 months	6months - 1years	Total
Risk sensitive assets	205,758	160,783	215,207	435,329	1,017,077
Risk sensitive liabilities	223,047	261,759	224,118	426,974	1,135,898
Gap	(17,289)	(100,976)	(8,911)	8,355	(118,821)
Remaining maturity in days	351	304	230	95	-
Earnings at risk (EaR) for 2% increase in interest rates	(333)	(1,682)	(112)	43	(2,084)

Duration Gap approach

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Equity (i.e., Net worth)	357,549	280,263
Computation of aggregate risk sensitive liabilities	2,967,221	2,084,968
Computation of aggregate risk sensitive assets	3,230,983	2,232,638
Weighted avg modified duration of risk sensitive liabilities across all currencies	1.22	1.21
Weighted avg modified duration of risk sensitive assets across all currencies	1.58	2.22
Modified duration gap	0.46	1.09
Change in MVE as % of equity for 200 bps change in interest rate	(8.31%)	(17.40%)
Equity (i.e., Net worth)	357,549	280,263
Computation of aggregate risk sensitive liabilities	2,967,221	2,084,968
Computation of aggregate risk sensitive assets	3,230,983	2,232,638
Weighted avg modified duration of risk sensitive liabilities across all currencies	1.22	1.21
Weighted avg modified duration of risk sensitive assets across all currencies	1.58	2.22
Modified duration gap	0.46	1.09
Change in MVE as % of equity for 200 bps change in interest rate	(8.31%)	(17.40%)

35.6 Credit risk

Credit risk in the Bank arises due to default by borrowers on their contractual obligations which results to financial losses. Credit Risk is a major risk in the Bank and the Bank's asset base primarily comprises of microfinance loans; a small but increasing loan portfolio to affordable housing and MSE finance, Financial institutions Group. During the year, the Bank also has launched various products which include Gold Loan, KCC, MSE-Navanirman Loan, etc. Credit Risk in the Bank stems from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, settlement and other financial transactions. The essence of credit risk management pivots around the early assessment of stress, either at a portfolio or an account level, and taking appropriate measures.

35.6.1 Credit risk management

Credit risk in the Bank is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit function. Board approved credit policies and procedures mitigate the Bank's prime risk i.e. default risk. An independent Credit Risk vertical undertaken policy reviews, process reviews and portfolio monitoring as second line of defense. There is a Credit Risk Management Committee(CRMC) in the Bank for the review of the policies, process and products on an ongoing basis, with approval secured from the Board as and when required. There is a robust Credit Risk Management set-up in the Bank at various levels.

1. There are Credit teams to ensure implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information/loan closure documents, as the case may be, and highlight early warning signals and industry developments enabling pro-active field risk management.
2. The credit teams of each vertical do the independent credit assessment in line with the credit policy of the Bank. There are defined processes for credit assessment of each product in the Bank. The credit sanction is done through a delegation matrix where credit sanctioning powers are defined for various levels. All big ticket loans i.e. ₹75 Lakhs & above in Housing and ₹2 Crores & above in MSE, are approved by the Credit Approval Committee. All loans to financial institutions are also approved by this Committee.
3. Portfolio analysis and reporting is used to identify and manage credit quality and concentration risks.
4. Credit risk monitoring for the Bank is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. Portfolio monitoring aims towards managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states.

35.6.2 Significant increase in credit risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Bank measures the loss allowance based on lifetime PD rather than point in time PD. Pending the adoption of scoring models to assess the change in credit status at an account level and at portfolio level, the Bank has adopted SICR (Significant Increase in Credit risk) criteria based on Days Past Due (DPD).The following table lists the staging criteria used in the Bank:

Staging Criterion
Stage-1:0 – 30 days past due
Stage-2:31 – 90 days past due
Stage-3:90+ days past due

Stage 2 follows the rebuttable presumption of Ind AS 109, that credit risk has increased significantly since initial recognition no later than when contractual payments are more than 30 days past due.

35.6.3 Incorporation of forward-looking information

In order to capture the business cycle dependency on the Bank's default rates, the Bank had attempted to model its historical default rates as a function to any macroeconomic variable which can statistically explain a relationship. This typically entails using various forms/types of regression to ascertain if that relationship is statistically significant. If found significant,

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the historical ECL can then be converted into a forward looking estimate, by incorporating the relationship aspect. The dataset for studying and identifying relationships were populated on quarterly basis . The dataset included the Bank's own trend in defaults over the quarters and various macro-economic variables; the data for which is publicly available with International Monetary Fund and Reserve Bank of India.

The Bank undertook various statistical analysis to identify relationships with default rates. The results were found to be statistically insignificant for the following reasons:

1) Historically, the business model of the Bank has only been affected with increase in default rates due to events such as floods, area specific disturbances and local political intervention. These events are stray events which had not affected the Bank as a whole. Secondly, the customer segment catered by the Bank is largely the unbanked and under banked population of India. These customers undertake their activities mostly on cash basis and are often excluded in the financial ecosystem as their contribution to the taxable income is quite low. Therefore, the default behaviour of this customer segment can tend to exhibit none to very low relationship to the more formal macro economic indicators .

2) The Bank, like all other companies engaged in microfinance business faced an extra-ordinary situation due to the demonetisation of large value currency notes in November 2016 and pandemic Covid-19. Many of the Bank's customers were unable to repay their loan dues from November 2016 onwards due to currency shortage initially, major livelihood disruption and local political agitations. Similar to demonetisation, customers across all segment are impacted by Covid-19. The default rates witnessed a sharp spike in the next 3-4 months post the event. Although the Bank has made substantial efforts to recover its dues, a majority of the current borrowers in the Bank who are in default are those who stopped paying post this event. This causes a skewness in the data set which largely undermines the ability to build any credible statistical relationship. Since the above mentioned statistical models could not yield any significant results, the Bank has adopted the management overlay approach to define its default cyclicality. Under this approach, the Bank has attempted to calculate its forward looking PD estimates by the use of a scalar. After careful consideration and analysis, the Bank is of the opinion that an event in the likes of Demonetization and pandemic can be deemed as a Black Swan event; and its occurrence in the future is highly unlikely. As explained above, the business model of the Bank is mostly subject to risks emanating from local events in its normal course. One time events such as Demonetization or Covid-19 are the only examples which have caused a Bank wide impact. Furthermore, the newer advances made post demonetisation or Covid-19 have exhibited regular repayment track record similar to the track record maintained by the Bank prior to such Black Swan events. Given the above considerations, the Bank has assigned a lower probability for a downturn scenario to accommodate for any business swings cause by events whose economic impact can be to the likes of demonetisation or Covid-19.

   The Bank has assigned a lower probability of scenario occurrence for downturn scenario and higher probability for upturn scenario respectively. The weighted average scalar is incrementally added to the historical PD term structure. The scalar has been used to compute forward looking estimates of PD only for the microfinance portfolio of the Bank. Since the other business verticals are of relatively new vintage, a significant portion of the historical default data emanates from microfinance loans. The PD term structures for other loan portfolios are a reflection of the historical default behaviour or benchmarked to RBI dynamic provisioning norms. The forward looking PD estimates are factored in the ECL calculations.

35.6.4 Measurement of ECL

The key inputs used for measuring ECL are:

Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon (12 Month). It is estimated as at a point in time. To compute Expected Credit Loss (ECL) the portfolio is segregated into 3 stages viz. Stage 1, Stage 2 and Stage 3 on the basis of Days Past Dues. The Bank uses 12 month PD for the stage 1 borrowers and lifetime PD for stage 2 and 3 to compute the ECL.

Loss given default (LGD):LGD is an estimation of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from eligible collateral. The Bank has computed LGD for Microfinance loans, Housing and MSME using empirical data and for other portfolios the same has been benchmarked to FIRB (Foundation Internal Rating Based) guidelines and Loan Loss Provisioning paper as given by Reserve Bank of India.

Exposure at default (EAD):EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Probability of Default : MSE Loans

When the Bank had started the MSE portfolio was considered as two pools i.e. Secured and Unsecured, for estimation of Expected Credit Loss (ECL) as per Ind AS 109. However, as the business has grown with diverse set of offerings and diverse set of borrower base, bank segmented the MSE portfolio into total of 16 pools.The MSE pools were then analysed to arrive at the default rates for each of the pools. To arrive at pool-wise PD, 'Roll Rate Analysis' was done.

Probability of Default : Housing Loans

When the Bank had started its housing business the housing portfolio was considered as a single pool for estimation of Expected Credit Loss (ECL). However, as the business has grown with diverse set of offerings and diverse set of borrower base, bank segmented the Banking portfolio into total of 18 pools.The Housing pools were then analysed to arrive at the default rates for each of the pools. To arrive at pool-wise PD, 'Roll Rate Analysis' was done.

Probability of Default : Microbanking Loans

Micro-Banking Loans cover about 75% of the Bank's loan portfolio. The bank has redeveloped a statistical segmentation for GL and IL. Given the average ticket size and tenor of each loan in this segment, and the resultant large number of individual borrowers in this portfolio, the portfolio was segregated into 20 pools based on State, Product (Scheme level) and Loan cycle of the customers; the borrowers in each pool are homogeneous based on the risk. The Microbanking pools were then analysed to arrive at the default rates for each of the pools. To arrive at pool-wise PD, 'Vintage Analysis' was done.

Probability of Default : Personal Loans, Two Wheeler Loans, Staff Loans, Agri Loans and FIG Loans

Bank has computed default rate (DR) based on migration analysis for Personal loans, Two Wheeler Loans and Agri Loan. The DR are higher than RBI suggested PD. For ECL computation, the Bank has taken an average of RBI suggested PDs, DR of FY 2019-20, DR of FY 2020-21 & DR of FY 2021-22 . PD for FIG loans was taken as per CRISIL Default Study paper based on the rating of the corporate. Minimum PD of 0.03% was recommended for Staff Loans Gold Loan

Loss Given Default : Micro-Banking Loans

LGD was calculated using monthly NPA data and recovery from the same. Recovery data was mapped to the subsequent months from the respective default month. The recovery made over a period of time was discounted to reflect the present value of recovery. Marginal Recovery rates were computed for each month . Subsequently, the cumulated recovery rates were calculated. Loss Given Default was computed as 1 minus recovery rate. This exercise has been undertaken for every microfinance pool.

Loss Given Default : MSE Loans, Secured Housing Loans, Personal Loans, Two Wheeler Loans, Staff Loans and Agri Loans

LGD for all other loan portfolios, except Micro banking are benchmarked to RBI guidelines. The benchmarking of LGD is an acceptable approach under the FIRB approach to capital calculation.

Exposure at Default :

EAD is the total outstanding balance at the reporting date including principal and accrued interests at the reporting date. For Stage 3 assets, arrear interests are added. Future interest receivables up to the date of default i.e. 90DPD has been computed for Stage 1 and Stage 2 assets to reflect actual EAD. Undrawn commitments, if any, are duly converted into its Credit Equivalent Amount using Credit Conversion Factors(CCF) as prescribed in RBI guidelines.

Expected Credit Loss :

The Bank measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial obligations

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35.6.5 Groupings based on shared risks characteristics

Microfinance loans constitute the majority of the portfolio. The Bank has performed segmentation on the Micro banking Loans portfolio based on the below mentioned characteristics:

1) Individual loans/group Loans
2) Geography (by state)
3) Loan cycle

For MSE and Housing, the segmentation is done on the basis of Product, Ticket and Geography. All other loan portfolios were not bifurcated into groups because of low incidence of default and recent vintage of portfolio.

The Bank uses external benchmark information for portfolios with limited historical data. The table below depicts the portfolios for which external benchmark information represents a significant input into measurement of ECL.

