

## Independent Auditor's Report

### To the Members of Ujjivan Small Finance Bank Limited

#### Report on the Audit of the Financial Statements

##### OPINION

We have audited the financial statements of Ujjivan Small Finance Bank Limited ("the Bank"), which comprise the Balance Sheet as of March 31, 2023, the Profit and Loss account, and the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulations Act, 1949 as well as the Companies Act, 2013 ("the Act") in the manner so required for Banking Companies and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2023, its profits and its cash flows for the year ended on that date.

#### Identification of Non-Performing Assets ('NPA') and Provisioning on Advances

Total Loans and Advances (Net of NPA Provision, floating provision, securitization and IBPC) as on March 31, 2023: ₹ 21,28,96,611 ('000)

Gross NPA as on March 31, 2023: ₹ 63,06,094 ('000)

Provision for NPA as on March 31, 2023 (Excluding floating provision): ₹ 50,15,711 ('000)

(Refer Schedule 9 and Schedule 18 (4.1) to the financial statement)

Key Audit Matter	How our audit addressed the key audit matter
<p>The Reserve Bank of India's ("RBI") guidelines on Income recognition and asset classification ("IRAC") prescribe the prudential norms for identification and classification of non-performing assets ("NPA") and the minimum provision required for such assets.</p> <p>The Bank is required to have Board approved policy as per IRAC guidelines for NPA identification and provision.</p> <p>The Bank is also required to apply its judgement to determine the identification and provision required against NPAs by applying quantitative as well as qualitative factors. The risk of identification of NPAs is affected by factors like stress and liquidity concerns in certain sectors.</p> <p>The provision against advances is based on criteria such as past due status, out of order status etc. The provisions in respect of such NPAs are made based on ageing and classification of NPAs, recovery estimates, value of security and other qualitative factors and is subject to minimum provisioning levels prescribed by the RBI and approved policy of the bank in this regard.</p>	<p>Tested the design and operating effectiveness of key controls (including application controls) over identification of NPAs, provisions thereof and the valuation of securities.</p> <p>Testing of Application controls included testing of reports and system reconciliations as at the year end.</p> <p>Review of controls over calculations of provision of non-performing advances, basis of provisioning in accordance with the Board approved policy.</p> <p>Performed substantive procedures as listed below:</p> <ul style="list-style-type: none"> <li>For sample borrowers, assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of overdue ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per IRAC norms and Bank's Policy;</li> <li>Selected samples of performing loan accounts to assess, independently, whether such loan accounts should be classified as NPA;</li> <li>For selected samples, reviewed the securities valuation performed by the Bank;</li> </ul>

##### BASIS FOR OPINION

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

##### KEY AUDIT MATTERS

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



In addition to this, for restructured accounts, provision is made for erosion/ diminution in fair value of restructured loans, in accordance with the RBI guidelines. Further, NPA classification is made borrower wise whereby if one facility of the borrower becomes an NPA then all facilities of such a borrower will be treated as an NPA.

Additionally, the Bank makes provisions on exposures that are not classified as NPAs including identified advances or group advances that can potentially slip into NPA. These are part of standard asset provision.

The Management of the Bank also made an assessment of the impact on borrowers account due to Covid -19 pandemic and in line with the COVID 19 Regulatory Package announced by the RBI in respect of moratorium and restructuring of advances as relief measures to the borrowers.

Since the identification of NPAs and provisioning for advances require significant level of estimation and given its significance to the overall audit, we have ascertained identification and provisioning for NPAs as a key audit matter.

Information Technology ('IT') systems and controls impacting financial reporting

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.

- Considered the data shared by Bank regarding accounts reported as Special Mention Accounts ("SMA") in RBI's central repository of information on large credits (CRILC) to identify stress;
- Selected samples for standard and overdue accounts to assess compliance with the RBI Circulars on 'COVID-19 – Regulatory Package' and 'COVID-19 Regulatory Package - Asset Classification and Provisioning';
- Selected sample of accounts restructured under RBI Circulars on 'Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances' and 'Resolution Framework for Covid-19-related Stress' to assess compliance with the RBI directions;
- Assessed the adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs.

Our Audit procedures with respect to this matter included:

We used our internal IT team to perform audit procedures to assess IT systems and controls over financial reporting which included the following:

- 1) General IT controls design, observation and operation:
  - Obtain an understanding of the IT infrastructure and IT systems
  - Testing the sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access, system change management and computer operations.
- 2) User access controls operation:
  - Reviewed processes followed by the management in respect of access rights granted to applicants relevant to financial accounting and reporting systems.
  - Assessing the operating effectiveness of controls over granting, removal and appropriateness of access rights.

Other areas that were assessed under the IT control environment, included password and security related policies were also part of our audit procedures.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing

so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management of the Bank.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements



for the financial year ended March 31, 2023 and are therefore, the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Section 133 of the Act and relevant rules issued thereunder.
2. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them to be satisfactory;
  - b. The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank.
  - c. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purpose of our audit are available therein.. We have also covered 20 branches, during the course of audit.
3. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant rules made thereunder to the extent

they are not inconsistent with the accounting policies prescribed by RBI.

- e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are 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 Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended;

The Bank is a Banking Company as defined under Banking Regulation Act, 1949. Accordingly, the requirements prescribed under section 197 of the Act do not apply; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Schedule 12 and Schedule 18 (26.6) to the financial statements;
  - ii. The Bank has not entered into any long-term contracts nor entered into any derivative contracts as at March 31, 2023 and accordingly no provision is required to be made;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank;
  - iv. a) Based on the information and explanation provided and as represented to us by the management to the best of its knowledge and belief, other than as disclosed in Schedule 18(41) to the 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 Bank to or in any other person(s) or entity(ies), including foreign

- entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- b) Based on the information and explanation provided and as represented to us by the management to the best of its knowledge and belief, other than as disclosed in Schedule 18(41) to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement
- v) a. In our opinion, the interim dividends declared and paid by the Bank during the year are in accordance with section 123 of the Act.
- b. As stated in schedule 18(38) to the financial statements, the Board of Directors of the Bank have declared the balance interim preference dividends for the year on May 11, 2023 which in our opinion is in accordance with section 123 of the Act to the extent it applies to declaration of interim dividend.
- c. As stated in Schedule 18(38) to the financial statements, 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 our opinion, 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 Bank 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 B K Ramadhyani & Co. LLP**Chartered Accountants  
FRN: 002878S/S200021**(Vasuki H S)**Partner  
Membership No : 212013  
UDIN :  
23212013BGWLEA6563Place: Bengaluru  
Date: May 11, 2023**Mukund M. Chitale & Co**Chartered Accountants  
FRN: 106655W**(Nilesh RS Joshi)**Partner  
Membership No. 114749  
UDIN :  
23114749BGSUKK4049



## Annexure A

to the Independent Auditor's Report of even date on the Financial Statements of Ujjivan Small Finance Bank Limited

[Referred to in paragraph 3(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Ujjivan Small Finance Bank Limited on the Financial Statements for the year ended March 31, 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 Small Finance Bank Limited ("the Bank") as of March 31, 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

### AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial

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

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

### MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control

Annexure A (Cont.)  
to the Independent Auditor's Report of even date on the Financial Statements of Ujjivan Small Finance Bank Limited

with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### OPINION

In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

#### OTHER MATTER

Considering the nature of business and high volumes of cash collections from borrowers, procedures and systems 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.

#### For B K Ramadhyani & Co. LLP

Chartered Accountants  
FRN: 002878S/S200021

#### (Vasuki H S)

Partner  
Membership No : 212013  
UDIN :  
23212013BGWLEA6563

Place: Bengaluru  
Date: May 11, 2023

#### Mukund M. Chitale & Co

Chartered Accountants  
FRN: 106655W

#### (Nilesh RS Joshi)

Partner  
Membership No. 114749  
UDIN :  
23114749BGSUKK4049



# Balance Sheet

as on March 31, 2023

(₹ in 000's)

Particulars	Schedule	As on March 31, 2023	As on March 31, 2022
<b>CAPITAL AND LIABILITIES</b>			
Capital	1	21,547,066	19,283,142
Employees Stock Options and Purchase Outstanding	18(33)	512,205	421,958
Reserves and Surplus	2	20,031,799	8,321,239
Deposits	3	255,376,822	182,922,169
Borrowings	4	26,414,640	17,635,616
Other Liabilities and Provisions	5	9,286,243	7,537,714
<b>TOTAL</b>		<b>333,168,775</b>	<b>236,121,838</b>
<b>ASSETS</b>			
Cash and Balances with Reserve Bank of India	6	23,052,710	16,899,652
Balances with Banks and Money at Call and Short Notice	7	1,783,218	4,858,547
Investments	8	85,103,075	41,529,348
Advances	9	212,896,611	163,031,714
Fixed Assets	10	2,828,799	2,493,926
Other Assets	11	7,504,362	7,308,651
<b>TOTAL</b>		<b>333,168,775</b>	<b>236,121,838</b>
Contingent Liabilities	12	950,034	1,372,305
Bill for collection		-	-
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

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

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

As per our report of even date

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

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

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

**Vasuki H S**  
Partner  
MN: 212013

**Nilesh RS Joshi**  
Partner  
MN: 114749

**Ittira Davis**  
DIN: 06442816  
Managing Director & CEO

**B A Prabhakar**  
DIN: 02101808  
Independent Director

**Sudha Suresh**  
DIN: 06480567  
Independent Director

Bengaluru  
May 11, 2023

**M.D.Ramesh Murthy**  
Chief Financial Officer

**Sanjeev Barnwal**  
Company Secretary

# Profit and Loss Account

for the year ended March 31, 2023

(₹ in 000's)

Particulars	Schedule	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I. INCOME</b>			
Interest Earned	13	41,649,947	28,127,991
Other Income	14	5,891,909	3,598,865
<b>Total</b>		<b>47,541,856</b>	<b>31,726,856</b>
<b>II. EXPENDITURE</b>			
Interest Expended	15	14,670,926	10,392,070
Operating Expenses	16	18,020,597	14,963,806
Provisions and Contingencies		3,851,116	10,516,884
<b>Total</b>		<b>36,542,639</b>	<b>35,872,760</b>
<b>III. PROFIT</b>			
Net profit/ (loss) for the year		10,999,217	(4,145,904)
Profit/(loss) brought forward		(723,518)	3,436,242
<b>Total</b>		<b>10,275,699</b>	<b>(709,662)</b>
<b>IV. APPROPRIATIONS</b>			
Transfer to			
a) Statutory Reserves		2,749,804	-
b) Investment Reserve Account		3,404	-
c) Capital Reserve		-	13,856
d) Preference Dividend (Refer Schedule 18 (38))		220,000	-
e) Interim equity dividend		1,465,944	-
f) Investment Fluctuation Reserve		467,852	-
g) Transfer to Special Reserve U/S 36 (1)(viii) Income tax Act 1961		300,000	-
h) Balance Carried over to Balance Sheet		5,068,695	(723,518)
<b>Total</b>		<b>10,275,699</b>	<b>(709,662)</b>
<b>V. Earnings per Equity Share (Face value of ₹10 per share)</b>			
Basic (₹) (Refer Schedule 18 (25))		5.82	(2.40)
Diluted (₹) (Refer Schedule 18 (25))		5.81	(2.40)
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

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

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

As per our report of even date

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

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

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

**Vasuki H S**  
Partner  
MN: 212013

**Nilesh RS Joshi**  
Partner  
MN: 114749

**Ittira Davis**  
DIN: 06442816  
Managing Director & CEO

**B A Prabhakar**  
DIN: 02101808  
Independent Director

**Sudha Suresh**  
DIN: 06480567  
Independent Director

Bengaluru  
May 11, 2023

**M.D.Ramesh Murthy**  
Chief Financial Officer

**Sanjeev Barnwal**  
Company Secretary



# Cash Flow Statement

for the year ended March 31, 2023

(₹ in 000's)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) After taxation	10,999,217	(4,145,904)
Tax adjustment	3,673,159	(1,357,681)
<b>Net Profit/(Loss) before taxation</b>	<b>14,672,376</b>	<b>(5,503,585)</b>
<b>Adjustments for :</b>		
Depreciation on Bank's Property	902,785	804,430
Loss on sale of Land, Building & Other assets (net)	6,701	19,970
Expense on employee stock option	90,247	(15,277)
Expense on employee stock purchase	-	-
Fixed Assets Written off	-	-
Provision for Non Performing Assets	498,068	13,270,457
Provision for Standard Assets	(322,365)	(1,625,877)
Provision for depreciation on investment	(3,404)	3,404
Interest earned on fixed deposits	(108,631)	(241,876)
Profit on sale of Held-to-maturity (HTM) securities	-	(36,929)
Amortisation of premium on HTM investments	255,662	217,988
<b>Operating Profit/(Loss) before Working Capital changes</b>	<b>15,991,439</b>	<b>6,892,705</b>
<b>Adjustments for :</b>		
(Increase) /Decrease in Advances	(50,362,965)	(31,362,653)
(Increase)/Decrease in Investments in other than HTM securities	(25,577,285)	(2,095,008)
(Increase)/Decrease in Other Assets	(1,065,153)	(618,150)
Increase/ (Decrease) in Deposits	72,454,654	51,564,496
Increase/ (Decrease) in Other Liabilities	1,960,894	1,377,412
<b>Cash generated from/(used in) Operations</b>	<b>13,401,584</b>	<b>25,758,802</b>
Direct Taxes paid (net of refunds)	(2,803,717)	(214,562)
<b>Net Cash Flow generated from/(used in) Operating Activities (A)</b>	<b>10,597,867</b>	<b>25,544,240</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of Fixed Assets	9,202	3,771
Investment in HTM securities (Net)	(18,248,700)	(14,454,303)
Deposits (created)/encashed with Banks and financial institutions (Net)	(1,464,056)	6,555,582
Purchase of Fixed Assets including WIP	(1,253,562)	(514,808)
<b>Net Cash Flow used in Investing Activities (B)</b>	<b>(20,957,116)</b>	<b>(8,409,758)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares (net of issue expenses)	4,661,212	-
Increase/(Decrease) in Borrowings (Net)	8,779,023	(14,837,551)
Preference dividend including interim dividend paid during the year	(110,000)	-

Cash Flow Statement  
for the year ended March 31, 2023 (Contd.)