Particulars	External bench-mark PD	External bench-mark LGD	Additional Details
Staff Loans / Gold Loan	0.03% (Min reqd PD)	65%	Loan Loss Provisioning RBI paper - Clause 6.1.6
Personal Loans	Not Applicable	65%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
IL Agri Loan	Not Applicable	65%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Two Wheeler Loans	Not Applicable	50%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Financial Institution Group Loans	According to the Credit rating of the borrower	65%	CRISIL Default Study Paper
Debt Securities	0.03% (Min reqd PD)	65%	RBI IRB circular issued in December 2011
Debt Securities	0.03% (Min reqd PD)	65%	RBI IRB circular issued in December 2011

35.6.6 Credit Risk Concentrations

An analysis of the Bank's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent advances. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively. Loans and advances to customers at amortised cost

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Concentration by sector		
Microbanking loans	1,732,357	1,215,131
Secured housing loans	340,106	273,447
Personal loans	14,754	24,270
MSE loans		
MSE loans	159,336	171,026
Other loans		
Agri loans	8,357	19,255
Staff loans	9,456	3,441
Two wheeler loans	14,033	16,174
Financial institution group loans (includes agri corporate loan)	112,753	85,520
Advances against deposits	17,287	7,907

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Gold loan	62	35
Total	**2,408,501**	**1,816,206**
Ind-AS adjustment	(10,352)	2,792
Gross advances as per Ind-AS (Refer Note 5)	**2,398,149**	**1,818,998**

Concentration by region (at State level)

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Tamil Nadu	372,712	281,455
Karnataka	322,372	262,976
West Bengal	293,355	223,432
Maharashtra	214,504	173,598
Gujarat	191,442	152,986
Bihar	175,781	121,103
Haryana	131,385	94,646
Assam	21,433	19,758
Rajasthan	99,691	75,278
Uttar Pradesh	156,701	98,988
Punjab	61,626	42,236
Orissa	62,983	44,673
Jharkhand	56,390	40,122
Kerala	43,458	28,091
New Delhi	90,966	70,053
Madhya Pradesh	37,064	26,712
Tripura	27,139	22,524
Pondicherry	13,676	11,782
Chhattisgarh	10,437	9,015
Uttrakhand	13,120	8,335
Meghalaya	2,522	1,770
Chandigarh	5,020	3,157
Himachal Pradesh	3,152	2,248
Telengana	96	-
Goa	1,478	1,269
Total	**2,408,501**	**1,816,206**
Ind-AS Adjustment*	(10,352)	2,792
Gross advances as per Ind-AS (Refer Note 5)	**2,398,149**	**1,818,998**

*To arrive at Gross Advance as per Ind AS, adjustments are made on account of Fair valuation of staff loan, Interest accrual on NPA, Reversal of processing fees, Actual writte off of NPA Interest and accrued Interest on Advances.

Loan commitments - concentration by sector

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Microbanking Loans	902	228
Secured Housing Loans	8,489	6,934

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(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
MSE Loans		
Secured MSE Loans	68,617	35,471
Other Loans		
Financial Institution Group Loans	7,271	3,000
Advances against Deposits	-	-
Total	**85,279**	**45,633**

Concentration by region (at State level)

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Maharashtra	1,507	1,918
Tamil Nadu	1,626	3,224
Karnataka	71,282	32,653
Rajasthan	449	367
Gujarat	991	772
Uttar Pradesh	1,738	973
West Bengal	3,158	2,483
Madhya Pradesh	291	247
Bihar	782	735
Uttarakhand	21	31
New Delhi	469	240
Pondicherry	35	18
Kerala	92	70
Haryana	277	142
Jharkhand	174	199
Orissa	589	483
Assam	166	115
Punjab	82	56
Tripura	1,458	837
Chhattisgarh	34	68
Chandigarh	47	2
Telengana	10	-
Total	**85,279**	**45,633**

Debt investment securities at amortised cost / FVOCI*

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Concentration by sector		
Government Securities- Amortised Cost	524,018	358,051
Government Securities- FVOCI*	316,050	58,852
Other- FVOCI*	-	-
Total	**840,068**	**416,903**

*FVOCI- Fair value through other Comprehensive Income

Note: Above disclosure are without considering Impairment allowance and debt instruments carried at FVTPL (Refer Note 6).

35.6.7 An analysis of the Bank's credit risk exposure per class of financial asset and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. For financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

As at March 31, 2023

(₹ in Lakhs)

Particulars	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	2,326,651	17,939	63,911	-	2,408,501
Exposure at default amount(EAD)#	2,458,468	18,638	71,449	-	2,548,555
Loss allowance	43,267	742	43,453	-	87,462
Exposure at default Less Loss allowance (Net EAD)	2,415,201	17,896	27,996	-	2,461,093

#Exposure at Default includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors.

As at March 31, 2022

(₹ in Lakhs)

Particulars	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	1,622,308	59,463	134,435	-	1,816,206
Exposure at Default amount(EAD)#	1,716,619	61,365	159,251	-	1,937,235
Loss allowance	31,858	1,472	124,994	-	158,324
Exposure at Default Less Loss allowance (Net EAD)	1,684,761	59,893	34,257	-	1,778,911

#Exposure at default includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors.

Loan commitments as at March 31, 2023

(₹ in Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Total amount committed	85,200	79	-	85,279
Loss allowance	(83)	-	-	(83)

Loan commitments as at March 31, 2022

(₹ in Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Total amount committed	45,143	83	407	45,633
Loss allowance	(454)	(1)	(45)	(500)

Debt investment securities at amortised cost as at March 31, 2023

Particulars	Stage 1	Stage 2	Stage 3	POCI	Total
Debt investment securities at amortised cost	840,068	-	-	-	840,068
Total gross carrying amount	840,068	-	-	-	840,068
Loss allowance	(170)	-	-	-	(170)
Carrying amount	839,898	-	-	-	839,898

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Debt investment securities at amortised cost as at March 31, 2022

Particulars	Stage 1	Stage 2	Stage 3	POCI	Total
Debt investment securities at amortised cost	416,903	-	-	-	**416,903**
Total gross carrying amount	416,903	-	-	-	**416,903**
Loss allowance	(82)	-	-	-	**(82)**
Carrying amount	416,821	-	-	-	**416,821**

This table summarises the loss allowance as of the March 2023 and March 2022 by class of exposure/asset.

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Loans and advances to customers at amortised cost (excl. ECL on Undrawn)	87,462	158,324
Debt investment securities at amortised cost	170	82
Loan commitments	**83**	**500**

35.6.8 The tables below analyse the movement of the loss allowance during the year per class of assets.

Loss allowance – Loans and advances to customers at amortised cost for FY 2022-23

(₹ in Lakhs)

Particulars	Stage 1 (EAD amount) #	Stage 1 12-month ECL	Stage 2 (EAD) #	Stage 2 Lifetime ECL	Stage 3 (EAD amount) #	Stage 3 Lifetime ECL
As at March 31, 2023	2,458,468	43,267	18,638	742	71,449	43,453
As at March 31, 2022	1,716,619	31,858	61,365	1,472	159,252	124,994
Movement	741,848	11,409	(42,726)	(729)	(87,803)	(81,542)

Loss allowance – Loans and advances to customers at amortised cost for FY 2021-22

(₹ in Lakhs)

Particulars	Stage 1 (EAD amount) #	Stage 1 12-month ECL	Stage 2 (EAD) #	Stage 2 Lifetime ECL	Stage 3 (EAD amount) #	Stage 3 Lifetime ECL
As at March 31, 2022	1,716,619	31,858	61,365	1,472	159,252	124,994
As at March 31, 2021	1,367,698	38,713	96,183	3,239	139,997	93,463
Movement	348,921	(6,855)	(34,819)	(1,767)	19,255	31,532

Loss allowance – Loan commitments for FY 2022-23

(₹ in Lakhs)

Particulars	Stage 1 (EAD amount) #	Stage 1 12-month ECL	Stage 2 (EAD) #	Stage 2 Lifetime ECL	Stage 3 (EAD amount) #	Stage 3 Lifetime ECL
As at March 31, 2023	85,200	83	79	-	-	-
As at March 31, 2022	45,143	454	83	1	407	45
Movement	40,057	(371)	(4)	(1)	(407)	(45)

Loss allowance – Loan commitments for FY 2021-22

(₹ in Lakhs)

Particulars	Stage 1 (EAD amount) #	Stage 1 12-month ECL	Stage 2 (EAD) #	Stage 2 Lifetime ECL	Stage 3 (EAD amount) #	Stage 3 Lifetime ECL
As at March 31, 2022	45,143	454	83	1	407	45
As at March 31, 2021	7,491	90	61	1	-	-
Movement	37,653	365	22	(1)	407	45

Loss allowance – Debt investment securities at amortised cost/ FVOCI for FY 2022-23

(₹ in Lakhs)

Particulars	Stage 1 (Gross Carrying Amount (GCA)as per IND AS 109)	Stage 1 12-month ECL	Stage 2 (GCA as per IND AS 109)	Stage 2 Lifetime ECL	Stage 3 (GCA as per IND AS 109)	Stage 3 Lifetime ECL
As at March 31, 2023	840,068	(170)	-	-	-	-
As at March 31, 2022	416,903	82	-	-	-	-
Movement	423,165	(252)	-	-	-	-

Loss allowance – Debt investment securities at amortised cost / FVOCI for FY 2021-22

(₹ in Lakhs)

Particulars	Stage 1 (Gross Carrying Amount (GCA)as per IND AS 109)	Stage 1 12-month ECL	Stage 2 (GCA as per IND AS 109)	Stage 2 Lifetime ECL	Stage 3 (GCA as per IND AS 109)	Stage 3 Lifetime ECL
As at March 31, 2022	416,903	82	-	-	-	-
As at March 31, 2021	255,202	50	-	-	-	-
Movement	161,701	32	-	-	-	-

Exposure at Default includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors

35.6.9 Write - offs

The contractual amount outstanding on financial assets that were written off during the FY 2022-23 was ₹43,461 (in Lakhs) and for FY 2021-22 was ₹78,858 (in Lakhs) and are still subject to enforcement activity.

A. The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

Loans and advances to customers (Other than Corporate)

(₹ in Lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	EAD amount#	Loss allowance	EAD amount#	Loss allowance
0-30 days	2,342,391	43,128	1,628,989	31,779
31-90 days	18,638	742	61,364	1,467
More than 90 days	70,887	42,891	158,688	124,713
Total	**2,431,916**	**86,761**	**1,849,041**	**157,959**

Exposure at Default includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors

B. Modified financial assets

As a result of the Bank's forbearance activities financial assets might be modified. The following tables refer to modified financial assets where modification does not result in derecognition.

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Financial assets (with loss allowance based on lifetime ECL) modified during the year

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Gross carrying amount before modification#	8,650	49,797
Loss allowance before modification	2,832	803
Net amortised cost before modification	5,818	48,994
Net modification gain/(loss)	(427)	(5,631)
Net amortised cost after modification	**5,391**	**43,363**

Exposure at Default includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors

Financial assets modified since initial recognition at a time when loss allowance was based on lifetime ECL

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Gross carrying amount of financial assets for which loss allowance has changed in the period from lifetime to 12-month ECL cost after modification	-	-

C. Collateral held as security and other credit enhancements

The Bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Particulars	Type of Collateral held
Microfinance loans	Unsecured Loan
MSE Loans	Hypothecation of Stocks, Book Debt, Mortgage of the Land and Building
Personal Loans	Unsecured Loan
Home Loans	Mortgage of the Land/Building/Flat
Two Wheeler Loans	Hypothecation of the vehicle
Financial Institution Group	Book debts and Cash Collateral

Mortgage lending

The Bank holds residential properties as collateral for the affordable loans it grants to its customers. The Bank monitors its exposure to retail mortgage lending using the LTV ratio, which is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The table below shows the ECL bifurcation of secured assets on the basis of various LTV ranges.

Mortgage lending LTV ratio

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Exposure at default #	Loss allowance	Exposure at default #	Loss allowance
Upto 35%	138,108	6,535	80,928	5,923
35% to 50%	118,300	4,590	77,070	5,279
50% to 65%	133,463	5,321	123,958	9,475
>65%	120,815	7,171	163,074	9,284
Total	**510,686**	**23,618**	**445,030**	**29,961**

Exposure at Default Amount includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors

Loan commitments – Mortgage lending LTV ratio*

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Amount committed	Loss allowance	Amount committed	Loss allowance
Upto 35%	16,919	285	1,428	7
35% to 50%	10,412	168	1,762	8
50% to 65%	7,054	107	2,429	11
>65%	8,823	168	3,404	31
Total	**43,208**	**727**	**9,022**	**57**

*excluding Loan commitments in the form Loan against deposit/Overdraft Against Deposit as they are not in the nature of mortgage but merely a pledge.