Particulars	(₹ in 000's)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Equity dividend including interim dividend paid during the year	(1,465,944)	-
Dividend distribution tax paid during the year	-	-
<b>Net Cash Flow generated from Financing Activities (C)</b>	<b>11,864,291</b>	<b>(14,837,551)</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>1,505,042</b>	<b>2,296,931</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<b>21,631,905</b>	<b>19,334,974</b>
<b>Cash and Cash Equivalents at the end of the year</b>	<b>23,136,947</b>	<b>21,631,905</b>
<b>Notes to Cash Flow Statement:</b>		
1 Cash and Cash equivalents includes the following:		
<b>Cash and Bank Balances with Reserve Bank (Schedule 6)</b>	<b>23,052,710</b>	<b>16,899,652</b>
<b>Balance with Bank and Money at Call &amp; Short Notice (Schedule 7)</b>	<b>1,783,218</b>	<b>4,858,547</b>
	<b>24,835,928</b>	<b>21,758,199</b>
<b>Balances not considered as part of Cash and Cash equivalents</b>		
Less: Bank Deposits with original maturity more than 3 months or Bank Deposits under lien	(1,698,981)	(126,294)
<b>Cash and Cash Equivalents at the end of the year</b>	<b>23,136,947</b>	<b>21,631,905</b>

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

3 Increase/ Decrease in advances are net after taking to account advances transferred under inter- bank participation certificates of ₹ 1,86,00,000 ('000) and transaction arrangements of ₹ 31,38,867('000) with other parties.

4 Figures in bracket indicate cash outflow.

As per our report of even date

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

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

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

**Vasuki H S**  
Partner  
MN: 212013

**Nilesh RS Joshi**  
Partner  
MN: 114749

**Ittira Davis**  
DIN: 06442816  
Managing Director & CEO

**B A Prabhakar**  
DIN: 02101808  
Independent Director

**Sudha Suresh**  
DIN: 06480567  
Independent Director

Bengaluru  
May 11, 2023

**M.D.Ramesh Murthy**  
Chief Financial Officer

**Sanjeev Barnwal**  
Company Secretary



## Schedules forming part of the Balance Sheet

(₹ in 000's)

Particulars	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -1 CAPITAL</b>		
<b>Authorised Capital</b>		
2,300,000,000 Equity Shares of ₹10 each	23,000,000	23,000,000
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
<b>Issued, Subscribed and Called up Capital</b>		
195,47,06,625 (Previous Year: 1,728,314,205) Equity Shares of ₹10 each	19,547,066	17,283,142
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
	<b>21,547,066</b>	<b>19,283,142</b>
<b>Paid up Capital</b>		
195,47,06,625 (Previous Year: 1,728,314,205) Equity Shares of ₹10 each	19,547,066	17,283,142
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
<b>TOTAL</b>	<b>21,547,066</b>	<b>19,283,142</b>

(₹ in 000's)

Particulars	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -2 RESERVES AND SURPLUS</b>		
<b>I. Statutory Reserves</b>		
Opening balance	1,410,826	1,410,826
Additions during the year	2,749,804	-
<b>Closing balance</b>	<b>4,160,630</b>	<b>1,410,826</b>
<b>II. Capital Reserve</b>		
Opening balance	207,127	193,271
Additions during the year	-	13,856
<b>Closing balance</b>	<b>207,127</b>	<b>207,127</b>
<b>III. Share Premium</b>		
Opening balance	7,221,673	7,221,673
Additions during the year	2,491,186	-
Less: Deductions during the year	93,899	-
<b>Closing balance</b>	<b>9,618,960</b>	<b>7,221,673</b>
<b>IV. Special Reserve u/s 36(i)(viii) of Income Tax Act 1961</b>		
Opening balance	-	-
Additions during the year	300,000	-
Less: Deductions during the year	-	-
<b>Closing balance</b>	<b>300,000</b>	<b>-</b>
<b>V. Revenue and Other Reserves</b>		
<b>i. Investment Reserve Account</b>		
Opening balance	-	-
Additions during the year	3,404	-
Deductions during the year	-	-
<b>Closing balance</b>	<b>3,404</b>	<b>-</b>
<b>ii. Investment Fluctuation Reserve</b>		
Opening balance	205,131	205,131
Additions during the year	467,852	-
<b>Closing balance</b>	<b>672,983</b>	<b>205,131</b>
<b>TOTAL</b>	<b>676,387</b>	<b>205,131</b>
<b>Vi. Balance of Profit and Loss Account</b>	5,068,695	(723,518)
<b>TOTAL (I + II + III+IV+V+VI)</b>	<b>20,031,799</b>	<b>8,321,239</b>

## Schedules forming part of the Balance Sheet (Contd.)

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -3 DEPOSITS</b>		
<b>A. I. Demand Deposits</b>	51,641	60,063
(i) From Banks	5,806,459	4,987,619
(ii) From Others		
<b>II. Savings Bank Deposits</b>	61,590,653	44,882,373
<b>III. Term Deposits</b>		
(i) From Banks	58,884,944	60,714,848
(ii) From Others	129,043,125	72,277,266
<b>TOTAL (I + II + III)</b>	<b>255,376,822</b>	<b>182,922,169</b>
<b>B. Deposits of branches</b>		
I. In India	255,376,822	182,922,169
II. Outside India	-	-
<b>TOTAL (I + II)</b>	<b>255,376,822</b>	<b>182,922,169</b>

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -4 BORROWINGS</b>		
<b>I. Borrowings in India</b>		
(a) Reserve Bank of India	2,500,000	3,880,000
(b) Other Banks	1,500,000	3,000,000
(c) Other Institutions and Agencies	22,414,640	10,755,616
<b>TOTAL</b>	<b>26,414,640</b>	<b>17,635,616</b>
<b>II. Borrowings Outside India</b>	-	-
<b>TOTAL (I + II)</b>	<b>26,414,640</b>	<b>17,635,616</b>
<b>Secured borrowings included in I and II above</b>	<b>6,747,640</b>	<b>3,929,216</b>

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -5 OTHER LIABILITIES AND PROVISIONS</b>		
(i) Bills payable	1,558,517	1,533,670
(ii) Inter-Office Adjustments (net)	-	-
(iii) Interest Accrued	1,922,855	1,887,617
(iv) Standard asset-General Provisions (Refer Schedule 18(4.2))	1,137,256	1,459,621
(v) Others (including provisions)	4,667,615	2,656,806
<b>TOTAL</b>	<b>9,286,243</b>	<b>7,537,714</b>

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -6 CASH AND BALANCES WITH RESERVE BANK OF INDIA</b>		
<b>I. Cash in Hand (including Cash at ATM)</b>	1,769,873	1,756,288
<b>II. Balances with Reserve Bank of India</b>		
(a) In Current Account	10,812,837	6,933,364
(b) In Other Accounts (Including Reverse Repo)	10,470,000	8,210,000
<b>TOTAL (I + II)</b>	<b>23,052,710</b>	<b>16,899,652</b>



## Schedules forming part of the Balance Sheet (Contd.)

(₹ in 000's)

Particulars	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE</b>		
<b>I. In India</b>		
(i) Balances with Banks		
(a) in Current Accounts	84,237	303,768
(b) in Other Deposit Accounts*	1,698,981	126,294
(ii) Money at Call and Short Notice		
(a) with Banks	-	-
(b) with Other Institutions	-	4,428,485
<b>TOTAL</b>	<b>1,783,218</b>	<b>4,858,547</b>
<b>II. Outside India</b>		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>TOTAL (I+II)</b>	<b>1,783,218</b>	<b>4,858,547</b>

\*It includes Fixed Deposits of Current Year :₹ 1,98,981 /- (Previous Year: ₹ 1,26,294/-) (in 000's) held under lien.

(₹ in 000's)

Particulars	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -8 INVESTMENTS</b>		
<b>I. Investments in India in (Refer Schedule 18(2))</b>		
(i) Government Securities	84,975,779	41,402,052
(ii) Other approved Securities	-	-
(iii) Shares	1,002	1,002
(iv) Debentures and Bonds	-	-
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others	126,294	126,294
<b>TOTAL</b>	<b>85,103,075</b>	<b>41,529,348</b>
<b>II. Investments Outside India</b>		
(i) Government Securities (Including local authorities)	-	-
(ii) Subsidiaries and/or Joint Ventures abroad	-	-
(iii) Other Investments	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>TOTAL (I+II)</b>	<b>85,103,075</b>	<b>41,529,348</b>
<b>III. Gross Value of Investments</b>		
	<b>85,103,075</b>	<b>41,532,752</b>
Less: Provision for depreciation	-	3,404
Net value of investments	<b>85,103,075</b>	<b>41,529,348</b>

(₹ in 000's)

Particulars	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -9 ADVANCES</b>		
<b>A</b>		
(i) Bills Purchased and Discounted	-	-
(ii) Cash Credits, Overdrafts and Loans repayable on demand	6,360,099	8,736,614
(iii) Term Loans	206,536,512	154,295,100
<b>TOTAL</b>	<b>212,896,611</b>	<b>163,031,714</b>
<b>B</b>		
(i) Secured by Tangible Assets*	66,602,766	42,642,255
(ii) Covered by Bank/Government Guarantees	1,439,299	1,188,800
(iii) Unsecured(Refer Schedule 18(4.3))	144,854,546	119,200,659
<b>TOTAL</b>	<b>212,896,611</b>	<b>163,031,714</b>

## Schedules forming part of the Balance Sheet (Contd.)

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>C I. Advances in India</b>		
(i) Priority Sectors	158,308,516	128,654,453
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	54,588,095	34,377,261
<b>TOTAL</b>	<b>212,896,611</b>	<b>163,031,714</b>
<b>II. Advances Outside India</b>		
(i) Due from Banks	-	-
(ii) Due from Others	-	-
a) Bills purchased and discounted	-	-
b) Syndicated loans	-	-
c) Others	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>TOTAL (I+II)</b>	<b>212,896,611</b>	<b>163,031,714</b>

\* Includes Advances against book debts ₹1,11,08,686/- (Previous Year ₹85,51,933/-) (in 000's)

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -10 FIXED ASSETS</b>		
<b>I. Premises</b>	-	-
At cost as at the beginning of the year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
<b>II. Other Fixed Assets (Including Furniture and Fixtures) ( Refer Schedule 18 (26.4 &amp;26.5))</b>		
At cost as at the beginning of the year	5,883,492	5,448,232
Additions during the year	1,135,749	504,771
Deductions during the year	(141,249)	(69,510)
Depreciation to date	(4,224,916)	(3,447,477)
<b>TOTAL</b>	<b>2,653,076</b>	<b>2,436,016</b>
<b>III. Capital Work In Progress (Including Capital Advances)</b>	175,723	57,910
<b>TOTAL (I+II+III)</b>	<b>2,828,799</b>	<b>2,493,926</b>

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE -11 OTHER ASSETS</b>		
I. Inter Office Adjustment (net)	-	-
II. Interest Accrued	3,244,007	2,185,939
III. Tax paid in Advance / Tax Deducted at Source (Net of provision for tax) .	102,320	686,101
IV. Stationery and Stamps	-	-
V. Nonbanking assets acquired in satisfaction of claims	-	-
VI. Others (including Deferred Tax Assets)	4,158,035	4,436,611
<b>TOTAL</b>	<b>7,504,362</b>	<b>7,308,651</b>



## Schedules forming part of the Balance Sheet (Contd.)

(₹ in 000's)

Particulars	As on March 31, 2023	As on March 31, 2022
<b>SCHEDULE - 12 CONTINGENT LIABILITIES (Refer Schedule 18(26.6))</b>		
I. Claims against the Bank not acknowledged as debts	25,825	788,408
II. Liability for partly paid Investments	-	-
III. Liability on account of Outstanding Forward Exchange Contracts	-	-
IV. Guarantees given on behalf of Constituents		
(a) In India	202,500	2,500
(b) Outside India	-	-
V. Acceptances, Endorsements and Other Obligations	-	-
VI. Other items for which the Bank is contingently liable - Capital commitments not provided/DEAF	721,709	581,397
<b>TOTAL</b>	<b>950,034</b>	<b>1,372,305</b>

(₹ in 000's)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>SCHEDULE -13 INTEREST EARNED</b>		
I. Interest /Discount on Advance/bills	37,077,655	25,757,788
II. Income on Investments	4,108,287	1,851,374
III. Interest on Balances With Reserve Bank of India and Other inter-bank funds	180,589	518,829
IV. Others	283,416	-
<b>TOTAL</b>	<b>41,649,947</b>	<b>28,127,991</b>

(₹ in 000's)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>SCHEDULE- 14 OTHER INCOME</b>		
I. Commission, Exchange and Brokerage	3,609,695	2,451,551
II. Profit on Sale of Investments (net)	17,840	177,093
III. Profit/ (Loss) on Revaluation of Investments (net)	-	-
IV. Profit/ (Loss) on sale of Land, Building and Other Assets (net)	(6,701)	(19,970)
V. Profit/ (Loss) on Exchange Transactions (net)	-	-
VI. Income earned by way of Dividends etc. from subsidiaries/ companies and/or joint ventures abroad/in India	-	700
VII. Miscellaneous Income	2,271,075	989,491
<b>Total</b>	<b>5,891,909</b>	<b>3,598,865</b>

(₹ in 000's)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>SCHEDULE- 15 INTEREST EXPENDED</b>		
I. Interest on Deposits	13,152,047	8,934,249
II. Interest on Reserve Bank of India/ Inter-Bank Borrowings	511,667	243,611
III. Others	1,007,212	1,214,210
<b>TOTAL</b>	<b>14,670,926</b>	<b>10,392,070</b>

## Schedules forming part of the Balance Sheet (Contd.)

Particulars	(₹ in 000's)	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>SCHEDULE -16 OPERATING EXPENSES</b>		
I. Payments to and Provision for Employees	9,202,541	8,125,998
II. Rent, Taxes and Lighting (including operating lease rentals)	1,369,439	1,151,689
III. Printing and Stationery	323,784	145,280
IV. Advertisement and Publicity	384,500	123,731
V. Depreciation on Banks Property	902,785	804,430
VI. Director's Fees, Allowances and Expenses	29,534	20,927
VII. Auditors' Fees and Expenses (Refer Schedule 18 (32))	14,085	12,870
VIII. Law Charges	83,137	53,945
IX. Postages, Telegrams, Telephones etc.	417,304	355,760
X. Repairs and Maintenance	392,458	305,372
XI. Insurance	197,227	132,523
XII. Other Expenditure	4,703,803	3,731,281
<b>TOTAL</b>	<b>18,020,597</b>	<b>14,963,806</b>



# Significant Accounting Policies forming part of the Financial Statements

FOR THE YEAR ENDED MARCH 31, 2023

## SCHEDULE 17

### 1 CORPORATE INFORMATION

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

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

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

### 2 BASIS OF PREPARATION

The accompanying financial statements have been prepared under the historical cost convention and on accrual basis except where otherwise stated, and in compliance with the Generally Accepted Accounting Principles ("GAAP") in India and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the RBI from time to time

(RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) head with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India. The financial statements are presented in Indian Rupees rounded off to the nearest thousands unless otherwise stated.

### 3 SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 USE OF ESTIMATES

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

#### 3.2 PROPERTY, PLANT AND EQUIPMENT (Fixed Assets)

Property, Plant and Equipment ( PPE ), Capital work in Progress are stated at cost, net of accumulated depreciation and accumulated impairment if any. The cost of an asset comprises its purchase price and any cost directly attributable to bringing the asset to its working condition and location for its intended use. Subsequent expenditure on PPE after its purchase is capitalised only if such expenditure meets recognition criteria stipulated in the relevant Accounting Standard.

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

## Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

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

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

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

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

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

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

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

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

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

### 3.3 INTANGIBLE ASSETS

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

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

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

### 3.4 IMPAIRMENT OF ASSETS

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

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



## Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

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

### 3.5 INVESTMENTS

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

#### **Categorisation of Investments:**

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

- (i) Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity.
- (ii) Held for Trading (HFT) – Securities acquired with the intention to trade.
- (iii) Available for Sale (AFS) – Securities which do not fall within the above two categories. Subsequent shifting amongst the categories is done in accordance with RBI guidelines.

#### **Classification of Investments:**

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

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

#### **Basis of Classification:**

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

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

#### **Acquisition cost and profit/loss on disposal:**

- (i) Broken period interest on debt instruments is treated as a receivable at the time of acquisition and post acquisition broken period interest treated as a revenue item.
- (ii) Brokerage, commission, etc. pertaining to Investments, paid at the time of acquisition is charged to the Profit and Loss Account.
- (iii) Profit or loss arising on disposal of investments are computed based on the weighted average cost method.

#### **Transfer between categories:**

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

#### **Valuation of Investments:**

- (i) Held to Maturity – Each security in this category is carried at its acquisition cost. Any premium on acquisition of the security is amortised over the balance period to maturity. The amortized amount is classified under Interest earned – Income on Investments (Item II of Schedule 13). The book value of the security is reduced to the extent of amount amortised during the relevant accounting period. Diminution, other than temporary, is determined and provided for each Investment individually.
- (ii) Held for Trading – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification is ignored, while net depreciation is provided for.
- (iii) Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.

## Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

- (iv) Market value of government securities (excluding treasury bills) is determined based on the prices / YTM declared by Financial Benchmarks India Pvt Limited (FBIL)
- (v) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.
- (vi) Provision for non-performing Investments is made in conformity with RBI guidelines.
- (vii) Provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to an Investment Reserve Account (IRA) in Schedule 2 – "Reserves & Surplus" under the head "Revenue and Other Reserves". The balance in the IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.
- (viii) Unquoted equity shares are valued at their break-up value. If latest Balance sheet is not available then unquoted equity share is valued at ₹ 1 per share.
- (ix) Units of the scheme of Mutual Funds are valued at the lower of cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.

### Disposal of Investments:

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

### Repurchase and reverse repurchase transactions:

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

### Investment Fluctuation Reserve:

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

- a) net profit on sale of investments during the year;
- b) net profit for the year less mandatory appropriations.

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

## 3.6 ADVANCES

Advances are classified as Performing Advances (Standard) and Non- Performing Advances (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision and Inter Bank Participating Certificates (IBPC) with risk sharing issued. The bank transfers advances through Inter-Bank Participation arrangements with and without risk, which are accounted for in accordance with the RBI guidelines, as follows:

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



## Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

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

The bank transfers advances through securitisation arrangements to special purpose vehicles setup for this purpose. Upon due execution/delivery of the requisite transaction documents and payment of purchase consideration, the value of amounts transferred is reduced from advances, the criteria for transfer of receivables in terms of the master directions of the Reserve Bank of India on "Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021, as updated on 2022" are satisfied, based on appropriate legal advice regarding compliance with true sale criteria stipulated in the said directions. In case these criteria are not fulfilled, the amount received is shown as borrowings.

### **Provisioning:**

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

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

### **Floating Provisions:**

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per

these guidelines or any regulatory guidance / instructions. Floating provisions to the extent not considered for computation of tier-II capital is subtracted from advances (schedule 9) and the balance has been included under the "Other Liabilities" vide Schedule 18(4.1) of the financial statements.

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

### **Recording and Presentation**

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

### **Priority Sector Lending Certificates (PSLCs):**

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

## **3.7 REVENUE RECOGNITION**

Interest income on loans, advances and investments (including deposits with banks and

## Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

other institutions) are recognised in the Profit and Loss Account on accrual basis, except in the case of Non- Performing Assets. Interest Income on Non- Performing Assets is recognised upon realisation as per the prudential norms of the RBI.

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

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

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

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

Commission on Bank Guarantee is recognised upfront in the Profit and Loss Account.

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

### 3.8 EMPLOYEE BENEFITS

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

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

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

#### Short term Employee benefits:

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

#### Long term Employee benefits:

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

#### Employee Stock Option Plan (ESOP)

In accordance with the Guidance Note on Accounting for Share-based Payments, issued by The Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the fair value method. Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the



## Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Schedule 18 (33). The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity -settled employee benefits reserve. The options that do not vest because of failure to satisfy vesting condition are reversed by a credit to employee compensation expense, equal to the amortised portion of value of lapsed portion. In respect of the options which expire unexercised the balance standing to the credit of Employee's Stock Option (Grant) Outstanding accounts is transferred to Profit & Loss Account.

### Employee Stock Purchase Scheme (ESPS)

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

### 3.9 Borrowing costs

Amortization of ancillary costs incurred in connection with the arrangement of bonds has been recognised in the profit and loss account. The unamortised amount has been shown under "Other Assets" vide Schedule 11 to the financial statements.

### 3.10 LEASES

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

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

19, Leases.

### 3.11 SEGMENT REPORTING

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

Segment revenues consist of earnings from external customers and inter-segment revenues based on a transfer pricing mechanism. Segment expenses consist of interest expenses including allocated operating expenses and provisions. Segment results are net of segment revenues and segment expenses. Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth and dividend liability, if any.

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

### 3.12 EARNINGS PER SHARE

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

### 3.13 TAXES ON INCOME

Tax expenses comprise of current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized, in general, only to the extent that

## Significant Accounting Policies forming part of the Financial Statements for the year ended March 31, 2023 (Contd.)

there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised; where there are unabsorbed depreciation and/or carry forward of losses under tax laws, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax asset can be realised against future taxable income.

In accordance with the directive of the RBI, Bank has recognised a provision for deferred tax liability on the Special Reserve created under section 36(1) (viii) of Income Tax Act, 1961.

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

### 3.14 PROVISIONS AND CONTINGENCIES

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

A disclosure of contingent liability is made when there is:

- i) a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- ii) a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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

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

realised.

### 3.15 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents includes cash in hand (including balance in ATM), balances with RBI, balances with other Banks and money at call and short notice. Cash and Cash Equivalents for the purpose of Cash Flow Statement comprises of Cash at Bank and in hand and short term Investments with an original maturity of less than three months.

### 3.16 PROPOSED DIVIDEND

Proposed dividend / declared after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is declared. Liability for balance preference dividend has been recognised since payment of the same is a prerequisite for payment of dividend to equity share holders.

### 3.17 TRANSACTIONS INVOLVING FOREIGN EXCHANGE

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

Foreign currency monetary items outstanding on the balance sheet date are reported using the exchange rate prevailing on that date. Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the year in which they arise.

Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined.

### 3.18 CORPORATE SOCIAL RESPONSIBILITY

Expenditure towards CSR when required, in accordance with Companies Act are recognised in the profit and loss account.

### 3.19 SHARE ISSUE EXPENSES

Expenses on issue of shares of the Bank have been written off against the securities premium account.



# Notes to financial statements

for the year ended March 31, 2023

## SCHEDULE 18

### 1 Capital

#### 1.1 Capital Infusion

During the year ended March 31, 2023, the bank has raised equity capital of ₹ 475 Crores through Qualified Institutions Placement (QIP) by issuing 22,61,90,476 equity shares of ₹ 10/-each at premium of ₹ 11/-each. Further, the Bank allotted 2,01,944 equity shares pursuant to the exercise of stock options under the approved Employee Stock Option Plan (ESOP) 2019. During the year, the bank has granted 4,82,29,093 fresh stock options to its eligible employees. Refer note 18(33) for further details.

#### 1.2 Capital Adequacy Ratio

The Bank computes its Capital Adequacy Ratio as per New Capital Adequacy Framework- BASEL-II and Operating Guidelines for Small Finance Banks (issued by RBI on October 06, 2016) and Basel III Capital regulations

Under the New Capital Adequacy Framework and Operating Guidelines for Small Finance Banks issued on October 06, 2016, the Bank has to maintain a Minimum Total Capital of 15% of the Credit Risk Weighted Assets (Credit RWA) on an on-going basis. Out of the Minimum Total Capital, at least 7.5% shall be from Minimum Tier I Capital of which Common Equity Tier I capital shall be 6% and 1.50% from additional Tier I capital and remaining Tier II Capital shall be 7.5%. Further as per RBI's directions given in the circular DBR.NBD.No. 4502/16.13.218/2017-18, dated November 8, 2017, no separate risk charge has been calculated for Market Risk and Operational Risk for capital ratios.

The capital adequacy ratio of the Bank is set out below:

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
i) Common Equity Tier 1 capital (A)	35,113,918	20,790,465
ii) Additional Tier 1 capital (B)	2,000,000	2,000,000
iii) Tier 1 capital (A+B)	37,113,918	22,790,465
iv) Tier 2 capital	5,113,643	1,664,752
v) Total capital ( Tier 1+ Tier 2)	42,227,561	24,455,217
vi) Total Risk weighted assets ( RWA )	163,609,392	128,790,899
vii) Common Equity Tier I Capital Ratio (as a percentage of Credit RWA)	21.46%	16.14%
viii) Tier I Capital Ratio (as a percentage of Credit RWA)	22.68%	17.70%
ix) Tier II Capital Ratio (as a percentage of Credit RWA)	3.13%	1.29%
x) Total Capital to Risk weighted asset Ratio (CRAR) (as a percentage of Credit RWA)	25.81%	18.99%
xi) Leverage Ratio	11.11%	9.74%
xii) Percentage of shareholding		
a) Government of India	Nil	Nil
b) State Government		
c) Sponsor Bank		
xiii) Amount of paid up equity capital raised during the year	2,263,924	-
xiv) Amount of non-equity Tier -I Capital raised during the year ; of which Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
xv) Amount of Tier II Capital raised; of which Debt Capital Instrument	3,000,000	-

#### 1A Reserves and Surplus

##### Statutory Reserve

The Bank has made an appropriation of ₹ 27,49,804('000) ( Previous Year: Nil) to the statutory reserve for the year ended March 31, 2023 out of profits, to the Statutory Reserve, pursuant to the requirements of section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

**Capital Reserve**

During the year ended March 31, 2023 the Bank not made any appropriation from the Profit and Loss Account to the Capital Reserve. But for the previous year (2021-22) the amount transferred was ₹13,856 ('000), being the profit from sale of Investments under HTM category, net of applicable taxes.

**Investment Fluctuation Reserve (IFR)**

In accordance with RBI guidelines, Banks are required to create an IFR equivalent to 2% of their HFT and AFS Investment portfolios, within a period of three years starting fiscal 2019. Accordingly, during the year ended March 31, 2023, the Bank has made an appropriation of ₹ 4,67,852 ('000) ( Previous Year: Nil )to IFR from the profit and loss account so as to reach to the figure of 2% of its HFT and AFS Investment portfolio.

**Investment Reserve Account (IRA)**

In accordance with RBI guidelines, Banks are required to create IRA to the extent of provisions created on account of depreciation in the 'AFS' or 'HFT' categories are found to be in excess of the required amount in any year, the excess shall be credited to the Profit & Loss Account and an equivalent amount (net of taxes, if any and net of transfer to Statutory Reserves as applicable to such excess provision) shall be appropriated to an Investment Reserve Account (IRA) in Schedule 2 – "Reserves & Surplus" under the head "Revenue and Other Reserves". During the Financial Year 2022-23, the Bank has written back ₹ 3,404 ('000) (Previous Year - NIL) and transferred to IRA

**Draw down from reserves****Share Premium**

The Bank has not made a drawdown from the share premium during the year ended March 31 2023 and March 31, 2022. However, the bank has adjusted the share issue expenses of ₹ 93,899 ( in 000's) against the Share premium account.