Credit impaired – mortgage lending LTV ratio

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Exposure at default #	Loss allowance	Exposure at default #	Loss allowance
Upto 35%	6,205	3,414	8,343	3,829
35% to 50%	4,187	2,197	7,288	3,343
50% to 65%	5,100	2,655	13,894	6,361
>65%	10,126	5,134	9,988	4,603
Total	**25,618**	**13,400**	**39,513**	**18,136**

Personal lending

The Bank's personal lending portfolio consists of unsecured loans.

Investment securities

The Bank holds investment securities measured at amortised cost . The investment securities held by the Bank are sovereign bonds, which are not collateralised.

Assets obtained by taking possession of collateral

The Bank currently has not obtained any assets by taking possession of any collateral however it has prompted its borrowers into repaying the loan along with the dues. Therefore the below table is not applicable.

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Property	-	-
Debt securities	-	-
Other	-	-
Total assets obtained by taking possession of collateral	-	-

The fair value of assets held as collateral

(₹ in Lakhs)

Asset type	March 31, 2023	March 31, 2022
Assets pledged as collateral under securities borrowing and reverse repo agreements	69,329	90,000
Customer deposits held as collateral for irrevocable commitments under import letters of credit (not requiring segregation/ derecognition)	-	-
Derivative financial instruments	-	-
Total	**69,329**	**90,000**

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D. Offsetting financial assets and financial liabilities

The Bank has not recognised any financial asset or liability on a net basis.

35.7 Comparison Between Expected credit loss pursuant to Ind AS 109 and provision under Income Recognition and Asset Classification norms as at March 31, 2023

(₹ in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	EAD as per Ind AS #	Loss Allowances (Provisions) as required under Ind AS 109 ##	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	2,458,468	43,267	2,415,201	11,373	31,895
	Stage 2	18,638	742	17,896	-	742
	Stage 3	710	387	322	-	387
Subtotal		**2,477,816**	**44,397**	**2,433,419**	**11,373**	**33,024**
Non-Performing Assets (NPA)						
Sub standard	Stage 3	26,625	15,757	10,868	12,006	3,752
Doubtful Assets	Stage 3	43,880	27,188	16,692	37,934	(10,746)
Loss	Stage 3	234	120	114	217	(97)
Floating Provision	Stage 3	-	-	-	12,000	(12,000)
Subtotal for NPA		**70,739**	**43,066**	**27,674**	**62,157**	**(19,092)**
Other items such as guarantees, loan commitments, etc. which are in scope of Ind AS 109 but not covered under current Income Recognition, Assets Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**2,458,468**	**43,267**	**2,415,201**	**11,373**	**31,895**
	Stage 2	**18,638**	**742**	**17,896**	**-**	**742**
	Stage 3	**71,449**	**43,453**	**27,996**	**50,157**	**(6,704)**
	Total	**2,548,555**	**87,462**	**2,461,093**	**61,530**	**25,933**

Exposure at Default includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors

Loss allowance includes ₹4,674 Lakhs on account of provision recognised on interest on NPA and loss allowance excludes provision amounting to ₹73.60 Lakhs towards interest on DA.

Comparison Between Ind AS 109 Provision and IRACP norms as at March 31, 2022

(₹ in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Exposure at Default amount #	Loss Allowances (Provisions) as required under Ind AS ##	Exposure at Default amount Less Loss allowance	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	1,716,619	31,858	1,684,761	14,596	17,262
	Stage 2	61,364	1,472	59,893	-	1,472

(₹ in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Exposure at Default amount #	Loss Allowances (Provisions) as required under Ind AS ##	Exposure at Default amount Less Loss allowance	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
	Stage 3	6,217	4,823	1,394	-	4,823
Subtotal		**1,784,201**	**38,153**	**1,746,048**	**14,596**	**23,556**
Non-Performing Assets (NPA)						
Sub standard	Stage 3	82,042	63,367	18,675	45,701	17,666
Doubtful Assets	Stage 3	66,677	53,019	13,659	47,464	5,555
Loss	Stage 3	4,315	3,786	529	283	3,503
Floating Provision	Stage 3	-	-	-	25,000	(25,000)
Subtotal for NPA		**153,034**	**120,172**	**32,863**	**118,448**	**1,724**
Other items such as guarantees, loan commitments, etc. which are in scope of Ind AS 109 but not covered under current Income Recognition, Assets Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**1,716,619**	**31,858**	**1,684,761**	**14,596**	**17,262**
	Stage 2	**61,364**	**1,472**	**59,893**	**-**	**1,472**
	Stage 3	**159,251**	**124,995**	**34,257**	**118,448**	**6,547**
	Total	**1,937,235**	**158,324**	**1,778,911**	**133,044**	**25,280**

Exposure at Default includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors

Loss allowance includes ₹ 17,180 Lakhs on account of provision recognised on interest on NPA.

35.8 Liquidity risk

Liquidity risk is the risk that the Bank will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

35.8.1 Exposure to liquidity risk

The Bank manages and measures liquidity risk as per its ALM policy, and the ALCO (Asset Liability Management Committee of the Bank) is responsible for managing the liquidity risk. The Bank not only measures its current liquidity position on an ongoing basis but also forecasts how liquidity position may emerge under different assumptions. The liquidity position is tracked through maturity or cash flow mismatches across buckets spanning all maturities but the focus is on examining the short term gaps in the first four buckets with maturity up to 30 days.

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The table below shows the maturity pattern as on March 31, 2023, of the Group's non-derivative financial liabilities:

(₹ in Lakhs)

Non-derivative financial liabilities	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Trade payable	17	-	-	9,127	-	-	-	-	-	-	-	9,144
Debt securities	-	-	-	-	-	-	-	-	-	-	30,000	30,000
Borrowing (excluding interest accrued)	-	42,476	-	777	659	1,583	196,703	36,296	114,665	26,776	22,500	442,435
Deposits	5,690	85,006	60,046	65,385	163,267	149,573	237,166	452,499	1,281,703	15,900	20,545	2,536,780
Lease liability (including finance cost)	-	-	-	362	896	896	2,649	5,208	18,170	15,625	5,644	49,449
Other financial liabilities (including interest accrued on borrowings)	1,233	3,871	949	2,063	2,843	2,972	7,893	7,404	6,937	122	197	36,486
Total	**6,941**	**131,353**	**60,995**	**77,715**	**167,665**	**155,025**	**444,411**	**501,407**	**1,421,475**	**58,422**	**78,886**	**3,104,294**

The table below shows the maturity pattern as on March 31, 2023, of the Group's non-derivative financial assets:

(₹ in Lakhs)

Non-derivative financial assets	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Cash in Hand & Balance with RBI	39,171	110,399	353	1,937	5,449	4,531	7,858	16,955	40,486	1,018	3,256	231,413
Balances With Other Banks, Financial Institutions And Money At Call And Short Notice	-	-	-	15,000	-	-	-	743	-	1,263	-	17,006
Loans	601	26,498	37,646	39,327	104,866	107,302	318,801	582,736	743,391	75,101	279,017	2,315,286
Investments	445,388	20,780	5,277	11,185	33,875	34,553	52,213	98,603	143,698	3,036	11,809	860,417
Other Financial Assets	-	-	-	117	-	-	-	-	-	1	9,485	9,603
Total	**485,160**	**157,678**	**43,276**	**67,566**	**144,190**	**146,386**	**378,872**	**699,036**	**927,575**	**80,418**	**303,567**	**3,433,725**

The table below shows the maturity pattern as on March 31, 2023, of the Group's undrawn loan commitments:

(₹ in Lakhs)

Particulars	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Undrawn Loan Commitments - assets	6	1,371	18	4,703	1,009	6,963	10,655	16,173	83,408	-	-	124,306
Undrawn Loan Commitments - liability	124,306	-	-	-	-	-	-	-	-	-	-	124,306

The table below shows the maturity pattern as on March 31, 2022, of the Group's non-derivative financial liabilities:

(₹ in Lakhs)

Non-derivative financial liabilities	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Trade Payable	15	-	-	13,282	-	-	-	-	-	-	-	13,297
Borrowing	-	11	359	-	15,414	2,071	70,635	39,082	71,081	5,285	39,858	243,796
Deposits	5,247	49,475	47,683	71,035	143,323	87,086	193,680	381,952	813,898	19,460	1,017	1,813,857
Lease Liability	-	-	-	816	816	816	1,896	4,892	17,901	16,675	5,830	49,642
Other Financial Liabilities	6,077	6,643	2,035	4,815	8,993	9,047	24,499	35,259	35,098	6,043	9,983	148,492
Total	**11,339**	**56,129**	**50,076**	**89,948**	**168,547**	**99,020**	**290,711**	**461,185**	**937,978**	**47,463**	**56,688**	**2,269,084**

The table below shows the maturity pattern as on March 31, 2022, of the Group's non-derivative financial assets:

(₹ in Lakhs)

Non-derivative financial assets	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Cash in Hand & Balance with RBI	39,494	91,279	974	1,381	2,841	2,897	4,602	11,851	19,485	1,228	64	176,095
Balances With Other Banks, Financial Institutions And Money At Call And Short Notice	3,028	36,433	-	-	-	-	-	-	10	1,263	-	40,734
Loans	223	20,746	34,048	39,246	96,329	95,962	270,744	452,589	500,071	319,560	331,712	2,161,230
Investments	-	-	-	-	-	-	27,999	33,709	21,110	73,622	429,288	585,728
Other Financial Assets	-	-	-	90	-	-	56	-	-	263	3,478	3,887
Total	**42,744**	**148,458**	**35,023**	**40,717**	**99,170**	**98,859**	**303,400**	**498,149**	**540,676**	**395,935**	**764,542**	**2,967,673**

The table below shows the maturity pattern as on March 31, 2022, of the Group's undrawn loan commitments:

(₹ in Lakhs)

Particulars	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Undrawn Loan Commitments - Asset	-	64	1,650	397	280	352	1,619	5,510	44,518	-	-	54,390
Undrawn Loan Commitments - Liability	54,390	-	-	-	-	-	-	-	-	-	-	54,390

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35A Change in liabilities arising from financing activities

Financial liabilities arising from financing activities include debt securities, borrowings, deposits and subordinated liabilities. The movement in these liabilities during the year are given below:

Particulars	April 1, 2022	Cash Flows	Fair Value Changes	March 31, 2023
Borrowings (other than debt securities)	262,723	198,639	-	461,362
Lease liability	49,642	(193)	-	49,449
Cash flows towards issue of equity shares (including premium) by subsidiary bank	-	46,613	-	-
Total liabilities from financing activities	**312,365**	**245,059**	**-**	**510,811**

Particulars	April 1, 2021	Cash Flows	Fair Value Changes	March 31, 2022
Borrowings (other than debt securities)	343,447	(80,921)	-	262,526
Lease liability	50,665	(1,023)	-	49,642
Total liabilities from financing activities	**394,112**	**(81,944)**	**-**	**312,168**

Note 36 - Fair Value Measurements

Fair Value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosure are required in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2023

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	523,848	-	-	523,848
Cash & Bank balances	-	-	248,418	248,418
Loans	-	-	2,315,287	2,315,287
Other Financial Assets	-	-	9,602	9,602
Total Financial Assets	**523,848**	**-**	**2,573,308**	**3,097,156**
Financial Liabilities				
Trade Payable	-	-	9,144	9,144
Debt Securities	-	-	30,000	30,000
Borrowings	-	-	461,362	461,362
Deposits	-	-	2,536,780	2,536,780
Lease Liability	-	-	49,449	49,449
Others	-	-	17,559	17,559
Total Financial Liabilities	**-**	**-**	**3,104,294**	**3,104,294**

Assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2022

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	357,969	-	-	357,969
Cash & Bank balances	-	-	218,806	218,806
Loans	-	-	1,677,854	1,677,854
Other Financial Assets	-	-	3,624	3,624
Total Financial Assets	**357,969**	**-**	**1,900,285**	**2,258,254**
Financial Liabilities				
Trade Payables	-	-	13,297	13,297
Borrowings	-	-	262,526	262,526
Deposits	-	-	1,813,857	1,813,857
Lease Liability	-	-	49,642	49,642
Others	-	-	20,613	20,613
Total Financial Liabilities	**-**	**-**	**2,159,935**	**2,159,935**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

The management believes that the amortised cost represents the fair values except for loans under financing activity. Since these loans are long term and mature over a period more than one year, the cash flow on such loans have been discounted using the current rate of interest.

(iii) Fair value of the financial assets and liabilities measured at amortised cost

(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Investments	523,848	501,115	357,969	345,306
Cash and bank balances	248,418	248,418	218,806	218,806
Loans	2,315,287	2,379,162	1,677,854	1,659,418
Other Financial Assets	9,602	9,602	3,624	3,625
Total Financial assets	**3,097,156**	**3,138,298**	**2,258,254**	**2,227,154**
Financial Liabilities				
Trade Payables	9,144	9,144	13,297	13,297
Debt Securities	30,000	30,000	-	-

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(₹ in Lakhs)

Particulars	March 31, 2023		March 31, 2022	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Borrowings	461,362	461,362	262,526	262,526
Deposits	2,536,780	2,524,765	1,813,857	1,816,102
Lease Liability	49,449	49,449	49,642	49,642
	17,559	17,559	20,613	20,613
Total Financial Liabilities	**3,104,294**	**3,092,279**	**2,159,935**	**2,162,181**

The carrying amounts of cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

NOTE 37 - SHARE-BASED PAYMENTS

37.1 Employee share option plan of Ujjivan Financial Services Limited, the Holding Company

37.1.1 Details of the employee share option plan

The Ujjivan Financial Services Limited, the holding company has share option scheme for employees of the Group, active scheme being ESOP 2015.

ESOP 2015

Out of 55,15,880 Options granted, 8,28,182 options have been exercised, 39,14,746 options are lapsed and 7,72,952 vested options are yet to be exercised as at the year end.

The vesting period for the options granted under ESOP 2015 is for a period of three years as under:

(₹ in Lakhs)

Year	Options Granted	Year 1	Year 2	Year 3
ESOP 2015 (Tranche 1)	1,469,800	34%	33%	33%
ESOP 2015 (Tranche 2)	1,696,850	33%	33%	34%
ESOP 2015 (Tranche 3)	2,337,670	34%	33%	33%
ESOP 2015 (Tranche 4)	11,560	34%	33%	33%
Total	**5,515,880**			

The following share-based payment arrangements were in existence during the current and prior years:

(₹ in Lakhs)

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
ESOP 2015	1,469,800	3-Nov-15	3-Nov-19	146.35	-
		3-Nov-15	3-Nov-20	146.35	84.00
		3-Nov-15	3-Nov-21	146.35	95.00
ESOP 2015 (Additional Grant Scheme 1)	1,696,850	14-Sep-16	14-Sep-20	417.15	109.00
		14-Sep-16	14-Sep-21	417.15	134.00
		14-Sep-16	14-Sep-22	417.15	161.00
ESOP 2015 (Additional Grant Scheme 2)	2,337,670	27-Jun-18	27-Jun-22	385.05	110.00
		27-Jun-18	27-Jun-23	385.05	132.00
		27-Jun-18	27-Jun-24	385.05	155.00
ESOP 2015 (Additional Grant Scheme 3)	11,560	23-Jan-19	23-Jan-23	290.60	83.00
		23-Jan-19	23-Jan-24	290.60	100.00
		23-Jan-19	23-Jan-25	290.60	117.00

37.1.2 Fair value of share options granted duirng the year

No share options were granted during the financial year ended March 31, 2023 and March 31, 2022. Options granted in earlier year were priced using Black and Scholes Model ('Model'). Vested ESOPs can be exercised within three 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. While the Company has been listed since 2016, the period of listing upto the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies have been considered for the purposes of valuation.

Inputs into the model

Particulars	ESOP 2015			ESOP 2015 (Additional Grant Scheme 1)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	186.59	186.59	186.59	417.15	417.15	417.15
Exercise price	146.35	146.35	146.35	417.15	417.15	417.15
Expected volatility	30.90%	32.60%	35.20%	29.70%	30%	31.80%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Risk-free interest rate	7.4%	7.5%	7.6%	6.8%	6.8%	6.9%

Inputs into the model

Particulars	ESOP 2015 (Additional Grant Scheme 2)			ESOP 2015 (Additional Grant Scheme 3)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	385.05	385.05	385.05	290.6	290.6	290.6
Exercise price	385.05	385.05	385.05	290.6	290.6	290.6
Expected volatility	32.80%	31.30%	31.60%	32.80%	31.30%	31.60%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Risk-free interest rate	7.6%	7.8%	7.9%	7.6%	7.8%	7.9%

37.1.3 Movements in share options

During the year 2022-23

Particulars (Nos.)	Options granted and outstanding as at beginning of period	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the period end
ESOP 2015	-	-	-	-	-
ESOP 2015 (Additional Grant Scheme 1)	299,958	-	-	(299,958)	-
ESOP 2015 (Additional Grant Scheme 2)	1,380,930	-	-	(607,978)	772,952
ESOP 2015 (Additional Grant Scheme 3)	-	-	-	-	-
Total	**1,680,888**	**-**	**-**	**(907,936)**	**772,952**
Weighted average exercise price	390.78	-	-	395.65	385.05
Weighted average remaining contractual life					0.37 years

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During the year 2021-22

Particulars (Nos.)	Options granted and outstanding as at beginning of period	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the period end
ESOP 2015	169,184	-	22,108	(147,076)	-
ESOP 2015 (Additional Grant Scheme 1)	713,739	-	-	(413,781)	299,958
ESOP 2015 (Additional Grant Scheme 2)	1,732,019	-	-	(351,089)	1,380,930
ESOP 2015 (Additional Grant Scheme 3)	-	-	-	-	-
Total	**2,614,942**	**-**	**22,108**	**(911,946)**	**1,680,888**
Weighted average exercise price	378.37	-	146.35	361.12	390.78
Weighted average remaining contractual life					0.55 years

37.1.4 Share options exercised during the year

There are no shares excercised during the year ended March 31, 2023. Weighted average share price for the year ended March 31, 2022 is ₹ 200.93.

37.1.5 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 ₹ 385.05 (March 31, 2022: ₹ 390.78), and a weighted average remaining contractual life of 0.37 years (March 31, 2022: 0.55 years).

37.2 Details of the employee share option plan of Ujjivan Small Finance Bank Limited, the Subsidiary bank

37.2.1 Details of the employee share option plan

The Ujjivan Small Finance Bank Limited, the subsidiary bank has share option scheme for employees (which includes the employees of the Holding Company), being ESOP 2019.

Employee Stock Option Plan (ESOPs): 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 4,82,29,093 (March 31, 2022 - 3,06,39,119) options under the ESOP 2019 to eligible employees during the year ended March 31, 2023. During the year ended March 31, 2023, 2,01,944 (March 31, 2022 - Nil) options has been exercised and 1,38,29,524 (March 31, 2022 - 1,71,85,468) options are lapsed/cancelled. As on March 31, 2023 there are exercisable options of 1,48,71,749 (March 31, 2022 - 97,14,703) which are vested and 7,38,21,209 (March 31, 2022 - 4,47,80,630) 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	37,000,403	20%	20%	20%	20%	20%
ESOP 2019 - Additional	3,798,697	52%	48%	-	-	-
ESOP 2019 - Senior Hire	304,549	20%	20%	20%	20%	20%
ESOP 2019 (Senior Hire) Additional	199,949	20%	20%	20%	20%	20%
ESOP 2019 Additional Grant	30,157,303	15%	20%	25%	40%	-
ESOP 2019 (Senior Hire) Additional Grant-2	166,842	20%	20%	20%	20%	20%
ESOP 2019 (Senior Hire) Additional Grant-3	115,025	20%	20%	20%	20%	20%
ESOP 2019 additional Grant 4	80,685	15%	20%	25%	40%	-
ESOP 2019 Senior Hire_6	280,511	25%	25%	25%	25%	-
ESOP 2019 _MD_2	221,970	33%	33%	33%	-	-
ESOP 2019_Additional Grant Jan 2023	47,393,431	20%	20%	30%	30%	-
ESOP 2019 Senior Hire_&-2023	252,496	20%	20%	30%	30%	-
Total	**119,971,861**					

The following share-based payment arrangements were in existence during the year ended March 31, 2023,

Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
ESOP 2019 - Original	37,000,403	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	3,798,697	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	304,549	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	199,949	August 23, 2021	August 23, 2022	August 23, 2027	19.70	7.81
		August 23, 2021	August 23, 2023	August 23, 2028	19.70	8.52
		August 23, 2021	August 23, 2024	August 23, 2029	19.70	9.71
		August 23, 2021	August 23, 2025	August 23, 2030	19.70	10.26
		August 23, 2021	August 23, 2026	August 23, 2031	19.70	10.91
ESOP 2019 Additional Grant	30,157,303	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	166,842	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	115,025	March 23, 2022	March 23, 2024	March 23, 2029	16.60	7.65
		March 23, 2022	March 23, 2025	March 23, 2030	16.60	8.29
		March 23, 2022	March 23, 2026	March 23, 2031	16.60	8.92
		March 23, 2022	March 23, 2027	March 23, 2032	16.60	9.93
		March 23, 2022	March 23, 2028	March 23, 2033	16.60	10.50
ESOP 2019 additional Grant 4	80,685	June 08, 2022	June 08, 2023	June 08, 2028	16.70	7.65
		June 08, 2022	June 08, 2024	June 08, 2029	16.70	8.29
		June 08, 2022	June 08, 2025	June 08, 2030	16.70	8.92
		June 08, 2022	June 08, 2026	June 08, 2031	16.70	9.93
ESOP 2019 Senior Hire_6	280,511	November 18, 2022	November 18, 2023	November 18, 2028	26.39	5.78
		November 18, 2022	November 18, 2024	November 18, 2029	26.39	6.49
		November 18, 2022	November 18, 2025	November 18, 2030	26.39	7.29

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Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
		November 18, 2022	November 18, 2026	November 18, 2031	26.39	7.62
ESOP 2019 _MD_2	221,970	November 18, 2022	November 18, 2023	November 18, 2028	26.39	5.78
		November 18, 2022	November 18, 2024	November 18, 2029	26.39	6.49
		November 18, 2022	November 18, 2025	November 18, 2030	26.39	7.29
ESOP 2019_ Additional Grant Jan 2023	47,393,431	January 27, 2023	January 27, 2024	January 27, 2029	27.50	4.91
		January 27, 2023	January 27, 2025	January 27, 2030	27.50	6.06
		January 27, 2023	January 27, 2026	January 27, 2031	27.50	6.72
		January 27, 2023	January 27, 2027	January 27, 2032	27.50	7.37
ESOP 2019 Senior Hire_&-2023	252,496	February 17, 2023	February 17, 2024	February 17, 2029	27.50	4.91
		February 17, 2023	February 17, 2025	February 17, 2030	27.50	6.06
		February 17, 2023	February 17, 2026	February 17, 2031	27.50	6.72
		February 17, 2023	February 17, 2027	February 17, 2032	27.50	7.37
Total	**119,971,861**					

37.2.2 Fair value of share options granted during the year,

The weighted average fair value of the share options granted during FY 2022-23 is ₹. 15.75 Lakhs and for FY 2021-22 is ₹ 15.75 Lakhs. 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 into the model

Particulars	**ESOP 2019 - Original**				
	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 (Senior Hire) Additional**			
	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%

Particulars	**ESOP 2019 additional Grant 4**			
	Vesting 1	**Vesting 2**	**Vesting 3**	**Vesting 4**
Grant date share price	16.7	16.7	16.7	16.7
Exercise price	16.6	16.6	16.6	16.6
Expected volatility	46.95%	43.90%	41.83%	43.58%
Option life	3.56	4.56	5.56	6.56
Risk-free interest rate	5.30%	5.30%	5.30%	5.30%