**2 Investments****2.1 Details of Investments**

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>Value of Investments</b>		
(i) Gross Value of Investments		
(a) In India	85,103,075	41,532,752
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	3,404
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	85,103,075	41,529,348
(b) Outside India	-	-
<b>Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	3,404	-
(ii) Add : Provisions made during the year	-	3,404
(iii) Less : Write-off / (write-back) of excess provisions during the year	3,404	-
(iv) Closing balance	-	3,404
<b>Movement of Investment Fluctuation Reserve</b>		
a) Opening balance	205,131	205,131
b) Add: Amount transferred during the year	467,852	-
c) Less: Drawdown	-	-
d) Closing balance	672,983	205,131
<b>Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category</b>	<b>2.00%</b>	<b>3.23%</b>

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

## 2.2 Composition of Investment Portfolio

	Investments in India						Investments outside India			Total In-vestments
	Government Securities	Other approved securities	Shares and bonds	Subsidiaries or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Total In-vestments in India	Government securities (including local authorities)	Subsidiaries and / Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	
<b>Held to Maturity</b>										
Gross	51,453,965					51,453,965				51,453,965
Less: Provision for non-performing Investments (NPI)										
Net	51,453,965					51,453,965				51,453,965
<b>Available For Sale</b>										
Gross	31,602,050		1,002		126,294	31,729,346				31,729,346
Less: Provision for depreciation and NPI										
Net	31,602,050		1,002		126,294	31,729,346				31,729,346
<b>Held for Trading</b>										
Gross	1,919,764					1,919,764				1,919,764
Less: Provision for depreciation and NPI										
Net	1,919,764					1,919,764				1,919,764
<b>Total Investments</b>										
Gross	84,975,779		1,002		126,294	85,103,075				85,103,075
Less: Provision for non-performing Investments (NPI)										
Less: Provision for depreciation and NPI										
Net	84,975,779		1,002		126,294	85,103,075				85,103,075

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

As on March 31, 2022

	Investments in India						Investments outside India			Total In-vestments	
	Government Securities	Other approved securities	Shares	Debentures and bonds	Subsidiaries and / or Joint Ventures	Others -Security receipts, pass through certificates, mutual fund etc.*	Total In-vestments in India	Government securities (including local authorities)	Subsidiaries and / or Joint Ventures		Others -Security receipts, pass through certificates, mutual fund etc.*
<b>Held to Maturity</b>											
Gross	35,175,706						35,175,706				35,175,706
Less: Provision for non-performing Investments (NPI)							-				-
Net	35,175,706						35,175,706				35,175,706
<b>Available For Sale</b>											
Gross	5,887,314		1,002				6,014,610				6,014,610
Less: Provision for depreciation and NPI	3,404						3,404				3,404
Net	5,883,910		1,002				6,011,206				6,011,206
<b>Held for Trading</b>											
Gross	342,436						342,436				342,436
Less: Provision for depreciation and NPI							-				-
Net	342,436						342,436				342,436
<b>Total Investments</b>											
Gross	41,405,456		1,002				41,532,752				41,532,752
Less: Provision for non-performing Investments (NPI)							-				-
Less: Provision for depreciation and NPI	3,404						3,404				3,404
Net	41,402,052		1,002				41,529,348				41,529,348



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

### SCHEDULE 18

#### 2.3 Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2023:

(₹ in 000's)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding As on March 31, 2023
<b>Securities sold under repo</b>				
i) Government Securities	19,187	3,908,340	705,966	2,513,640
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-
<b>Security purchased under reverse repo</b>				
i) Government Securities	47,715	12,300,000	1,277,951	-
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-

#### Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as at March 31, 2022:

(₹ in 000's)

Particulars	Minimum outstanding during the Year	Maximum outstanding during the Year	Daily average outstanding during the Year	Outstanding as on March 31, 2022
<b>Securities sold under repo</b>				
i) Government Securities	13,80,000	59,44,651	36,96,408	38,80,000
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-
<b>Security purchased under reverse repo</b>				
i) Government Securities	570,000	16,000,000	8,003,977	9,239,885
ii) Corporate debt securities	-	-	-	-
iii) Any other securities	-	-	-	-

#### 2.4 Non-SLR Investment Portfolio

Issuer Composition of Non-SLR Investments as at March 31, 2023 are as follows:

(₹ in 000's)

Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted securities'
1	2	3	4	5	6
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private Corporates	1,002	-	-	-	1,002
v) Subsidiaries/Joint ventures	-	-	-	-	-
vi) Others	126,294	126,294	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
<b>Total</b>	<b>127,296</b>	<b>126,294</b>	<b>-</b>	<b>-</b>	<b>1,002</b>

Note: Amount reported under columns 3, 4, 5 and 6 above are not mutually exclusive

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

Issuer Composition of Non-SLR Investments as at March 31, 2022 are as follows:

(₹ in 000's)					
Issuer	Amount	Extent of private placement	Extent of 'below investment grade' securities	Extent of 'unrated' securities	Extent of 'unlisted securities'
1	2	3	4	5	6
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private Corporates	1,002	-	-	-	1,002
v) Subsidiaries/Joint Ventures	-	-	-	-	-
vi) Others*	126,294	126,294	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
<b>Total</b>	<b>127,296</b>	<b>126,294</b>	<b>-</b>	<b>-</b>	<b>1,002</b>

**Note:** Amounts reported under columns 3,4,5 and 6 above are not mutually exclusive

\*PTCs of ₹1,26,294 are pending to be allotted.

### 2.5 Non-Performing Non-SLR Investments

The Bank does not have any Non-Performing Non-SLR Investments as at March 31, 2023 and March 31, 2022.

### 2.6 Sale and transfer of securities to/ from HTM Category

During the current and previous year, the value of sales and transfers of securities to / from HTM category excluding one time transfer of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by banks at the beginning of the accounting year, has not exceeded 5% of the book value of investments held in HTM category at the beginning of the year. Hence, specific disclosure on book value/market value and provisions if any, relating to such transfer is not required to be made.

## 3 DERIVATIVES/ EXCHANGE TRADED INTEREST DERIVATIVES/ RISK EXPOSURE IN DERIVATIVES

The Bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. The Bank does not have any Forward Rate Agreement or Interest rate swaps.

## 4 ASSET QUALITY

### 4.1 Classification of advances and provisions held :

As at March 31, 2023

Particulars	(₹ in 000's)					
	Standard	Non-Performing			Total	
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances	Total
<b>Gross Standard Advances and NPAs</b>						
Opening Balance	162,035,765	7,798,936	5,013,555	28,282	12,840,773	174,876,538
Add: Additions during the year	-	-	-	-	3,349,931	-
Less: Reductions during the year*	-	-	-	-	9,884,610	-
Closing balance	212,806,229	2,360,410	3,923,984	21,700	6,306,094	219,112,323
*Reductions in Gross NPAs due to:	-	-	-	-	9,884,610	-
(i) Upgradations	-	-	-	-	1,063,525	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	-	-	-	-	3,993,934	-
(iii) Technical/ Prudential Write-offs (only principal amount)	-	-	-	-	4,346,091	-



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

(₹ in 000's)

Particulars	Standard		Non-Performing			Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances	
(iv) Write-offs other than those under (iii) above	-	-	-	-	481,060	-
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	1,459,621	4,517,906	4,798,606	28,282	9,344,794	10,804,415
Add: Fresh provisions made during the year	-	-	-	-	2,525,503	-
Less: Excess provision reversed/ Write-off loans	-	-	-	-	6,854,586	-
Closing balance of provisions held	1,137,256	1,197,114	3,796,897	21,700	5,015,711	6,152,967
<b>Net NPAs</b>						
<b>Opening balance</b>	-	3,281,030	214,949	-	995,979	-
Add: Additions during the year*	-	-	-	-	1,480,519	-
Less: Reductions during the year*	-	-	-	-	3,686,115	-
Less: Floating provision made/ (reversed) during the year(not considered as part of Tier -II capital)**	-	-	-	-	(1,300,000)	-
<b>Closing balance</b>	-	1,163,297	127,086	-	90,383	-
<b>Floating Provisions</b>						
Opening Balance	-	-	-	-	-	2,500,000
Add: Additional provisions made during the year	-	-	-	-	-	-
Less: Amount draw down during the year	-	-	-	-	-	-
Closing balance of floating provisions**	-	-	-	-	-	2,500,000
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of technical / prudential write-offs accounts	-	-	-	-	-	7,173,564
Add: Technical/Prudential write offs during the Year	-	-	-	-	-	4,346,091
Less: Recoveries made from previously technically / prudentially written-off accounts during the Year	-	-	-	-	-	1,117,914
Closing balance of technical / prudential write-offs accounts	-	-	-	-	-	10,401,741

\*Outstanding balance as of March 31, 2023 has been considered in 'Additions during the year' for accounts which are classified as NPA post vacation of standstill of NPAs as per the Supreme Court judgement dated March 23, 2021 and the RBI circular dated April 07, 2021.

\*\*As per RBI guidelines, as at March 31, 2023, the Bank carries a floating provision of ₹ 250 Crores. Of which, ₹ 120 Crores (Previous Year ₹ 250 Crores) is used for calculation of net NPA and provision coverage ratio and remaining ₹ 130 Crores is disclosed as other liabilities. Out of ₹ 130 Crores, ₹ 30 Crores is used for calculation of Tier II capital and ₹ 100 Crores is unutilised, which can be utilised in future for calculation of net NPA and provision coverage ratio. The Bank has informed RBI about the same.

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

## As at March 31, 2022

Particulars	Standard		Non-Performing			Total
	Total Standard Advances	Sub-standard	Doubtful	Loss	Total Non-performing Advances	
(₹ in 000's)						
<b>Gross Standard Advances and NPAs</b>						
Opening Balance	140,693,678	10,178,378	494,692	32,906	10,705,976	151,399,654
Add: Additions during the year	-	-	-	-	20,883,500	-
Less: Reductions during the year*	-	-	-	-	18,748,703	-
Closing balance	162,035,765	7,798,936	5,013,555	28,282	12,840,773	174,876,538
*Reductions in Gross NPAs due to:						
(i) Upgradations	-	-	-	-	5,663,179	-
(ii) Recoveries (excluding recoveries made from upgraded accounts)	-	-	-	-	5,199,725	-
(iii) Technical/ Prudential Write-offs (only principal amount)	-	-	-	-	7,524,359	-
(iv) Write-offs other than those under (iii) above	-	-	-	-	361,440	-
	-	-	-	-	-	-
<b>Provisions (excluding Floating Provisions)</b>						
Opening balance of provisions held	3,085,498	5,953,627	473,603	32,906	6,460,136	9,545,634
Add: Fresh provisions made during the year	-	-	-	-	13,557,632	-
Less: Excess provision reversed/ Write-off loans	-	-	-	-	10,672,974	-
Closing balance of provisions held	1,459,621	4,517,906	4,798,606	28,282	9,344,794	10,804,415
	-	-	-	-	-	-
<b>Net NPAs</b>						
<b>Opening balance</b>	-	4,224,751	21,088	-	4,245,839	-
Add: Additions during the year #*	-	-	-	-	7,594,986	-
Less: Reductions during the year #*	-	-	-	-	8,344,846	-
Less: Floating provision made during the year(not considered as part of Tier-II capital)	-	-	-	-	2,500,000	-
<b>Closing balance</b>	-	3,281,030	214,949	-	995,979	-
<b>Floating Provisions</b>						
Opening Balance	-	-	-	-	-	-
Add: Additional provisions made during the year	-	-	-	-	-	2,500,000
Less: Amount draw down during the year	-	-	-	-	-	-
Closing balance of floating provisions	-	-	-	-	-	2,500,000
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of technical / prudential write-offs accounts	-	-	-	-	-	-
Add: Technical/Prudential write offs during the Year	-	-	-	-	-	7,524,359
Less: Recoveries made from previously technically / prudentially written-off accounts during the Year	-	-	-	-	-	350,795
Less: Actual write off during the Year	-	-	-	-	-	-
Closing balance of technical / prudential write-offs accounts	-	-	-	-	-	7,173,564

# additions and reductions do not include cases which have become NPA during the year and subsequently moved out of NPA in the same year.



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

### SCHEDULE 18

#### Ratios :

Particulars	As on March 31, 2023	As on March 31, 2022
Gross NPA to Gross Advances	2.88%	7.34%
Net NPA to Net Advances	0.04%	0.61%
Provision Coverage Ratio	98.41%	92.20%

#### 4.2 Provisions on Standard Assets:

Bank has followed the prudential norms on income recognition, asset classification and provisions. The excess provisions over and above the same is as per the Board approved policy.

The provision on standard assets is included in 'Other Liabilities and Provisions – (iv) Standard asset-General Provisions' in Schedule 5, and is not netted off from Advances.

The provision written back in respect of standard assets during the year amounting to ₹3,22,365 ('000) pertaining to previous year(s).

Particulars	As on March 31, 2023	As on March 31, 2022
Provisions towards Standard Assets	1,137,256	1,459,621

(₹ in 000's)

#### 4.3 Unsecured advances

The Bank has not extended any project advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The Advances as at March 31, 2023 of ₹ 14,48,54,546('000) (PY. ₹ 1,19,200,659 ('000)) disclosed in Schedule 9B (iii) are without any primary or collateral security.

#### 4.4 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.

#### 4.5 a) Details of Financial Assets sold to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction

The details of Securitisation to a special purpose vehicle is furnished in Schedule 18 (37).

#### b) Details of Book Value of Investment in Security Receipts

During the current and previous year, the Bank has not made Investment in Security Receipts.

#### 4.6 Details of NPA Purchase/Sold

During the current and previous year, there has been no purchase/ sale of non-performing financial assets from/ to other banks.