Particulars	**ESOP 2019 Senior Hire_6**			
	Vesting 1	**Vesting 2**	**Vesting 3**	**Vesting 4**
Grant date share price	27.75	27.75	27.75	27.75
Exercise price	26.39	26.39	26.39	26.39
Expected volatility	46.58%	43.53%	44.95%	44.98%
Option life	1.34	2.34	3.34	4.34
Risk-free interest rate	6.61%	6.87%	7.03%	7.13%

Particulars	**ESOP 2019 _MD_2**		
	Vesting 1	**Vesting 2**	**Vesting 3**
Grant date share price	27.75	27.75	27.75
Exercise price	26.39	26.39	26.39
Expected volatility	46.58%	43.53%	44.95%
Option life	1.34	2.34	3.34
Risk-free interest rate	6.61%	6.87%	7.03%

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Particulars	ESOP 2019_Additional Grant Jan 2023			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date share price	27.5	27.5	27.5	27.5
Exercise price	27.5	27.5	27.5	27.5
Expected volatility	43.70%	44.05%	44.13%	46.06%
Option life	1.34	2.34	3.34	4.34
Risk-free interest rate	6.76%	6.98%	7.11%	7.20%

Particulars	ESOP 2019 Senior Hire_&-2023			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date share price	27.5	27.5	27.5	27.5
Exercise price	27.5	27.5	27.5	27.5
Expected volatility	43.70%	44.05%	44.13%	46.06%
Option life	1.34	2.34	3.34	4.34
Risk-free interest rate	6.76%	6.98%	7.11%	7.20%

37.2.3 Movements in share options issued during the year ended March 31, 2023

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2019 - Original	23,854,540	-	-	4,048,058	19,806,482
ESOP 2019 - Senior Hire	65,166	-	-	-	65,166
ESOP 2019 (Senior Hire) Additional	165,685	-	-	-	165,685
ESOP 2019 Additional Grant	30,128,075	-	189,281	9,619,705	20,319,089
ESOP 2019 (Senior Hire) Additional Grant-2	166,842	-	12,663	116,392	37,787
ESOP 2019 (Senior Hire) Additional Grant-3	115,025	-	-	-	115,025
ESOP 2019 additional Grant 4	-	80,685	-	-	80,685
ESOP 2019 Senior Hire_6	-	280,511	-	-	280,511
ESOP 2019 _MD_2	-	221,970	-	-	221,970
ESOP 2019_Additional Grant Jan 2023	-	47,393,431	-	45,369	47,348,062
ESOP 2019 Senior Hire_&-2023	-	252,496	-	-	252,496
Total	**54,495,333**	**48,229,093**	**201,944**	**13,829,524**	**88,692,958**
Weighted average exercise price (₹)	26.54	27.37	19.89	24.37	27.35
Weighted average exercise price (₹)					6.02 years

Movements in share options issued during the year ended March 31, 2022

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2019 - Original	30,947,310	-	-	7,092,770	23,854,540
ESOP 2019 - Additional	3,798,697	-	-	3,798,697	-
ESOP 2019 - Senior Hire	304,549	-	-	239,383	65,166
ESOP 2019 (Senior Hire) Additional	-	199,949	-	34,264	165,685
ESOP 2019 Additional Grant	-	30,157,303	-	29,228	30,128,075
ESOP 2019 (Senior Hire) Additional Grant-2	-	166,842	-	-	166,842

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2019 (Senior Hire) Additional Grant-3	-	115,025	-	-	115,025
Total	**35,050,556**	**30,639,119**	**-**	**11,194,342**	**54,495,333**
Weighted average exercise price (₹)	34.96	19.93		34.82	26.54
Weighted average contractual life (years)					**6.59 years**

37.2.4 Share options exercised during the year

Out of the ESOP granted upto March 31, 2023, 2,01,944 options have been exercised during the year (March 31, 2022 - Nil)

37.2.5 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 ₹27.35 (March 31, 2022 - ₹ 26.54) for ESOP 2019 scheme and a weighted average remaining contractual life of 6.02 Years (March 31, 2022 - 6.59 Years).

37.3 Expense arising from share based payment transaction recognised in Statement of profit or loss as employee benefit expense are as follows:

(₹ in Lakhs)

Asset type	March 31, 2023	March 31, 2022
Employee benefits expense (refer note 24)	913	(124)

37.4 Employee Stock Purchase Scheme 2019 (ESPS):

The ESPS Scheme was approved by the Shareholders of Ujjivan Small Finance Bank Limited in the Extra-Ordinary General Meeting held on August 03, 2019. Under the ESPS 2019 scheme, the employees of the Group subscribed to 1,40,55,097 number of equity shares at a price of ₹ 35 per equity share.

37.5 The number of shares reported in note 37 are in absolute numbers.

NOTE 38 - RELATED PARTY DISCLOSURE

A. List of related parties are given below:

(i) Key Management Personnel ('KMP') of Holding Company :

Nature of relationship	Related Party
Key Management Personnel	Mr. Ittira Davis Poonollil, Director (from November 01, 2021 to January 13, 2022)
	Mr. Samit Ghosh, Director
	Mr. Kuttalam Rajagopalan Ramamoorthy, Director
	Ms. Mona Kachhwaha, Director
	Mr. Narayan Anand, Director
	Mr. Renzo Christopher Viegas, Director (from December 17, 2021)
	Mr. Sunil Patel, Director
	Mr. Abhijit Sen, Director (upto September 12, 2021)
	Mr. Rajesh Jogi, Director (From February 11, 2021 to August 22, 2021)
	Ms. Carol Kripanayana Furtado, CEO (from August 13, 2021 to August 25, 2021)
	Mr. Sanjeev Barnwal, CEO (from September 10, 2021 to February 14, 2022)
	Mr. Barun Kumar Agarwal, CFO (upto November 15, 2021)
	Mr. Radhakrishnan Ravi, CEO and CFO (from April 19, 2022)
	Mr. Sanjeev Barnwal, Company Secretary (upto February 14, 2022)
	Mr. Shashidhara S, Company Secretary (from February 15, 2022)

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(ii) KMP of Subsidiary Company :

Nature of relationship	Related Party
Key Management Personnel	Mr. Ittira Davis (Managing Director w.e.f January 14, 2022)
	Mr. M.D. Ramesh Murthy (Chief Financial Officer from March 14, 2022)
	Mr. Sanjeev Barnwal (Company Secretary from April 05, 2022)
	Mr. Chanchal Kumar (Company Secretary upto April 04, 2022)
	Mrs. Rajni Anil Mishra (Independent Director)
	Mr. Rajesh Kumar Jogi (Independent Director)1
	Mr. Banavar Anantharamaiah Prabhakar (Independent Director w.e.f August 20, 2021)
	Mr. Ravichandran Venkataraman (Independent Director w.e.f August 20, 2021)
	Mr. Samit Kumar Ghosh (Non-Executive Director w.e.f August 20, 2021)
	Ms. Sudha Suresh (Independent Director)2
	Mr. P N Raghunath (Additional Director)3
	Mr. Satyaki Rastogi (Nominee Director)4
	Ms. Anita Ramachandran (Independent Director w.e.f July 01, 2022)
	Mr. Nitin Chugh (Managing Director and CEO) (Upto September 30, 2021)
	Ms Upma Goel (Chief Financial Officer) (Upto September 30, 2021)
	Mr. Martin P S (Officer on Special Duty) (From Sept 16, 2021 upto January 13, 2022)
	Mr. Umang Bedi (Independent Director upto October 2021)
	Mrs. Mona Kachhwaha (Non-Executive Director upto August 10, 2021)
	Mr. Prabal Kumar Sen (Independent Director upto January 15, 2022)
	Ms. Chitra K Alai (Nominee Director upto December 22, 2021)
	Mr. Mahadev Lakshminarayanan (Independent Director upto June 18, 2021)
	Mr. Nandlal Laxminarayan Sarda (Independent Director upto July 26, 2021)
	Mr. Ittira Davis (Non-Executive Director upto July 23, 2021)
	Mr. Harish Devarajan (Additional Independent Director upto August 12, 2021)
	Mr. Umesh Bellur (Additional Independent Director upto September 27, 2021)

Notes:

1. Initially appointed as an Additional Director (Non-Executive, Non- Independent) of the Bank w.e.f. March 13, 2021 and later was re-categorized as an Additional Director (Independent) w.e.f. August 25, 2021 and further he was appointed as an Independent Director on the AGM held on September 27, 2021.
2. Appointed as Non-Excecutive Director of the Bank w.e.f August 20, 2021 and re-categorised as an Independent Director w.e.f. April 01, 2022
3. Appointed as Additional Director of the Bank (Nominated by RBI) w.e.f November 29, 2021.
4. Appointed as Nominee Director of the Bank (Nominated by SIDBI) w.e.f December 22, 2021.

(iii) Related parties other than KMP,

Nature of relationship	Related Party
Enterprise in which KMP are members	Ujjivan Welfare and Relief Trust
	USFB Employee's Gratuity Fund Trust
	UFSL Employee's Gratuity Trust
Enterprise in which relatives of Director/KMP are members	Parinaam Foundation

B. Transactions with Related Parties during the year,

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Remuneration:		
Holding Company's KMP	56	89
	436	335

(₹ in Lakhs)

Particulars	March 31, 2023	March 31, 2022
Sitting Fees paid to Directors:		
Holding Company	96	77
Subsidiary	282	190
Interim dividend paid to Directors and KMP		
Holding Company	5	-
Subsidiary	28	-
Interest on Deposits:		
Subsidiary:		
Enterprises in which KMP are members	4	3
KMP	**30**	**57**
Enterprise in which relatives of KMP are Members	**41**	**15**
Deposit made during the year:		
Subsidiary:		
Enterprises in which KMP are members	**-**	**32**
KMP	**140**	**203**
Enterprise in which relatives of KMP are Members	**402**	**577**
Deposit matured during the year		
Subsidiary:		
Enterprises in which KMP are members	**7**	**-**
KMP	**24**	**2,243**
Enterprise in which relatives of KMP are Members	**577**	**180**
Donation / CSR Contribution:		
Holding Company:		
Enterprise in which relative of KMP are Members	**-**	**3**
Subsidiary:		
Enterprises in which KMP are members (Refer note 1)	**50**	**8**
Enterprise in which relative of KMP are Members	**-**	**136**
Intercompany Transfer (Paid)		
Subsidiary:		
Enterprises in which KMPs are members (Refer note 1 below)	**12**	**14**
Reimbursement of expenses (Paid)		
Subsidiary:		
KMP	**1**	**-**
Rendering of Services		
Subsidiary:		
Enterprise in which relative of KMP are Members	**51**	**42**

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C. Outstanding Balance with related parties

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Enterprises in which KMPs are members - Ujjivan Welfare and Relief Trust		
Maximum amount	65	56
Outstanding amount	65	56
Key Management Personnel		
Maximum amount	683	2,524
Outstanding amount	479	278
Entity in which relative of KMP are Members - Parinaam Foundation		
Maximum amount	1,005	589
Outstanding amount	410	589

D. Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Short-term benefits	374	346
Post-employment benefits	11	31
Other long-term benefits	28	48
Share Based Payment	79	-
Total	**492**	**424**

NOTE 39 - LIQUIDITY COVERAGE RATIO (LCR)

The Subsidiary Bank (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. CR 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 Dec 31, 2017	By January 01, 2018	By January 01, 2019	By January 01, 2020	By January 01, 2021
Minimum LCR	60%	70%	80%	90%	100%

Quantitative disclosure around LCR for the year ended March 31, 2023

Particulars	Quarter ended March 31, 2023	Quarter ended December 31, 2022	Quarter ended September 30, 2022	Quarter ended June 30, 2022
Total HQLA	784,151	641,321	475,811	445,767
Total net cash outflows	434,610	290,354	293,286	259,305
Liquidity coverage ratio (%)	180.43%	220.88%	162.23%	171.91%

Quantitative disclosure around LCR for the year ended March 31, 2022

Particulars	Quarter ended March 31, 2022	Quarter ended December 31, 2021	Quarter ended September 30, 2021	Quarter ended June 30, 2021
Total HQLA	377,325	333,623	374,860	339,600
Total net cash outflows	298,499	240,683	246,615	246,419
Liquidity coverage ratio (%)	126.41%	138.62%	152.00%	137.81%

NOTE 40 - SECURITISATION TRANSACTION

The Subsidiary Bank has entered into Securitisation transaction via Pass through Certificates (PTCs).

As per RBI guidelines, the company maintained credit enhancement for Securitisation transactions which covers the expected losses and thereby retains the risk associated with the assets.

Transferred financial assets that are not derecognised in their entirety

The Bank has transferred certain pools of fixed rate loan receivables backed by underlying assets in the form of tractors, vehicles, equipments etc. by entering into Securitisation transactions with the Special Purpose Vehicle Trusts ("SPE Trust") sponsored by Commercial banks for consideration received in cash at the inception of the transaction.

The Bank, being Originator of these loan receivables, also acts as Servicer with a responsibility of collection of receivables from its borrowers and depositing the same in Collection and Payout Account maintained by the SPE Trust for making scheduled payouts to the investors in Pass Though Certificates (PTCs) issued by the SPE Trust. These Securitisation transactions also requires the Company to provide for first loss credit enhancement in various forms, such as corporate guarantee, cash collateral, subscription to subordinated PTCs as credit support in the event of shortfall in collections from underlying loan contracts. By virtue of existence of credit enhancement, the Company is exposed to credit risk, being the expected losses that will be incurred on the transferred loan receivables to the extent of the credit enhancement provided.

In view of the above, the Bank has retained substantially all the risks and rewards of ownership of the financial asset and thereby does not meet the de-recognition criteria as set out in Ind AS 109. Consideration received in this transaction is presented as "Associated liability related to Securitisation transactions".

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Carrying amount of transferred assets measured at amortised cost (held as collateral)	37,373	25,259
Carrying amount of associated liabilities (Borrowings (Debt securities - measured at amortised cost)	34,141	24,501
Fair value of assets	28,599	24,171
Fair value of associated liabilities	34,141	24,501
Net position at fair value (liability)/asset	(5,542)	(330)

As specified in RBI notification 2021-22/85 dated 24/09/2021, the details of Securitisation deals outstanding as at March 31, 2023 and as at March 31, 2022 is as below.

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
No. of SPEs holding assets for Securitisation transactions originated by the originator (only SPV relating to outstanding Securitisation exposure to be reported here)	3	2
Total amount of securitized assets as per books of the SPEs sponsored by the Bank	37,373	25,259
a) Off balance sheet exposures	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
First loss	-	-
Others	-	-
b) On-balance sheet exposures	-	-
First loss	3,253	2,526
Others	-	-
Amount of securitized assets as per books of the SPEs sponsored by the Bank	-	-
a) Off balance sheet exposures		
i) Exposure to own Securitisations	-	-
First loss	-	-
Loss	-	-
ii) Exposure to third party Securitisations	-	-
First loss	-	-
Others	-	-
b) On balance sheet exposures		
i) Exposure to own Securitisations	-	-
First loss	1,969	758
Others	-	-
ii) Exposure to third party Securitisations	-	-
First loss	-	-
Others	-	-
Sale Consideration received for the securitised assets and gain/loss on sale on account of Securitisation	34,141	23,238
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 receved	19,603	629
c) Outstanding amount	22,289	24,942
Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e, RMBS, Vehicle loans etc.	0.49%	-
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.	Not applicable	Not applicable
Investor complaints		
(a) Directly/Indirectly received and;	Not applicable	Not applicable
(b) Complaints outstanding		

NOTE 41 - ECL MODEL

During the quarter ended March 31, 2023, the Bank has improvised its ECL model with additional stratifications in the pooling methodologies for MFI, Housing and MSE customer portfolios resulting in ₹ 6,135 Lakhs as additional ECL charge to the Statement of Profit and Loss when compared to the earlier ECL methodology adopted by the Bank till December 31, 2022. The Bank is confirming that the effect of this ECL provision is as per the requirements set out in the IndAS 109 and the Discussion Paper om introduction of ECL framework for provisioning by Banks issued by RBI dated January 16, 2023.

NOTE 42 - INTEREST IN SUBSIDIARY

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Group	
			As at March 31, 2023	As at March 31, 2022
Ujjivan Small Finance Bank Limited (USFB)	Small finance bank	India	73.67% (However, the voting power is restricted to 26%. Refer note below)	83.32% (However, the voting power is restricted to 26%. Refer note below)

Note: 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.

NOTE 43 - DISCLOSURES RELATING TO SCALE BASED REGULATIONS OF SUBSIDIARY BANK

43.1 Exposure to Real Estate Sector:

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
A) Direct Exposure		
Residential Mortgages	500,035	425,109
(of which housing loans eligible for Inclusion in priority sector Advances)	178,626	156,853
Commercial Real Estate	7,038	4,633
Investments in Mortgage Backed Securities (MBS) and other securitized exposures:		
Residential	-	-
Total (A)	**507,073**	**429,742**
B) Indirect Exposure	-	-
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	5,106	9,381
Total (B)	**5,106**	**9,381**
Total Real Estate Exposure (A+B)	**512,179**	**439,123**

43.2 Exposure to Capital Market:

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
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;	10	10
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;	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(₹ in Lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Secured and Unsecured Advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	2,000	-
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	**2,010**	**10**

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.

Note 43.3 - Summary information on complaints received by the bank from customers and from the Offices of Banking Ombudsman (OBOs)

(₹ in Lakhs)

Particular	Current Year FY 2022-23	Previous Year FY 2021-22
Number of complaints pending at beginning of the year	313	561
Number of complaints received during the year	22,740	22,812
Number of complaints disposed during the year	22,761	23,060
Of above, number of complaints rejected by the bank	451	532
Number of complaints pending at the end of the year	292	313
Number of maintainable complaints received by the bank from OBOs	155	142
Of complaints pending, number of complaints resolved in favour of the bank by BOs	73	139
Of complaints pending, number of complaints resolved through conciliation/mediation/advisories issued by BOs	82	3
Of complaints pending, number of complaints resolved after passing of Awards by BOs against the bank	-	-
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 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the scheme.

Top five grounds of complaints received by the bank from customers:

For the year ended March 31, 2023

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	145	11,046	56%	175	40
Internet/Mobile/ Electronic Banking	79	4,702	(0)	25	-
Account opening/ difficulty in operation of accounts	8	2,500	-6%	2	-
Others*	45	2,358	(0)	73	7
Loans and advances	7	669	(0)	10	2
Miscellaneous Items**	29	1,465	(0)	7	-
Total	**313**	**22,740**	**-0.3%**	**292**	**49**

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	(0)	79	-
ATM/Debit Cards	181	7,079	3%	145	9
Account opening/ difficulty in operation of accounts	59	2,553	(1)	8	-
Others	110	2,672	(0)	45	7
Loans and advances	27	1,196	(0)	7	-
Miscellaneous Items*	24	2,040	17%	29	-
Total	**561**	**22,812**	**(0)**	**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.

Note 43.4 - 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 2023), there is no financial divergence reported.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

Note 43.5 - Details of the Directors:

Name of the Director	Designation	No of share held as on March 31, 2023
Mr. Ittira Davis	Managing Director	200,000
Mr. Banavar Anantharamaiah Prabhakar	Independent Director	Nil
Mr. Rajesh Kumar Jogi	Independent Director	Nil
Mr. Ravichandran Venkataraman	Independent Director	Nil
Ms. Sudha Suresh	Independent Director	Nil
Ms. Rajni Mishra	Independent Director	Nil
Mr. Samit Kumar Ghosh	Non-Executive Director	3,547,143
Mr. P. N. Raghunath	Additional Director	Nil
Mr. Satyaki Rastogi	Nominee Director	Nil
Ms. Anita Ramachandran	Independent Director	Nil

Note: The number of shares held by the directors for the year ending March 31, 2022 is not provided as the scale based regulations are applicable for financial year starting from April 01, 2022.

Note 43.6 - Related party disclosures - Refer note 38 for details.

Note 43.7 - Breach of covenant - There are no instances of breach of covenants with respect to loan availed / issued any debt securities.

NOTE 44 - Disclosure as required under Guidelines on Resolution Framework for COVID-19 - related Stress issued by RBI

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circulars dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) is given below:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the September 30, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March, 31, 2023 (B)	Of (A) amount written off during the half-year ended March, 31, 2023 (C)	Of (A) amount paid by the borrowers during the half-year ended March 31, 2023 (D)	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the half-year ended March, 31, 2023 (E)
Personal Loans	7,583	214	751	2,227	4,605
Corporate persons ^	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	21,568	588	4,172	8,513	8,883
Total	**29,151**	**802**	**4,923**	**10,740**	**13,488**

^ As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

NOTE 45 - Additional information as required for Preparation of Consolidated Financial Statements to Schedule III

(i) Reconciliation of Net assets

Particulars	As at March 31, 2023		As at March 31, 2022	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated net assets	Amount ₹ in Lakhs
Parent - Ujjivan Financial Services Limited	31.35%	185,318	41.02%	180,584
Subsidiary - Ujjivan Small Finance Bank Limited	68.65%	405,791	58.98%	259,629
	100%	591,108	100%	440,213

Particulars	As at March 31, 2023		As at March 31, 2022	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated net assets	Amount ₹ in Lakhs
Adjustments arising out of consolidation (including minority interest)		(268,754)		(207,952)
Total		322,354		232,261

(ii) Reconciliation of Profit after tax and other comprehensive income for the year ended March 31, 2023

Particulars	For the year ended March 31, 2023					
	As a % of consolidated profit or loss	Amount ₹ in Lakhs	As a % of consolidated Share in other Comprehensive Income	Amount ₹ in Lakhs	As a % of consolidated Share in Total Comprehensive Income	Amount ₹ in Lakhs
Parent - Ujjivan Financial Services Limited	8.59 %	10,816	0.60 %	1	8.58 %	10,817
Subsidiary - Ujjivan Small Finance Bank Limited	91.41%	115,116	99.40%	153	91.42%	115,269
	100.00%	125,933	100.00%	154	100.00%	126,087
Adjustments arising out of consolidation (including minority interest)		(11,904)		0		(11,904)
Total		**114,029**		**154**		**114,183**

(ii) Reconciliation of Profit after tax and other comprehensive income for the year ended March 31, 2022

Particulars	For the year ended March 31, 2022					
	As a % of consolidated profit or loss	Amount ₹ in Lakhs	As a % of consolidated Share in other Comprehensive Income	Amount ₹ in Lakhs	As a % of consolidated Share in Total Comprehensive Income	Amount ₹ in Lakhs
Parent - Ujjivan Financial Services Limited	(0.94)%	217	1.64%	6	(0.98)%	222
Subsidiary - Ujjivan Small Finance Bank Limited	100.94%	(23,268)	98.36%	334	100.98%	(22,934)
	100.00%	**(23,052)**	**100.00%**	**340**	**100.00%**	**(22,712)**
Adjustments arising out of consolidation (including minority interest)		1		(0)		1
Total		**(23,050)**		**339**		**(22,711)**

46 The COVID-19, a global pandemic has affected the world economy over the last two to three years. The extent to which any new wave of COVID-19 will impact the Group'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.

47 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 ₹2,270 Lakhs. 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 COVID 19 pandemic, the hearing has been adjourned until further notice.

The bank has made a provision during the FY 2021-22 for an amount of ₹2,270 Lakhs as a matter of prudence, which was treated as contingent liability for the FY 2020-21.

The Regional Provident Fund Commissioner (RPFC)-II, Bengaluru, in an inquiry held against the Bank under Section 7A of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, passed an Order dated August 09, 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

against the Bank, directing the Bank to remit provident fund contribution of ₹2,270 Lakhs on various allowances paid by the Bank to its employees during the period between February 2017 and March 2019. Against the said Order of the RPFC-II, the Bank preferred an appeal before the Central Government Industrial Tribunal (CGIT). However, since the position of the Presiding Officer in the CGIT is vacant, the Bank filed a writ petition before the Hon'ble High Court of Karnataka. The Hon'ble High Court has disposed of the matter quoting that the Appeal was initially preferred before the CGIT and also said that there will be an order of stay on RPFC-II Order to remit the provident fund amount (i.e., ₹2,270 Lakhs) till the appeal pending before CGIT is disposed.