#### 4.7 Intra-Group Exposure

During the current and previous year, the Bank does not have any Intra Group Exposure.

#### 4.8 Disclosures Resolution of Stressed Assets

There were no accounts that have been restructured under prudential framework on resolution of stressed assets as per the circular no. RBI/2018-19/203 DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019 during the year ended March 31, 2023. (March 31, 2022: Nil).

#### 4.9 Disclosure of transfer of loan not in default

##### Disclosure of transfer of loan exposures as on March 31, 2023

	IBPC	Securitisation	DA
No: of accounts	1,026,348	19,237	1,132
Total amount of loans transferred	41,670,409	2,228,906	1,014,105
weighted average residual maturity ( in years)	1.40	8.76	11.05
weighted average holding period ( in years )	2.08	11.48	13.40
Retention of beneficial economic interest	NA	NA	10%
Tangible security coverage	NA	NA	NA

(₹ in 000's)

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

## Disclosure of transfer of loan exposures as on March 31, 2022

	(₹ in 000's)	
	IBPC	Securitisation
No: of accounts	11,355	3,305
Total amount of loans transferred	10,362,497	2,494,082
weighted average residual maturity ( in years)	13.55	10.78
weighted average holding period ( in years )	15.05	12.70
Retention of beneficial economic interest	NA	NA
Tangible security coverage	NA	NA

## 5 BUSINESS RATIOS:

Particulars	As on March 31, 2023	As on March 31, 2022
Interest income as a percentage to working funds <sup>1</sup>	15.28%	13.81%
Non-interest income as a percentage to working funds <sup>1</sup>	2.16%	1.54%
Cost of Deposits	6.41%	6.16%
Net interest Margin	9.48%	8.79%
Operating profit as a percentage to working funds <sup>1,4</sup>	5.45%	2.91%
Return on assets <sup>2</sup>	4.04%	-2.04%
Business (deposits plus gross advances) per employee (in 000's) <sup>3</sup>	23,906	18,099
Profit/(Loss) per employee (in 000's)	633	(252.63)

Notes:

- Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the Year.
- Returns on assets are computed with reference to average working funds.
- Business is defined as total of average of gross advances and deposits (net of inter-bank deposits and Certificate of Deposits).
- Operating profit is net profit for the Year before provisions and contingencies and profit / (loss) on sale of building and other assets (net).

## 6 CONCENTRATION OF DEPOSITS, ADVANCES, EXPOSURES &amp; NPAS

## 6.1 Concentration of Deposits

	(₹ in 000's)	
Particulars	As on March 31, 2023	As on March 31, 2022
Total Deposits to twenty largest Depositors	46,710,435	41,157,769
Percentage of Deposits of twenty largest Depositors to Total Deposits of the Bank	18.29%	22.50%

## 6.2 Concentration of Advances\*

	(₹ in 000's)	
Particulars	As on March 31, 2023	As on March 31, 2022
Total Advances to twenty largest Borrowers	8,190,760	7,037,837
Percentage of Advances of twenty largest Borrowers to Total Advances of the Bank	3.73%	3.94%

\*Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No. Dir.BC.12/13.03.00/2015-16 dated July 1, 2015. Total advances is the aggregate advances of the bank before subtracting provisions for NPA and Floating provision



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

### 6.3 Concentration of Exposures\*

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Total Exposure to twenty largest Borrowers/Customers	8,190,760	7,037,837
Percentage of Exposures of twenty largest Borrowers/Customers to Total Exposure of the Bank on borrowers/customers	3.73%	3.94%

\*Exposures are computed based on Credit and Investment Exposure as prescribed in the Master Circular on Exposure Norms DBR.No.Dir.BC.12/13.03.00/2015-16 dated July 1, 2015.

### 6.4 Concentration of NPAs

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Total Exposure to the top twenty NPA accounts	243,878	193,853
Percentage of Exposures to the twenty largest NPA exposure to total Gross NPAs	3.86%	1.51%

## 7 SECTOR-WISE ADVANCES AND GROSS NPAs:

### As on March 31, 2023

Sector	(₹ in 000's)		
	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>Priority sector:</b>			
Agriculture and allied activities	48,773,951	1,223,667	2.51%
Advances to industries eligible as priority sector lending	6,056,484	341,450	5.64%
Services	7,755,333	384,139	4.95%
Personal loans	99,227,321	2,471,320	2.49%
-of which Housing Loans	36,147,655	852,121	2.36%
<b>Sub-Total (A)</b>	<b>161,813,090</b>	<b>4,420,576</b>	<b>2.73%</b>
<b>Non-Priority sector:</b>			
Agriculture and Allied activities			
Services	11,275,262	44,168	0.39%
-of which NBFC Loans	11,275,262	44,168	0.39%
Personal loans	46,023,971	1,858,715	4.04%
-of which Housing Loans	17,836,336	379,719	2.13%
<b>Sub-Total (B)</b>	<b>57,299,233</b>	<b>1,902,883</b>	<b>3.32%</b>
<b>Total (A) + (B)</b>	<b>219,112,323</b>	<b>6,323,459</b>	<b>2.88%</b>

### As on March 31, 2022

Sector	(₹ in 000's)		
	Outstanding Total Advances	Gross NPAs	% of Gross NPAs to Total Advances in that sector
<b>Priority sector:</b>			
Agriculture and allied activities	46,481,180	3,300,588	7.10%
Advances to industries eligible as priority sector lending	5,205,763	1,108,059	21.29%
Services	10,888,439	3,958,028	36.35%
Personal loans	74,046,327	2,547,137	3.44%
-of which Housing Loans	22,673,591	1,432,032	6.32%
<b>Sub-Total (A)</b>	<b>136,621,709</b>	<b>10,913,812</b>	<b>7.99%</b>
<b>Non-Priority sector:</b>			

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

## As on March 31, 2022

Sector	Outstanding Total Advances	Gross NPAs	(₹ in 000's)
			% of Gross NPAs to Total Advances in that sector
Agriculture and allied activities			
Services	8,558,031	44,168	0.52%
-of which NBFC Loans	8,558,031	44,168	0.52%
Personal loans	29,696,768	1,882,793	6.34%
-of which Housing Loans	9,380,156	569,272	6.07%
<b>Sub-Total (B)</b>	<b>38,254,799</b>	<b>1,926,961</b>	<b>5.04%</b>
<b>Total (A) + (B)</b>	<b>174,876,508</b>	<b>12,840,773</b>	<b>7.34%</b>

## 8 PRIORITY SECTOR LENDING CERTIFICATES (PSLC)

Particulars	(₹ in 000's)			
	For the year ended March 31, 2023		For the year ended March 31, 2022	
	PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1) PSLC Agriculture	-	-	-	-
2) PSLC Small Farmers / Marginal Farmers	22,000,000	-	11,500,000	-
3) PSLC Micro Enterprises	-	2,000,000	5,000,000	11,310,000
4) PSLC General	-	-	-	-
<b>Total</b>	<b>22,000,000</b>	<b>2,000,000</b>	<b>16,500,000</b>	<b>11,310,000</b>

## 9 INTER-BANK PARTICIPATION WITH RISK SHARING

The aggregate amount of participation issued by the bank and reduced from advances as per regulatory guidelines as at March 31, 2023 ₹ 1,86,00,000 ('000) and for March 31, 2022 is ₹ 42,50,000 ('000).

## 10 ASSET LIABILITY MANAGEMENT (ALM)

## Maturity Pattern of certain items of Assets and Liabilities

## Specified Assets and Liabilities As on March 31, 2023:

Maturity Buckets	(₹ in 000's)			
	Loans & Advances	Investments	Deposits	Borrowings
1 day	60,082	-	569,037	-
2 days to 7 days	2,649,842	499,565	8,500,558	4,247,640
8 days to 14 days	3,764,613	-	6,004,558	-
15 days to 30 days	3,932,729	1,444,448	6,538,548	-
31 days to 2 months	10,486,647	4,616,205	16,326,693	-
Over 2 months up to 3 months	10,730,193	9,869,452	14,960,347	100,000
Over 3 months up to 6 months	13,280,075	12,736,077	24,176,634	932,000
Over 6 months up to 12 months	58,273,575	8,402,411	46,489,552	3,544,000
Over 1 year up to 3 years	74,339,148	1,800,805	128,170,302	11,106,000
Over 3 years up to 5 years	7,600,454	18,716,782	1,589,955	2,256,000
Over 5 years	27,779,253	27,017,330	2,050,639	4,229,000
<b>Total</b>	<b>212,896,611</b>	<b>85,103,075</b>	<b>255,376,822</b>	<b>26,414,640</b>

## Note:

- The bucketing structure has been revised based on RBI guideline dated March 23, 2016.
- The Bank is following 30 day month convention for calculation of bucket sizes for ALM.
- There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2023.
- Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

### SCHEDULE 18

#### Specified Assets and Liabilities as on March 31, 2022

Maturity Buckets	(₹ in 000's)			
	Loans & Advances	Investments	Deposits	Borrowings
1 day	18,988	-	525,534	-
2 days to 7 days	1,614,857	-	4,952,324	-
8 days to 14 days	2,661,201	-	4,773,711	11,400
15 days to 30 days	3,307,503	-	7,098,582	-
31 days to 2 months	7,801,081	-	14,321,559	1,511,400
Over 2 months up to 3 months	7,861,645	-	9,169,041	178,000
Over 3 months up to 6 months	14,371,456	2,763,708	19,686,837	2,725,016
Over 6 months up to 12 months	39,785,702	3,254,841	38,962,593	3,734,800
Over 1 year up to 3 years	51,668,415	1,967,653	81,384,273	6,475,000
Over 3 years up to 5 years	15,301,228	6,426,975	1,946,047	-
Over 5 years	18,639,638	27,116,171	101,668	3,000,000
<b>Total</b>	<b>163,031,714</b>	<b>41,529,348</b>	<b>182,922,169</b>	<b>17,635,616</b>

**Note:**

- 1) The bucketing structure has been revised based on RBI guideline dated March 23, 2016.
- 2) The Bank is following 30 day month convention for calculation of bucket sizes for ALM.
- 3) There are no Foreign Currency Assets or Liabilities with the Bank as at March 31, 2022
- 4) Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.
- 5) RBI vide its circular dated March 27, 2020 on 'COVID-19 Regulatory Package' permitted the Bank to grant a moratorium of three months on payment of all instalments falling due between March 1, 2020 and May 31, 2020. The Bank in line with the said circular has offered moratorium on the respective maturity buckets presented above. The Bank estimates that considerable portion of the cash flows impacted by the moratorium will be received within 1-3 years from the balance sheet date and the same has been factored in the above disclosure.

## 11 EXPOSURE

### 11.1 Exposure to Real Estate Sector:

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>A) Direct Exposure</b>		
i) Residential Mortgages	50,003,509	42,510,880
<i>(of which housing loans eligible for Inclusion in priority sector Advances)</i>	17,862,569	15,685,343
ii) Commercial Real Estate	703,787	463,348
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures:	-	-
- Residential	-	-
- Commercial Real Estate	-	-
<b>Total (A)</b>	<b>50,707,296</b>	<b>42,974,229</b>
<b>B) Indirect Exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	510,620	938,119
<b>Total (B)</b>	<b>510,620</b>	<b>938,119</b>
<b>Total Real Estate Exposure (A+B)</b>	<b>51,217,916</b>	<b>43,912,348</b>

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

## 11.2 Exposure to Capital Market:

Sl. No.	Particulars	(₹ in 000's)	
		As on March 31, 2023	As on March 31, 2022
1	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,002	1,002
2	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for Investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
3	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
4	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the Advances;	-	-
5	Secured and Unsecured Advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	200,000	-
6	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
7	Bridge loans to companies against expected equity flows / issues;	-	-
8	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
9	Financing to stockbrokers for margin trading;	-	-
10	All exposures to Venture Capital Funds (both registered and unregistered);	-	-
	<b>Total Exposure to Capital Market</b>	<b>201,002</b>	<b>1,002</b>

**Note:** During the Year, Bank has not converted any debt to equity as a part of strategic debt restructuring which is exempt from Capital Market Exposure limit.

## 11.3 Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the Bank:

During the current and previous year there are no instances of SBL/GBL limit exceeding the sanctioned limit or outstanding whichever is higher.

## 12 DISCLOSURE OF PENALTIES IMPOSED BY RBI

## Year ended March 31, 2023

During the FY 2022-23, RBI has not levied any penalty under the provisions of the (i) 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.

## Year ended March 31, 2022

During the FY 2021-22, RBI has imposed the following penalties on the bank under the provisions of the Government Securities Act 2006 (for bouncing of SGL) in terms of circular ref. IDMD.DOD.17/11.01.01 (B) 2010-11 dated July 14, 2010;

- On July 8, 2021 Public Debt Office (PDO) RBI had levied a penalty of ₹ 1,00,000 for a shortage of balance of security in a deal executed by the bank on July 01, 2021. This was the first instance of SGL bouncing; and
  - On August 23, 2021 Public Debt Office (PDO) RBI had levied a penalty of ₹ 50,000 for a shortage of balance of security in a deal executed by the bank on August 05, 2021. This was the second instance of SGL bouncing;
- RBI has not levied any other penalties under the provisions of the Banking Regulations Act 1949 and Payment and Settlement Act, 2007 as per the Master Direction on Financial Statements - Presentation and Disclosures dated August 30, 2021.



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

### SCHEDULE 18

#### 13 OVERSEAS ASSETS, NPAS AND REVENUE

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable.