48 The Subsidiary 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, 2023 and for the year ended March 31, 2022.

49 The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2023 and as at March 31, 2022.

50 The Board of Directors of the Bank and UFSL in their respective meetings held on October 14, 2022 have approved a scheme of amalgamation of UFSL with the Bank 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 all 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 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. All the Key Managerial Personnel, and other employees of UFSL who are in 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 April 01, 2023 or such other date as may be approved by the NCLT. In consideration of the proposed merger, the Bank will allot to the shareholders of UFSL as on the Record Date (to be fixed by the Board of the Bank), 116 (One hundred and sixteen) equity shares of the face value of ₹ 10/- each of the Bank, credited as fully paid-up, for every 10 (ten) equity shares of the face value of ₹ 10/- each fully paid-up held by such shareholders of UFSL. The shares held by UFSL in the Bank shall stand extinguished on the amalgamation taking effect. The RBI vide its letter dated February 01, 2023, has conveyed its "no-objection" to the said proposal for voluntary amalgamation of UFSL with the Bank subject to NCLT and other regulatory approvals. Further, the Bank on March 09, 2023 has received the no-observation letters from the Stock Exchanges (NSE and BSE), basis which a joint application has been filed with the NCLT on March 29, 2023, by the Bank and UFSL. The Group is now awaiting the directions / orders from the Hon'ble NCLT, Bengaluru Bench.

51 The Group does not hold any Benami Property which is either recorded or not recorded in the books of account and there are no proceedings initiated or pending against the group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, no disclosures are made in this regard.

52 The Holding Company has not obtained any Registrations/ licenses/ authorisations from other financial sector regulators and RBI has not levied any penalties on the Holding Company during the year.

Disclosure of penalties imposed by RBI to Subsidiary Bank

(a) During the financial year ended 2022-23, RBI has not levied any penalty under the provisions of (i) the Banking Regulations Act, 1949 (ii) Payment and Settlement Act, 2007 and (iii) Government Securities Act, 2006 (for bouncing of SGL) as per the master direction on financial statements - presentation and disclosures dated August 30, 2021.

(b) During the financial year ended 2021-22, RBI has imposed penalty on the bank under the provisions of Government Securities Act, 2006 (for bouncing of SGL) in terms of circular ref.IDMD.DOD.15/11.01.01(B)/2010-11, July 14, 2010.

i) On July 08, 2021, Public Debt Office (PDO), RBI had levied a penalty of ₹1 Lakhs 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

ii) On August 23, 2021, Public Debt Office (PDO), RBI had levied a penalty of ₹1 Lakhs 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;

and 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 disclsoures dated August 30, 2021.

53 There is no charge or satisfaction in relation to any debt / borrowings yet to be registered with ROC beyond the statutory period.

54 The Subsidiary bank reported 618 cases (March 31, 2022: 383 cases) of frauds amounting to ₹ 974 Lakhs (March 31, 2022: ₹ 531 Lakhs) during the year. The Bank has recovered/writeoff an amount of ₹ 298 Lakhs and has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses have been lodged with the insurance companies on merit basis.

55 During the financial years ended March 31, 2023 and March 31, 2022, the Bank has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person (a) repayable on demand or (b) without specifying any terms or period of repayment.

56 As per the information available with the company, the company had no transactions with the below companies (which holds shares of our Company) and which were struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956:

For current reporting year

Name of the Company	Nature of transactions	Shares held as at March 31, 2023 (in absolute numbers)	Relationship with the Struck off company, if any,
The Woodland Estates Limited	Note (a) below	2	Not applicable

For previous reporting year

Name of the Company	Nature of transactions	Sharesheld as at March 31, 2023 (in absolute numbers)	Relationship with the Struck off company, if any,
Sujata Hotel Pvt Ltd*	Note (a) below	2,910	Not applicable
Visucius Advisory Solutions Pvt Ltd (under process of striking off)	Note (a) below	295	Not applicable

*active as on date of approval of these financial statements.

Note (a): Equity shares of the Holding company held by the struck off company.

57 The Bank has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

58 Utilisation of Borrowed funds and share premium:

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 utilisation 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,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023 (Contd.)

(a) The Group has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) 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 Group (Ultimate Beneficiaries).

(b) The Group has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

59 The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year. Accordingly, no further disclosures are made in this regard.

60 There are no transactions that are not recorded in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

61 There have been no material events after the reporting date that require disclosure in these financial statements.

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

Signature to all notes to consolidated financial statements

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited
[CIN: L65999KA2004PLC035329]

As per our report of even date
For VARMA & VARMA
Chartered Accountants
Firm Registration No: 004532S

SAMIT GHOSH
Non-Executive Director and Chairman
DIN: 00185369

SUNIL PATEL
Independent Director
DIN: 00050837

K P SRINIVAS
Partner
Membership No. 208520

RADHAKRISHNAN RAVI
CEO & CFO

SHASHIDHARA S
Company Secretary

Place: New Delhi
Date: May 18, 2023

Place: Bengaluru
Date: May 18, 2023

UJJIVAN FINANCIAL SERVICES LIMITED

Corporate Identity Number: L65999KA2004PLC035329

Registered Office: Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka, India.

NOTICE FOR THE 19TH ANNUAL GENERAL MEETING

Notice is hereby given that the **19th Annual General Meeting (AGM)** of the members of **Ujjivan Financial Services Limited** ('the Company') will be held on **Friday, July 28, 2023** at **04:30 PM** through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") in compliance with applicable provisions of the Companies Act, 2013 and in accordance with relevant circulars issued by Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI") to transact the following business:

ORDINARY BUSINESS:

Item No. 1 - Adoption of Financial Statements and the Reports of the Board of Directors and Auditors

To consider and if thought fit, to assent or dissent, to the following resolution to be passed as an Ordinary Resolution:

"RESOLVED THAT the Standalone and the Consolidated Audited Balance Sheet, Profit and Loss Account and the Cash Flow Statement for the Financial Year ended March 31, 2023 together with the Director's Report and Independent Auditor's Report thereon as circulated to the members and laid before the meeting be and are hereby received, considered, approved and adopted."

Item No. 2 - To appoint a director in place of Mr. Narayan Anand (DIN: 02110727), who retires by rotation and being eligible, offers himself for re-appointment

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

"RESOLVED THAT Mr. Narayan Anand (DIN: 02110727), who retire by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."

By Order of the Board of Directors

Sd/-

Place: Bangalore **Shashidhara S**

Date: May 18, 2023 Company Secretary and Compliance Officer

Notes for the e-AGM Notice:

1. Pursuant to the General Circular numbers 14/2020, 17/2020, 20/2020, 02/2021, 02/2022 dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021, May 05, 2022 and December 28, 2022 respectively, issued by the Ministry of Corporate Affairs and Circulars dated May 12, 2020, January 15, 2021, May 13, 2022 and January 05, 2023, issued by the Securities and Exchange Board of India (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold Annual General Meeting ("AGM or Meeting) through Video Conferencing ("VC)/ Other Audio Visual Means ("OAVM"), without the physical presence of members at a common venue. Hence, in compliance with the applicable provisions of the Companies Act, 2013 and rules made thereunder read with the Circulars, the 19th Annual General Meeting of the Company is being conducted through Video Conferencing (VC) herein after called as "e-AGM".
2. e-AGM: The Company has appointed M/s KFin Technologies Limited ('KFin'), Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM.
3. Pursuant to the provisions of the circulars of AMC on the VC/OVAM(e-AGM):
    a. Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required
    b. Appointment of proxy to attend and cast vote on behalf of the member is not available.
    c. Body Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
4. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
5. No restrictions on account of FIFO entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
6. The attendance of the Members (members logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. Remote e-Voting: Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Company is providing facility of remote e-voting to its members through e-Voting agency KFin Technologies Limited.
8. Voting at the e-AGM: Members who could not vote through remote e-voting may avail the e-voting system provided at the venue by KFin Technologies Limited.
9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote, provided the votes are not already casted by remote e-voting.
10. In compliance with the Circulars, the Annual Report for the Financial Year 2022-23, the Notice of this Meeting are being sent only through electronic mode to those members whose email addresses are registered with the depository participant(s). Members may also note that the Notice of this Meeting and the Annual Report for the Financial Year 2022-23 will also be available on the Company's website at www.ujjivan.com, website of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of e-voting agency KFin Technologies Limited ("KFin Tech or RTA") at evoting.kfintech.com.
11. Pursuant to Regulation 40 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, any request for affecting transfer of securities shall not be processed unless the securities are held in electronic form with a depository except in case of transmission or transposition of securities.
12. Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN to their Depository Participant(s).
13. For any queries relating to financial statement you can write to the Bank at investorrelations@ujjivan.com at least seven days before the date of the Meeting i.e. July 21, 2023.
14. Members can avail of the nomination facility in respect of shares held by them in physical form by filing Form SH-13, as prescribed under Section 72 of the Companies Act, 2013 and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, with the RTA of the Company and members holding shares in electronic form may contact their Depository Participant for availing this facility.
15. The resolutions as set out in this Notice are being conducted through e-voting, the said resolutions will not be decided by a show of hands at the AGM.

16. Since the AGM will be held through VC/OAVM, the route map is not attached to this Notice.

    Those members who have not yet registered their email addresses are requested to get their email addresses registered with their Depository Participant. Please contact your Depository Participant for further assistance in this matter.

Instructions for the Members for attending the e-AGM through Video Conference:

1. Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by M/s KFin Technologies Limited. Members may access the same at https://emeetings.kfintech.com and click on the "video conference" and access the shareholders/members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the Company can be selected. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.
2. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience. Further, Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
3. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
4. **AGM Questions prior to e-AGM:** Shareholders who would like to express their views/ask questions during the meeting may log into https://emeetings.kfintech.com/ and click on "Post your Questions" and then may post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id, mobile number. Please note that, questions by the members will be answered only if the shareholder continues to hold the shares as of cut-off date benpos.
5. The Members may register themselves as speakers for the e-AGM to express their views by visiting https://emeetings.kfintech.com and click on 'Speaker Registration' during the remote e-voting period commencing from Tuesday, July 25, 2023 to Thursday, July 27, 2023. Members shall be provided a 'queue number' before the e-AGM. The Company reserves the right to restrict the speakers at the e-AGM to only those Members who have registered themselves, depending on the availability of time for the e-AGM.

Instructions for members for e-Voting during the e-AGM session:

1. The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the "instapoll" page.
2. Members need to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
3. Only those Members/ shareholders, who will be present in the e-AGM through Video Conference facility and have not casted their vote through remote e-Voting are eligible to vote through e-Voting available during the e-AGM. However, members who have voted through remote e-Voting are eligible to attend the e-AGM.

Instructions for members for remote e-Voting:

1. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing the e-voting facility to its Members holding shares in physical or dematerialised form, as on the cut-off date, being **Friday, July 21, 2023**, to cast their vote through electronic means on all resolutions set forth in the Notice.
2. The e-voting period shall commence on **Monday, July 24, 2023 (09:00 A.M.) and** ends on **Thursday, July 27, 2023 (5:00 P.M.)**. Members, holding shares either in dematerialised form or physical form as on cut-off date, **Friday, July 21, 2023**, may cast their vote electronically during this period. The remote e-voting module shall be disabled at **5.00 p.m.** on **Thursday, July 27, 2023**. Once the vote on a resolution is cast by a Member, he/she shall not be allowed to change it subsequently or cast the vote again.
3. **Procedure for Login for e-Voting and Attending AGM through VC/OAVM for Individual Shareholders holing securities in Demat mode**

   In terms of SEBI circular dated December 09, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in Demat mode are allowed to vote through their Demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their Demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in Demat mode is given below:

Individual shareholders holding securities in Demat mode with National Securities Depository Limited ("NSDL")	**A. User already registered for IDeAS facility:** 1. Open https://eservices.nsdl.com 2. Click on the "Beneficial Owner" icon under 'IDeAS' section. 3. On the new page, enter User ID and Password. Post successful authentication, click on "Access to e-Voting" 4. Click on Bank Name or e-Voting service provider and you will be re-directed to e-voting service provider website for casting your vote during the remote e-Voting period. **B. User not registered for IDeAS e-Services:** 1. To register, open https://eservices.nsdl.com either on a Personal Computer or on a mobile. 2. Select "Register Online for IDeAS "Portal or click on https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3. Proceed with completing the required fields **C. By visiting the e-Voting website of NSDL:** 1. Open https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. 2. Click on the icon "Login" which is available under 'Shareholder/ Member' section 3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit Demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. 4. Post successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. 5. Click on Bank name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.
Individual Shareholders holding securities in Demat mode with Central Depository Services (India) Limited ("CDSL")	**A. Existing user who has opted for Easi/Easiest** 1. Click at https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com 2. Click on New System Myeasi. 3. Login with user ID and Password 4. After successful login of Easi / Easiest, Option will be made available to reach e-voting page 5. Click on e-voting service provider name to cast your vote **B. User not registered for Easi/Easiest** 1. Option to register is available at https://web.cdslindia.com/myeasi./Registration/ EasiRegistration. 2. Proceed with completing the required fields. **C. By visiting the e-Voting website of CDSL:** 1. Visit at www.cdslindia.com 2. Provide Demat Account Number and PAN No. 3. System will authenticate user by sending OTP on registered Mobile & Email as recorded in the Demat Account. 4. After successful authentication, user will be provided links for the respective e-voting service provider where the e-voting is in progress.
Individual Shareholders (holding securities in Demat mode) login through their depository participants	You can also login using the login credentials of your Demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Bank Name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

4. **Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 or 22-23058542-43.

5. **Login method for remote e-voting for shareholders other than individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

   i. Initial password is provided in the body of the e-mail.

   ii. Launch internet browser and type the URL: https://evoting.kfintech.com in the address bar.

   iii. Enter the login credentials i.e. User ID and password mentioned in your e-mail. Your Folio No./DP ID Client ID will be your User ID. However, if you are already registered with KFin for e-voting, you can use your existing User ID and password for casting your votes.

   iv. After entering the correct details, click on LOGIN.

   v. You will reach the password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, $, etc.). It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

   vi. You need to login again with the new credentials.

   vii. On successful login, the system will prompt you to select the EVENT i.e. **"Ujjivan Financial Services Limited".**

   viii. On the voting page, the number of shares (which represents the number of votes) held by you as on the cut-off date will appear. If you desire to cast all the votes assenting/ dissenting to the resolution, enter all shares and click 'FOR'/'AGAINST' as the case may be or partially in 'FOR' and partially in 'AGAINST', but the total number in 'FOR' and/or 'AGAINST' taken together should not exceed your total shareholding as on the cut-off date. You may also choose the option 'ABSTAIN', in which case, the shares held will not be counted under either head.

   ix. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat account.

   x. Cast your votes by selecting an appropriate option and click on 'SUBMIT'. A confirmation box will be displayed. Click 'OK' to confirm, else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote subsequently. During the voting period, you can login multiple times till you have confirmed that you have voted on the resolution.

   xi. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/JPG format) of certified true copy of relevant board resolution/ authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who is/are authorised to vote, to the Scrutiniser through email at kannans@kannancs.in and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'BFL_EVENT No.'

   xii. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for members and e-voting User Manual available at the 'download' section of https://evoting.kfintech.com or call KFin on 1800 309 4001 (toll free).

6. **Voting at e-AGM**

   i. Only those members/shareholders, who will be present in the e-AGM and who have not cast their vote through remote e-voting and are otherwise not barred from doing so are eligible to vote.

   ii. Members who have voted through remote e-voting will still be eligible to attend the e-AGM.

   iii. Members attending the e-AGM shall be counted for the purpose of reckoning the quorum under section 103 of the Act.

   iv. Voting at e-AGM will be available at the end of the e-AGM and shall be kept open for 15 minutes.

Members viewing the e-AGM, shall click on the 'e-voting' sign placed on the left-hand bottom corner of the video screen. Members will be required to use the credentials, to login on the e-Meeting webpage, and click on the 'Thumbs-up' icon against the unit to vote.

7. **Instructions for members for attending the e-AGM**

   i. Members will be able to attend the e-AGM through VC/OAVM or view the live webcast of e-AGM provided by KFin at https://emeetings.kfintech.com by using their remote e-voting login credentials and by clicking on the tab "video conference". The link for e-AGM will be available in members login, where the EVENT and the name of the Company can be selected.

   ii. Members are encouraged to join the meeting through devices (Laptops, Desktops, Mobile devices) with Google Chrome for seamless experience.

   iii. Further, members registered as speakers will be required to allow camera during e-AGM and hence are requested to use internet with a good speed to avoid any disturbance during the meeting.

   iv. Members may join the meeting using headphones for better sound clarity.

   v. While all efforts would be made to make the meeting smooth, participants connecting through mobile devices, tablets, laptops, etc. may at times experience audio/video loss due to fluctuation in their respective networks. Use of a stable Wi-Fi or LAN connection can mitigate some of the technical glitches.

   vi. Members, who would like to express their views or ask questions during the e-AGM will have to register themselves as a speaker by visiting the URL https://emeetings.kfintech.com/ and clicking on the tab 'Speaker Registration' during the period starting from Tuesday, July 25, 2023, 09:00 AM up to Thursday, July 27, 2023, 05:00 PM. Only those members who have registered themselves as a speaker will be allowed to express their views/ask questions during the e-AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the e-AGM. Only questions of the members holding shares as on the cut-off date will be considered.

   vii. A video guide assisting the members attending e-AGM either as a speaker or participant is available for quick reference at URL https://emeetings.kfintech.com/, under the "How It Works" tab placed on top of the page.

   viii. Members who need technical assistance before or during the e-AGM can contact KFin at emeetings@kfintech.com or Helpline: 1800 309 4001.

8. **Procedure for Registration of email and Mobile: securities in physical mode**

Physical shareholders are hereby notified that based ion SEBI Circular number: SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37, dated March 16, 2023, All holders of physical securities in listed companies shall register the postal address with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to provide mobile number. Moreover, to avail online services, the security holders can register e-mail ID. Holder can register/update the contact details through submitting the requisite ISR 1 form along with the supporting documents.

ISR 1 Form can be obtained by following the link: https://ris.kfintech.com/clientservices/isc/default.aspx

ISR Form(s) and the supporting documents can be provided by any one of the following modes.

a) Through 'In Person Verification' (IPV): the authorised person of the RTA shall verify the original documents furnished by the investor and retain copy(ies) with IPV stamping with date and initials; or

b) Through hard copies which are self-attested, which can be shared on the address below; or

Name	KFIN Technologies Limited
Address	Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddy, Telangana India - 500 032.

c) Through electronic mode with e-sign by following the link: https://ris.kfintech.com/clientservices/isc/default.aspx#

Detailed FAQ can be found on the link: https://ris.kfintech.com/faq.html

For more information on updating the email and Mobile details for securities held in electronic mode, please reach out to the respective DP(s), where the DEMAT a/c is being held.

Other Important Notes:

1. Members wishing to claim unclaimed dividends are requested to correspond with the Company Secretary of the Company at the Company's registered office. Members are requested to note that dividends which are not claimed within seven years from the date of transfer to the Company's

Unpaid Dividend Account, will, as per the provisions of Section 205A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), be transferred to the Investor Education and Protection Fund. Accordingly, Company has published a notice in the leading newspaper in English (Financial Express (all editions dt May 24, 2023) and regional Kannada language (Hosadigantha) informing the concerned shareholders.

2. SEBI has mandated the submission of PAN by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA

3. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled, to KFin Technologies Limited ("KFin"), Registrar and Transfer Agent **(RTA)** of the Company. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.

4. Brief profile and other required information about the Directors proposed to be appointed / re-appointed, as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Notice.

   In support of the Green Initiative, the Company hereby request Members who have not updated their email IDs to update the same with their respective Depository Participant(s) or with our RTA for receiving communications from the Company electronically. Further, Members holding shares in electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members holding shares in physical mode are also requested to update their email addresses by writing to the RTA of the Company quoting their folio number(s).

4. As required under Regulation 40(1) of SEBI Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository except in case of transmission or transposition of securities.

5. The Board of Directors has appointed Mr. S. Kannan of M/s. S Kannan And Associates, bearing Firm No. S2017KR473100 (FCS 6261, holding CP No. 13016), as Scrutiniser to scrutinise the voting through Remote e-voting at e-AGM in a fair and transparent manner.

6. The Results on above resolutions shall be declared not later than 48 hours from the conclusion of the e-AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favor of the resolutions.

7. The Results of voting declared along with Scrutiniser's Report(s) will be published on the website of the Company (www.ujjivan.com) and on Service Provider's website (https://evoting.karvy.com) within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to BSE Limited and the National Stock Exchange of India Limited.

8. Since the AGM is being held through VC in accordance with the MCA Circulars, the route map, proxy form and attendance slips are not being attached to this notice.

9. Detail of the process and manner of Remote e-voting along with the User ID and Password is being sent to all the Members along with this Notice. In case of any queries / grievances relating to voting by electronic means, the Members / Beneficial owners or in case any person, acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **Friday, July 21, 2023** may obtain the login ID and password by sending a request to Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Ltd., Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad 500 032, mohsin.mohd@kfintech.com, Phone: +91 040 6716 1562 toll-free number 1-800-34-54-001.

By Order of the Board of Directors

Sd/-

Shashidhara S

Company Secretary and Compliance Officer

Membership No.: A30286

Place: Bangalore

Date: May 18, 2023

Additional information on Directors being appointed/ re-appointed as required under Regulation 36 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard-2 by ICSI:

ITEM NO. 2

Name of the Director	Mr. Narayan Anand
DIN	02110727
Date of Birth and Age	November 22, 1963; 59 Years
Date of First Appointment on the Board	May 01, 2019
Brief Resume, Qualification, Experience and Nature of Expertise in specific functional areas	Mr. Anand Narayan is a Non-Executive Director of our Company. He is Managing Partner of Creador Advisors India llp from 2011. Prior to Creador, he was a Partner and Director of Veda Corporate Advisors Private Limited, where he was responsible for mergers and acquisitions, sponsor coverage of private equity firms and raising structured debt for a number of midmarket corporates. He had also served in Infrastructure Leasing & Financial Services as Vice President between 1994-2006 and served various corporate entities like Zuari Agrochemicals and at Eicher Motors Ltd in the past in operational roles. Mr. Narayan is an M.B.A. from IIM, Bangalore and graduated with honors in mechanical engineering from the National Institute of Technology, Jaipur. He is also a non-Executive director in Ashiana Housing Limited, Vectus Industries Limited, Paras Healthcare Private Limited and Redrock (India) Offshore Consultants Private Limited and is a designated partner of Creador Advisors India LLP.
No. of Board Meetings attended during the year as a Director	9
Directorships held in other Companies	Public Companies - Ashiana Housing Ltd Private Companies - Redrock (India) Offshore Consultants - Invalued Trading Private Limited LLP - Creador Advisors India LLP
Memberships / Chairmanships of Committees of other Boards	Ujjivan Financial Services Limited 1. Risk Management Committee – Member 2. IT Strategy Committee – Member 3. Merger Committee – Member
Remuneration last drawn	Sitting Fees only: FY 2022-23 : ₹ 12.00 Lakhs
Remuneration sought to be paid	Sitting fees as approved by the Board of Directors within the limits of the applicable laws.
Shareholding in the Company	None
Relationship with other Directors and Key Managerial Personnel of the Company	None

By Order of the Board of Directors

Sd/-
Shashidhara S
Company Secretary
Membership No.: A30286

Place: Bangalore
Date: May 18, 2023

NOTES

Build a Better Life
Ujjivan Financial Services Limited

Ujjivan Financial Services Limited

Registered Office Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bengaluru – 560095, Karnataka, India Tel: +91 80 40712121

www.ujjivan.com