#### 14 SUMMARY INFORMATION ON COMPLAINTS RECEIVED BY THE BANK FROM CUSTOMERS AND FROM THE OFFICES OF BANKING OMBUDSMAN (OBOs)

Sl. No	Particulars	Current Year	Previous Year
	Customer complaints received by the bank from its customers	FY 2022-23	FY 2021-22
1	Number of complaints pending at beginning of the year	313	561
2	Number of complaints received during the year	22,740	22,812
3	Number of complaints disposed during the year	22,761	23,060
	Of which, number of complaints rejected by the bank	451	532
4	Number of complaints pending at the end of the year	292	313
	Maintainable complaints received by the bank from OBOs		
5	Number of maintainable complaints received by the bank from OBOs	155	142
	Of 5, number of complaints resolved in favour of the bank by BOs	73	139
	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by BOs	82	3
	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	-	-
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 ( Previously Banking Ombudsman Scheme, 2006 ) and covered within the ambit of the scheme.

#### 15 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	-35%	25	-
Account opening/difficulty in operation of accounts	8	2,500	-6%	2	-
Others*	45	2,358	-8%	73	7
Loans and advances	7	669	-44%	10	2
Miscellaneous Items**	29	1,465	-28%	7	-
<b>Total</b>	<b>313</b>	<b>22,740</b>	<b>-0.3%</b>	<b>292</b>	<b>49</b>

\*16.Others' Includes complaints related to "1. Alleged Transaction (Credentials Compromised & Transactions Not carried out by customer), 2. Complaints against the staff related to Fraud / Amount Misappropriation, Commission cases, 3. Deposit related such as 'Delay in Closure of FD, FD Interest clarification, TDS Clarification,' etc

\*\* Others ( Miscellaneous) includes following category of complaint It includes levy of charges without prior notice/excessive charges/foreclosure charges, Mis-selling/ Para-banking, Staff behavior, Non-observance of Fair Practices Code, Cheques/drafts/bills, Exchange of coins and issuance/acceptance of small denomination notes and coins.

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

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 re- ceived over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending be- yond 30 days
(1)	(2)	(3)	(4)	(5)	(6)
Internet/Mobile/Electronic Banking	160	7,272	-16%	79	-
ATM/Debit Cards	181	7,079	3%	145	9
Account opening/difficulty in operation of accounts	59	2,553	-131%	8	-
Others	110	2,672	-2%	45	7
Loans and advances	27	1,196	-13%	7	-
Miscellaneous Items*	24	2,040	17%	29	-
<b>Total</b>	<b>561</b>	<b>22,812</b>	<b>-26%</b>	<b>313</b>	<b>16</b>

\*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.

## 16 FRAUD ACCOUNTS

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Number of frauds reported	618	383
Amount involved in fraud	97,364	53,053
Amount of provision made for such frauds *	67,554	26,091
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	NA	NA

\* Note: The provision amount is net of recovery/write off's as at the end of the year

## 17 PROVISIONS AND CONTINGENCIES

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Provision for NPA (including bad debts written off)	498,068	13,270,457
Provision for Standard Assets	(322,365)	(1,625,877)
Provision for Income tax (Net of deferred tax liability/(asset) of ₹ 7,52,455 (000's) (₹ (13,57,681)(000's) previous year.) refer schedule 18 (26.1)	3,673,159	(1,357,681)
Other Provisions and Contingencies	2,254	229,986
<b>Total</b>	<b>3,851,116</b>	<b>10,516,884</b>

## 18 BANCASSURANCE BUSINESS

Commission income for the year ended March 31, 2023 includes fees of ₹ 4,35,917 (000's) (Previous Year: ₹ 2,64,065 (000's)) in respect of insurance business.



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

### 19. LIQUIDITY COVERAGE RATIO (LCR)

The Bank adheres to RBI guidelines on Liquidity Coverage Ratio given in “Basel III Framework on Liquidity Standards - Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards” and “Operating Guidelines for Small Finance Banks”.

LCR is the ratio of unencumbered High Quality Liquid Assets (HQLA) to Net Cash Outflows over the next 30 calendar days. LCR measures the Bank’s ability to manage and survive under combined idiosyncratic and market-wide liquidity stress condition that would result in accelerated withdrawal of deposits from retail as well wholesale depositors, partial loss of secured funding, increase in collateral requirements, unscheduled draw down of unused credit lines, etc. These stress conditions are captured as a part of the Net Cash Outflows. HQLA of the Bank consist of cash, unencumbered excess SLR, a portion of statutory SLR as allowed under the guidelines and cash balance with RBI in excess of statutory cash reserve requirements.

LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA to meet its liquidity needs for a 30 calendar day liquidity stress scenario. As mentioned in the “Operating Guidelines for Small Finance Banks”, the Bank has to maintain the prescribed level of LCR as follows:

Particulars	Till December 31, 2017	By January 1, 2018	By January 1, 2019	By January 1, 2020	By January 1, 2021
Minimum LCR	60%	70%	80%	90%	100%

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## SCHEDULE 18

## 19. (A) QUANTITATIVE DISCLOSURE AROUND LCR

Particulars	Quarter ended March 31, 2023**		Quarter ended December 31, 2022**		Quarter ended September 30, 2022**		Quarter ended June 30, 2022**	
	Unweighted Value (average)*	Total Weighted Value (average)*	Unweighted Value (average)*	Total Weighted Value (average)*	Unweighted Value (average)*	Total Weighted Value (average)*	Unweighted Value (average)*	Total Weighted Value (average)*
<b>High Quality Liquid Assets</b>								
1. Total High Quality Liquid Assets (HQLA)	78,415,051	78,415,051	64,132,075	64,132,075	47,581,138	47,581,138	44,576,735	44,576,735
Cash Outflows								
2. Retail deposits and deposits from small business customers, of which:	124,926,773	9,341,545	107,778,273	8,010,611	92,941,274	6,824,689	83,481,870	6,085,167
(i) Stable deposits	63,022,648	3,151,132	55,344,320	2,767,216	49,388,765	2,469,438	45,260,395	2,263,020
(ii) Less stable deposits	61,904,125	6,190,412	52,433,953	5,243,395	43,552,509	4,355,251	38,221,475	3,822,147
3. Unsecured wholesale funding, of which:	52,828,562	40,034,338	43,074,050	29,192,368	46,885,154	33,083,360	43,565,275	31,515,649
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	6,578,939	605,274	8,909,076	845,839	9,470,493	910,613	8,004,698	768,805
(iii) Unsecured debt	46,249,623	39,429,064	34,164,974	28,346,529	37,414,661	32,172,747	35,560,577	30,746,844
4. Secured wholesale funding	2,811,583	538,317	654,829	107,085	1,494,517	63,102	1,715,762	41,456
5. Additional requirements, of which	6,699,455	334,973	5,191,892	259,595	5,095,955	254,798	4,459,318	222,966
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	6,699,455	334,973	5,191,892	259,595	5,095,955	254,798	4,459,318	222,966
6. Other contractual funding obligations	1,304,470	1,304,470	1,135,190	1,135,190	1,161,045	1,161,045	413,928	413,928
7. Other contingent funding obligations	5,037,292	1,940,917	5,300,037	2,096,144	4,307,968	1,723,187	2,853,561	1,141,424



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

	(₹ in 000's)				
<b>8. Total Cash Outflows</b>	<b>193,608,135</b>	<b>53,494,560</b>	<b>163,134,271</b>	<b>40,800,992</b>	<b>151,885,913</b>
<b>Cash Inflows</b>					
9. Secured lending (e.g. reverse repos)	73,097	-	696,768	-	1,263,145
10. Inflows from fully performing exposures	16,165,990	10,033,556	17,100,566	11,765,551	18,918,721
11. Other cash inflows	500,000	-	500,000	-	408,602
<b>12. Total Cash Inflows</b>	<b>16,739,087</b>	<b>10,033,556</b>	<b>18,297,334</b>	<b>11,765,551</b>	<b>20,590,468</b>
<b>13. TOTAL HQLA</b>					
		78,415,051	64,132,075	47,581,138	44,576,735
<b>14. Total Net Cash Outflows</b>		43,461,004	29,035,441	29,328,569	25,930,529
<b>15. Liquidity Coverage Ratio (%)</b>		<b>180.43%</b>		<b>220.88%</b>	<b>162.23%</b>

\*Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.

\*\* The disclosure is based on the BLR return (BLR 1) for the respective quarter filed by the Bank with the RBI except for quarter ended March 31, 2023. Disclosure for quarter ended March 31, 2023 is based on BLR Return including the impact on disclosure due to adjustments made in books of accounts.

Quantitative disclosure around LCR

The table sets out Quantitative Information for all four quarters of the financial year ended March 31, 2022 as follows:

Particulars	Quarter ended March 31, 2022**		Quarter ended December 31, 2021**		Quarter ended September 30, 2021**		Quarter ended June 30, 2021**	
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total Unweighted Value (average)*	Total Weighted Value (average)*
<b>High Quality Liquid Assets</b>								
1. Total High Quality Liquid Assets (HQLA)	37,732,514	37,732,514	33,362,312	33,362,312	37,486,035	37,486,035	33,959,990	33,959,990
<b>Cash Outflows</b>								
2. Retail deposits and deposits from small business customers, of which:	74,529,349	7,033,629	65,937,629	6,593,763	59,352,210	5,935,221	53,818,503	3,934,121
(i) Stable deposits	8,386,127	419,306	-	-	-	-	28,954,577	1,447,729
(ii) Less stable deposits	66,143,222	6,614,322	65,937,629	6,593,763	59,352,210	5,935,221	24,863,926	2,486,393

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

Particulars	(₹ in 000's)											
	Quarter ended March 31, 2022**			Quarter ended December 31, 2021**			Quarter ended September 30, 2021**			Quarter ended June 30, 2021**		
	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total	Total Unweighted Value (average)*	Total Weighted Value (average)*	Total
3. Unsecured wholesale funding, of which:	41,139,367	27,361,477	33,725,306	21,668,627	36,128,304	25,763,254	38,024,237	28,594,203	-	-	-	-
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	14,286,252	1,422,792	13,396,310	1,339,631	11,516,722	1,151,672	10,390,420	960,386	-	-	-	-
(iii) Unsecured debt	26,853,115	25,938,685	20,328,996	20,328,996	24,611,582	24,611,582	27,633,817	27,633,817	-	-	-	-
4. Secured wholesale funding	376,212	27,002	1,971,619	-	1,783,391	41,033	672,826	-	-	-	-	-
5. Additional requirements, of which	3,548,384	177,419	2,555,284	127,764	1,640,565	82,028	1,114,301	55,715	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	3,548,384	177,419	2,555,284	127,764	1,640,565	82,028	1,114,301	55,715	-	-	-	-
6. Other contractual funding obligations	71,943	71,943	64,689	64,689	59,524	59,524	51,642	51,642	-	-	-	-
7. Other contingent funding obligations	2,076,115	830,446	1,964,099	785,640	1,423,466	569,386	931,389	372,555	-	-	-	-
<b>8. Total Cash Outflows</b>	<b>121,741,370</b>	<b>35,501,916</b>	<b>106,218,626</b>	<b>29,240,483</b>	<b>100,387,460</b>	<b>32,450,447</b>	<b>94,612,897</b>	<b>33,008,237</b>	-	-	-	-
<b>Cash Inflows</b>												
9. Secured lending (e.g. reverse repos)	5,947,859	-	6,949,585	-	10,889,924	-	8,196,980	-	-	-	-	-
10. Inflows from fully performing exposures	10,076,490	5,652,043	9,005,205	5,172,204	11,683,811	7,788,989	12,793,371	8,366,321	-	-	-	-
11. Other cash inflows	833,333	-	1,500,000	-	1,500,000	-	1,333,333	-	-	-	-	-
<b>12. Total Cash Inflows</b>	<b>16,857,682</b>	<b>5,652,043</b>	<b>17,454,790</b>	<b>5,172,204</b>	<b>24,073,735</b>	<b>7,788,989</b>	<b>22,323,684</b>	<b>8,366,321</b>	-	-	-	-
<b>13. TOTAL HQLA</b>												
<b>14. Total Net Cash Outflows</b>												
<b>15. Liquidity Coverage Ratio (%)</b>												
		<b>126.41%</b>		<b>138.62%</b>		<b>152.00%</b>		<b>137.81%</b>				

\*Average weighted and unweighted amounts are calculated taking simple daily average for all quarters.

\*\* The disclosure is based on the BLR return (BLR 1) for the respective quarter filed by the Bank with the RBI except for quarter ended March 31, 2022. Disclosure for quarter ended March 31, 2022 is based on BLR Return including the impact on disclosure due to adjustments made in books of accounts.



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**SCHEDULE 18**

**19. (B) NET STABLE FUNDING RATIO AS ON MARCH 31, 2023**

Particulars	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
(₹ in 000's)					
<b>ASF Item</b>					
1 Capital: (2+3)	42,227,560	-	-	-	42,227,560
2 Regulatory capital	42,227,560	-	-	-	42,227,560
3 Other capital instruments	-	-	-	-	-
4 Retail deposits and deposits from small business customers: (5+6)	141,951,429	-	-	-	131,219,066
5 Stable deposits	69,255,598	-	-	-	65,792,818
6 Less stable deposits	72,695,831	-	-	-	65,426,248
7 Wholesale funding: (8+9)	-	6,727,418	25,703,580	20,736,175	36,951,674
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	6,727,418	25,703,580	20,736,175	36,951,674
10 Other liabilities: (11+12)	8,537,115	83,844,742	454,445	727,948	-
11 NSFR derivative liabilities	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	8,537,115	83,844,742	454,445	727,948	-
<b>13 Total ASF (1+4+7+10)</b>	-	-	-	-	210,398,300
<b>RSF Item</b>					
14 Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	1,788,744
15 Deposits held at other financial institutions for operational purposes	-	83,746	-	490	42,118
16 Performing loans and securities: (17+18+19+21+23)	-	93,322,450	58,161,401	34,394,023	98,121,297
17 Performing loans to financial institutions secured by Level 1 HQLA	-	10,470,000	-	-	-
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	5,303,576	3,260,198	4,366,301	6,791,937
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	76,999,241	54,901,203	29,900,426	91,221,159
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	211,474	204,351	722,124	677,293
21 Performing residential mortgages, of which:	-	549,633	-	-	-
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	549,633	-	-	-
23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	127,296	108,202
24 Other assets: (sum of rows 25 to 29)	16,263,683	-	6,755,446	51,061,240	57,287,859
25 Physical traded commodities, including gold	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	468,571	398,285
27 NSFR derivative assets	-	-	-	-	-
28 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29 All other assets not included in the above categories	16,263,683	-	6,755,446	50,592,669	56,889,574
30 Off-balance sheet items	-	2,472,471	1,617,328	8,341,455	633,963
<b>31 Total RSF (14+15+16+24+30)</b>	-	-	-	-	<b>157,873,981</b>
<b>32 Net Stable Funding Ratio (%)</b>					<b>133%</b>

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

## Net Stable Funding Ratio as on March 31, 2022

Particulars	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
(₹ in 000's)					
<b>ASF Item</b>					
1 Capital: (2+3)	24,455,217	-	-	-	24,455,217
2 Regulatory capital	24,455,217	-	-	-	24,455,217
3 Other capital instruments	-	-	-	-	-
4 Retail deposits and deposits from small business customers: (5+6)	92,412,264	-	-	-	85,496,687
5 Stable deposits	46,512,999	-	-	-	44,187,349
6 Less stable deposits	45,899,264	-	-	-	41,309,338
7 Wholesale funding: (8+9)	-	6,334,941	22,232,747	17,433,247	31,717,091
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	-	6,334,941	22,232,747	17,433,247	31,717,091
10 Other liabilities: (11+12)	10,078,523	62,798,146	594,207	341,684	-
11 NSFR derivative liabilities	-	-	-	-	-
12 All other liabilities and equity not included in the above categories	10,078,523	62,798,146	594,207	341,684	-
<b>13 Total ASF (1+4+7+10)</b>					<b>141,668,995</b>
<b>RSF Item</b>					
14 Total NSFR high-quality liquid assets (HQLA)					1,044,257
15 Deposits held at other financial institutions for operational purposes	-	302,758	-	1,010	151,884
16 Performing loans and securities: (17+18+19+21+23)	-	57,931,936	37,451,462	88,597,720	122,185,376
17 Performing loans to financial institutions secured by Level 1 HQLA	-	3,259,172	2,069,619	17,788,049	20,452,444
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	2,582,846	-	-	387,427
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	52,089,918	35,381,843	58,772,437	93,495,844
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	52,089,918	35,381,843	58,772,437	93,495,844
21 Performing residential mortgages, of which:	-	-	-	11,909,938	7,741,460
22 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	11,909,938	7,741,460
23 Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	127,296	108,202
24 Other assets: (sum of rows 25 to 29)	10,817,955	-	-	1,643,033	12,460,988
25 Physical traded commodities, including gold	-	-	-	-	-
26 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27 NSFR derivative assets	-	-	-	-	-
28 NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29 All other assets not included in the above categories	10,817,955	-	-	1,643,033	12,460,988
30 Off-balance sheet items		436,215	550,983	4,451,776	271,949
<b>31 Total RSF (14+15+16+24+30)</b>					<b>136,114,455</b>
<b>32 Net Stable Funding Ratio (%)</b>					<b>104%</b>



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

Sr No.	Type of Restructuring Asset Classification	Under CDR Mechanism			Under SME debt restructuring mechanism			(₹ in 000's)		
		Standard	Substandard	Total	Standard	Substandard	Total	Loss	Doubtful	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
2	Fresh restructuring during the period	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-
8	<b>Restructured Accounts as on March 31, 2023 (closing figures)</b>	-	-	-	-	-	-	-	-	-
	<b>Provision thereon</b>	-	-	-	-	-	-	-	-	-

**20. DISCLOSURE ON RESTRUCTURING**

**Disclosure on accounts subjected to Restructuring for the year ended March 31, 2023**

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

Sr No.	Type of Restructuring Asset Classification	Others						Total					
		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total		
1	Restructured Accounts as on April 1 of the FY (opening figures)	247,842	48,188	118,850	50	414,930	247,842	48,188	118,850	50	414,930		
	Amount Outstanding	4,756,336	1,420,450	2,370,173	1,088	8,548,047	4,756,336	1,420,450	2,370,173	1,088	8,548,047		
	Provision thereon	659,985	1,008,666	2,349,708	1,088	4,019,447	659,985	1,008,666	2,349,708	1,088	4,019,447		
2	Fresh restructuring during the year#	-	-	-	-	-	-	-	-	-	-		
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-		
	Provision thereon	-	-	-	-	-	-	-	-	-	-		
3	Up gradation to restructured standard category during the year	14	(5)	(9)	-	14	14	(5)	(9)	-	-		
	Amount Outstanding	9,060	(9,194)	(452)	-	(586)	9,060	(9,194)	(452)	-	(586)		
	Provision thereon	131	(4,597)	(452)	-	(4,918)	131	(4,597)	(452)	-	(4,918)		
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-	-		
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-		
	Provision thereon	-	-	-	-	-	-	-	-	-	-		
5	Downgradations of restructured accounts during the year	(18,272)	(3,999)	22,271	-	-	(18,272)	(3,999)	22,271	-	-		
	Amount Outstanding	(620,287)	(365,448)	635,734	-	(350,001)	(620,287)	(365,448)	635,734	-	(350,001)		
	Provision thereon	(108,762)	(241,470)	627,180	-	276,948	(108,762)	(241,470)	627,180	-	276,948		
6	Increase/Decrease in existing restructured accounts during the year	(644,295)	(353)	(267,828)	(173)	(912,649)	(644,295)	(353)	(267,828)	(173)	(912,649)		
	Amount Outstanding	(116,879)	(403)	(258,283)	(173)	(375,738)	(116,879)	(403)	(258,283)	(173)	(375,738)		
	Provision thereon	(199,092)	(37,368)	(74,887)	(38)	(311,385)	(199,092)	(37,368)	(74,887)	(38)	(311,385)		
7	Write-offs/fully repaid of restructured accounts during the year	(2,854,464)	(861,964)	(1,284,381)	(773)	(5,001,582)	(2,854,464)	(861,964)	(1,284,381)	(773)	(5,001,582)		
	Amount Outstanding	(370,172)	(637,251)	(1,273,463)	(773)	(2,281,659)	(370,172)	(637,251)	(1,273,463)	(773)	(2,281,659)		
	Provision thereon	30,492	6,816	66,225	12	103,545	30,492	6,816	66,225	12	103,545		
8	Restructured Accounts as on March 31, 2023 (closing figures)	646,350	183,492	1,453,245	142	2,283,229	646,350	183,492	1,453,245	142	2,283,229		
	Amount Outstanding	64,303	124,945	1,444,690	142	1,634,081	64,303	124,945	1,444,690	142	1,634,081		
	Provision thereon	64,303	124,945	1,444,690	142	1,634,081	64,303	124,945	1,444,690	142	1,634,081		

# The Bank has restructured accounts during the year ended March 31, 2022 including:

- a) The standard MSME accounts restructured based on RBI circular dated January 01, 2019 and further extended by RBI circular dated February 11, 2020 & August 06, 2020 and
- b) The Standard accounts restructured under resolution framework for COVID-19-related Stress as per RBI circular dated August 06, 2020

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

As on March 31, 2022

Sr No.	Type of Restructuring Asset Classification	Details	Under CDR Mechanism			Under SME debt restructuring mechanism			Loss	Total
			Standard	Substandard	Doubtful	Standard	Substandard	Doubtful		
1	Restructured Accounts as on April 1 of the FY (opening figures)	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
3	Up gradation to restructured standard category during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers Amount Outstanding Provision thereon	-	-	-	-	-	-	-	-
8	<b>Restructured Accounts as on March 31, 2022 (closing figures)</b>	<b>No. of Borrowers Amount Outstanding Provision thereon</b>	-	-	-	-	-	-	-	-

(₹ in 000's)

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

Sr No.	Type of Restructuring Asset Classification Details	Others					Total				
		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1 of the FY (opening figures)	368,144	26,085	1,248	18	395,495	368,144	26,085	1,248	18	395,495
2	Fresh restructuring during the year#	7,912,944	474,647	25,458	1,708	8,414,758	7,912,944	474,647	25,458	1,708	8,414,758
		668,234	255,629	24,781	1,708	950,352	668,234	255,629	24,781	1,708	950,352
		378,079	-	-	-	378,079	378,079	-	-	-	378,079
		10,347,880	-	-	-	10,347,880	10,347,880	-	-	-	10,347,880
		1,729,073	-	-	-	1,729,073	1,729,073	-	-	-	1,729,073
3	Up gradation to restructured standard category during the year	18	(14)	(4)	-	-	18	(14)	(4)	-	-
		1,911	(646)	(1,837)	-	(571)	1,911	(646)	(1,837)	-	(571)
		72	(298)	(1,432)	-	(1,658)	72	(298)	(1,432)	-	(1,658)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	-	-	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	(234,888)	34,073	198,738	2,077	-	(234,888)	34,073	198,738	2,077	-
		(6,095,731)	1,090,993	4,114,216	35,346	(855,177)	(6,095,731)	1,090,993	4,114,216	35,346	(855,177)
		(855,914)	844,912	4,093,821	35,346	4,118,166	(855,914)	844,912	4,093,821	35,346	4,118,166
6	Increase/Decrease in existing restructured accounts during the year	(3,233,658)	-	(24)	-	(3,233,682)	(3,233,658)	-	(24)	-	(3,233,682)
		(463,745)	25,266	(18)	-	(438,497)	(463,745)	25,266	(18)	-	(438,497)
7	Write-offs/fully repaid of restructured accounts during the year	(263,511)	(11,956)	(81,132)	(2,045)	(358,644)	(263,511)	(11,956)	(81,132)	(2,045)	(358,644)
		(4,177,011)	(144,544)	(1,767,640)	(35,966)	(6,125,161)	(4,177,011)	(144,544)	(1,767,640)	(35,966)	(6,125,161)
		(417,735)	(116,843)	(1,767,445)	(35,966)	(2,337,989)	(417,735)	(116,843)	(1,767,445)	(35,966)	(2,337,989)
8	Restructured Accounts as on March 31, 2022 (closing figures)	247,842	48,188	118,850	50	414,930	247,842	48,188	118,850	50	414,930
		4,756,336	1,420,450	2,370,173	1,088	8,548,047	4,756,336	1,420,450	2,370,173	1,088	8,548,047
		659,985	1,008,666	2,349,708	1,088	4,019,447	659,985	1,008,666	2,349,708	1,088	4,019,447

As on March 31, 2022



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

**21 EMPLOYEE BENEFITS (AS-15) REVISED**

**21.1 Gratuity:**

Gratuity is a defined benefits plan. The Bank has obtained qualifying insurance policies from Insurance Company. The following table summarises the components of net expenses recognised in the Profit and Loss Account and funded status and amounts recognised in the Balance Sheet on the basis of actuarial Valuation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise.

Details of defined benefit plan of gratuity are given below:

(₹ in 000's)		
<b>Changes in the present value of the obligation</b>	<b>As on March 31, 2023</b>	<b>As on March 31, 2022</b>
Opening balance of Present Value of Obligation	601,836	561,538
Interest Cost	40,147	33,952
Current Service Cost	122,308	114,586
Benefits Paid	(69,564)	(68,672)
Actuarial loss / (gain) on Obligation	(15,580)	(40,716)
Acquisitions/Divestures/Transfers	-	1,148
Closing balance of Present Value of Obligation	679,147	601,836
<b>Reconciliation of opening and closing balance of the fair value of the Plan Assets</b>		
Opening balance of Fair value of Plan Assets	487,712	459,403
Adjustment to Opening Balance	-	-
Transfer In/Acquisitions	-	1,148
Expected Return on Plan assets	36,107	29,371
Contributions	114,125	62,000
Other charges (Service tax, FMC, Mortality charges, etc)	-	-
Benefits Paid	(69,564)	(68,672)
Actuarial Gain/(loss) Return on Plan Assets	(3,012)	4,462
Closing balance of Fair Value of Plan Assets	565,368	487,712
Actual Return on Plan Assets	33,096	33,833
<b>Profit and Loss – Expenses</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
Current Service Cost	122,308	114,586
Interest Cost	40,147	33,952
Expected Return on Plan assets	(36,107)	(29,371)
Net Actuarial loss/(gain) recognised in the year	(12,569)	(45,177)
Expenses recognised in the Profit and Loss Account	113,779	73,989
<b>Funded status (100% Insurance managed funds)</b>	<b>As on March 31, 2023</b>	<b>As on March 31, 2022</b>
<b>Actuarial Assumptions</b>		
Discount Rate	7.23%	7.08%
Expected Rate of Return on Plan Assets	7.08%	6.44%
Expected Rate of Salary Increase	9.00%	9.00%
Employee Attrition Rate	23.83%	21.74%

**Experience Adjustments**

(₹ in 000's)					
<b>Particulars</b>	<b>As on March 31, 2023</b>	<b>As on March 31, 2022</b>	<b>As on March 31, 2021</b>	<b>As on March 31, 2020</b>	<b>As on March 31, 2019</b>
Plan Assets	565,368	487,712	459,403	294,783	232,305
Defined benefit obligation	679,147	601,836	561,538	444,552	310,438
Surplus/ (Deficit)	(113,779)	(114,125)	(102,135)	(149,769)	(78,133)
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	877	(566)	(8,681)	(8,038)	3,788

The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

Category of Plan Assets	As on March 31, 2023	As on March 31, 2022
Assets Under Insurance Schemes	100%	100%
(a) The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.		
(b) During the current and previous year the Bank does not have unamortised gratuity and pension liability.		
(c) Discount rate is based on the prevailing market yields of Indian Government Bonds as on the Balance Sheet date for the estimated term of the obligation.		
(d) The Code on Wages, 2019 ("Code") and other connected legislations enacted by the Government of India envisages payment of wages (as defined) which is not less than 50% of all monthly remuneration paid to employees (as defined). The effective date of these legislations and the rules relevant thereto have not yet been notified by the Government of India. The current wages as a percentage to the remuneration for certain employees as per Company's salary structure is less than that envisaged in these legislations. As and when the legislations are notified, there may be an increase in the accrued gratuity liability of the employees of the Company. This possible additional liability has currently not been quantified.		

## 21.2 Compensated Absences

The Actuarial liability of compensated absences of accumulated privileged leaves of the employees is given below:

Particulars	As on March 31, 2023	As on March 31, 2022
Privileged Leave Actuarial Liability	486,007	442,876
<b>Assumptions</b>		
Discount Rate	7.23%	7.08%
Salary Escalation Rate	9.00%	9.00%

## 21.3 Defined Contribution Plans

Amount recognised in the Statement of Profit and Loss	As on March 31, 2023	As on March 31, 2022
(i) Provident fund Contributed to the Authorities	222,932	186,635
(ii) Pension fund Contributed to the Authorities	236,380	233,215
(iii) National pension scheme Contributed to Authorities	14,913	10,210

## 22 SEGMENT REPORTING

In accordance with the guidelines issued by RBI & AS-17, the Bank has adopted Segment Reporting as under:

## A) Treasury :

The Treasury Segment primarily consists of net interest earnings from the Bank's Investment portfolio, money market borrowing and lending, gains or losses on Investment operations and income from sale of PSLC.

## B) Retail Banking:

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

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



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

### SCHEDULE 18

Banking as a separate sub-segment of Retail Banking Segment will be implemented by the Bank based on the decision of the DBU Working Group.

#### C) Corporate/ Whole Sale Banking:

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

As on March 31, 2023

(₹ in 000's)

Part A: Business segments					
SR. NO	Business Segments →	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
	Particulars ↓	March 31, 2023	March 31, 2023	March 31, 2023	March 31, 2023
1	Revenue	4,580,462	42,026,566	934,828	47,541,856
2	Unallocated Revenue	-	-	-	-
3	(less) Inter Segment Revenue	-	-	-	-
4	<b>Total Income (1+2-3)</b>	<b>4,580,462</b>	<b>42,026,566</b>	<b>934,828</b>	<b>47,541,856</b>
5	<b>Segment Result</b>	526,905	14,227,576	440,837	15,195,318
6	Unallocated Expenses	-	-	-	522,941
7	Operating Profit	-	-	-	14,672,377
8	Tax Expenses (including deferred tax)	-	-	-	3,673,159
9	Extraordinary Profit/ Loss	-	-	-	-
10	<b>Net Profit (5-6-8-9)</b>	-	-	-	<b>10,999,217</b>
	<b>Other Information:</b>	-	-	-	-
11	Segment Assets	109,030,727	210,307,562	11,031,412	330,369,701
12	Unallocated Assets	-	-	-	2,799,074
13	<b>Total Assets</b>				<b>333,168,775</b>
14	Segment Liabilities	95,256,267	183,738,235	9,637,752	288,632,254
15	Unallocated Liabilities	-	-	-	2,445,451
16	Capital Employed	13,774,460	26,569,327	1,393,660	41,737,447
17	Unallocated Capital Employed	-	-	-	353,623
18	<b>Total Capital Employed</b>				<b>42,091,070</b>

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

#### Part B: Geographic Segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

As on March 31, 2022

(₹ in 000's)

Part A: Business segments					
SR. NO	Business Segments →	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
	Particulars ↓	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
1	Revenue	2,821,324	28,158,789	746,743	31,726,856
2	Unallocated Revenue	-	-	-	-
3	(less) Inter Segment Revenue	-	-	-	-
4	<b>Total Income (1+2-3)</b>	<b>2,821,324</b>	<b>28,158,789</b>	<b>746,743</b>	<b>31,726,856</b>
5	<b>Segment Result</b>	469,508	(5,999,707)	375,175	(5,155,024)
6	Unallocated Expenses	-	-	-	348,560
7	Operating Profit	-	-	-	(5,503,584)

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

(₹ in 000's)

Part A: Business segments					
SR. NO	Business Segments →	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
	Particulars ↓	March 31, 2022	March 31, 2022	March 31, 2022	March 31, 2022
8	Tax Expenses (including deferred tax)	-	-	-	(1,357,681)
9	Extraordinary Profit/ Loss	-	-	-	-
10	<b>Net Profit (5-6-8-9)</b>	-	-	-	<b>(4,145,904)</b>
	<b>Other Information:</b>	-	-	-	-
11	Segment Assets	61,766,622	161,706,653	8,436,055	231,909,331
12	Unallocated Assets				4,135,311
13	<b>Total Assets</b>				<b>236,044,642</b>
14	Segment Liabilities	54,498,992	142,679,793	7,443,443	204,622,228
15	Unallocated Liabilities				3,648,737
16	Capital Employed	7,267,650	19,026,881	992,612	27,287,144
17	Unallocated Capital Employed				486,533
18	<b>Total Capital Employed</b>				<b>27,773,677</b>

Tax paid in advance / tax deducted at source (net of provisions), Deferred Tax Assets and others which cannot be allocated to any segments, have been classified as unallocated assets.

**Part B: Geographic Segment**

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

**23 RELATED PARTY DISCLOSURES (AS-18)**

As per AS 18 Related Party Disclosures notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014 and Companies (Accounting Standards) Amendment Rules 2016, the Banks' related parties during the year ended March 31, 2023 are disclosed below:

**Holding company :**

Ujjivan Financial Services limited (UFSL)

**Key Management Personnel (KMP) :**

Mr. Ittira Davis (Managing Director and CEO)	(From 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)	(Up to April 04, 2022)

**Directors :**

- Mr. Ittira Davis (Managing Director)<sup>1</sup>
- Mrs. Rajni Anil Mishra (Independent Director)<sup>2</sup>
- Mr. Rajesh Kumar Jogi (Independent Director)<sup>3</sup>
- Mr. Banavar Anantharamaiah Prabhakar (Independent Director)<sup>4</sup>
- Mr. Ravichandran Venkataraman (Independent Director)<sup>5</sup>
- Mr. Samit Kumar Ghosh (Non-Executive Director)<sup>6</sup>
- Ms. Sudha Suresh (Independent Director)<sup>7</sup>
- Mr. P N Raghunath (Additional Director)<sup>8</sup>
- Mr. Satyaki Rastogi (Nominee Director)<sup>9</sup>
- Ms. Anita Ramachandran (Independent Director)<sup>10</sup>

1. Appointed as a Managing Director of the Bank w.e.f. January 14, 2022
2. Appointed as Independent Director of the Bank w.e.f. December 16, 2020.
3. Initially appointed as an Additional Director (Non-Executive, Non- Independent) of the Bank w.e.f. March 13, 2021



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

and later was re-categorised 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.

4. Appointed as Independent Director of the Bank w.e.f August, 20, 2021.
5. Appointed as Independent Director of the Bank w.e.f August, 20, 2021.
6. Appointed as Non-Executive Director of the Bank w.e.f August, 20, 2021.
7. Appointed as Non-Executive Director of the Bank w.e.f August, 20, 2021 and re-categorised as an Independent Director w.e.f. April 01, 2022
8. Appointed as Additional Director of the Bank (Nominated by RBI) w.e.f November, 29, 2021.
9. Appointed as Nominee Director of the Bank (Nominated by SIDBI) w.e.f December, 22, 2021.
10. Appointed as an Independent Director of the Bank w.e.f. July 01, 2022

**Enterprise in which relatives of Director/KMP are members :**

Parinaam Foundation

(From August 20, 2021)

**Enterprise in which KMP are members :**

Ujjivan Welfare and Relief Trust

USFB Employee's Gratuity Trust

UFSL Employee's Gratuity Trust

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives of Key Management Personnel as they are in the nature of banker-customer relationship. In like manner, breakup of deposits accepted during the year, deposits outstanding at the end of the year and interest on deposits has not been furnished partywise in respect of KMP and enterprises in which relatives of KMP are members since they are in the nature of bank and customer transactions.

**Transactions with Related Parties for the year ended March 31, 2023**

(₹ in 000's)

Items/Related Party	Holding Company	Key Management Personnel	Directors	Enterprise in which relatives of Key Management Personnel/Directors are members	Enterprise in which KMP are members	Total
Deposit*	(1,732,954)	(19,556)	(48,701)	(100,488)	(6,479)	(1,908,177)
	1,732,954	16,960	30,894	41,033	6,479	1,828,320
Deposit accepted during the year	1,697,900	10,900	3,110	40,227	-	1,752,137
Deposit repaid during the year	1,047,000	1,019	1,430	57,700	650	1,107,799
Inter Company Transfer - Amount Paid	-	-	-	-	1,203	1,203
Reimbursement of expenses - Amount Received	1,087	-	-	-	-	1,087
Reimbursement of expenses - Amount Paid	209	-	78	-	-	287
Bank Contribution to Related parties under CSR/Donation	-	-	-	4,967	-	4,967
Sitting Fees paid	-	-	28,204	-	-	28,204
Interest on Deposits	79,270	696	2,325	4,093	379	86,764
Payment of Remuneration **	-	33,164	-	-	-	33,164
Preference dividend	220,000	-	-	-	-	220,000
Equity dividend	1,080,028	156	2,660	-	-	1,082,844
Receiving of services	-	-	-	5,093	-	5,093

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)**SCHEDULE 18**

\*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

\*\*The above Remuneration excludes accrued gratuity and compensated absence provision, since the same is assessed for the bank as a whole.

**Transactions with Related Parties for the year ended March 31, 2022**

						(₹ in 000's)
Items/Related Party	Holding Company	Key Management Personnel	Directors	Enterprise in which relatives of Key Management Personnel/Directors are members	Enterprise in which KMP are members	Total
Deposit*	(1,055,776)	(228,072)	(24,289)	(57,700)	(5,587)	(1,371,424)
	1,055,776	3,482	24,289	57,700	5,587	1,146,834
Deposit accepted during the year	1,067,000	2,018	18,300	57,700	3,150	1,148,168
Deposit repaid during the year	915,000	215,310	9,000	18,000	-	1,157,310
Inter Company Transfer - Amount Paid	-	-	-	-	1,399	1,399
Reimbursement of expenses - Amount Received	2,492	-	-	-	-	2,492
Reimbursement of expenses - Amount Paid	248	-	-	-	-	248
Transfer of Assets - Amount Paid	12	-	-	-	-	12
Bank Contribution to Related parties under CSR/Donation	-	-	-	13,570	830	14,400
Sitting Fees paid	-	-	19,025	-	-	19,025
Interest on Deposits	52,494	4,266	1,455	1,491	295	60,001
Payment of Remuneration **	-	31,578	-	-	-	31,578
Rendering of services	-	-	-	4,157	-	4,157

\*Figures in bracket indicate maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter-end.

\*\*The above Remuneration excludes accrued gratuity and compensated absence provision, since the same is assessed for the bank as a whole.

Note: An amount of ₹ 363 (000's) received by UFSL is towards employees perquisite tax and includes OSD remuneration.

**Balances with Related Parties for the year**

		(₹ in 000's)	
Particulars	As on March 31, 2023	As on March 31, 2022	
<b>Enterprise in which KMP are members</b>			
Ujjivan Welfare and Relief Trust	(6,479)	(5,645)	
	6,479	5,645	
<b>Outstanding Balance with enterprise in which relative of Key Management Personnel are Members</b>			
Parinaam Foundation	(100,488)	(58,947)	
	41,033	58,947	
<b>Holding Company</b>			



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

### SCHEDULE 18

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Ujjivan Financial Services limited#	(1,842,954)	(1,055,776)
	1,842,954	1,055,776
<b>Key Mangerial Personnel</b>	(19,556)	(228,072)
	16,960	3,482
<b>Directors</b>	(48,701)	(24,289)
	30,894	24,289

Figures in bracket indicates maximum balance outstanding during the year based on comparison of the total outstanding balances at each quarter end.

# Outstanding Balance include ₹ 1,10,000 (in 000's) of Preference share dividend payable to Ujjivan Financial Services Limited.

#### 24 OPERATING LEASES (AS-19)

The bank has taken premises and certain equipments on operating lease for a period of time. There are no provisions relating to contingent rent.

The future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
i) Not later than one year	863,638	703,900
ii) Later than one year but not later than five years	2,828,766	2,755,326
iii) Later than five years	263,655	308,423
<b>Particulars</b>	<b>As on March 31, 2023</b>	<b>As on March 31, 2022</b>
The total of minimum lease payments recognised in the Profit and Loss Account for the year	844,872	746,232

There are no provisions relating to contingent rent.

#### 25 EARNINGS PER SHARE

The Bank reports basic and diluted earnings per Equity share in accordance with Accounting Standard-20 Earnings Per Share.

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Profit available to equity share holders (in 000's) - (A)	10,779,217	(4,145,904)
Weighted average shares outstanding – Basic (Nos. in 000's) - (B)	1,851,033	1,728,314
Weighted average shares outstanding – Diluted (Nos. in 000's) - (C)	1,853,783	1,728,314
Nominal Value of Equity Shares (₹)	10	10
Earnings per share – Basic (₹) - (A/B)	5.82	(2.40)
Earnings per share – Diluted (₹)	5.81	(2.40)

Note:- The effect of potential equity shares on EPS is anti-dilutive for the year ended March 31, 2022.

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

### 26 MISCELLANEOUS

#### 26.1 Provisions for taxation during the year:

Particulars	(₹ in 000's)	
	Year ended March 31, 2023	Year ended March 31, 2022
Income Tax	2,920,704	-
Income Tax - Prior Period	-	-
Deferred tax Liability/ (Asset) - (Refer Schedule 18(27))	752,455	(1,357,681)
<b>Total</b>	<b>3,673,159</b>	<b>(1,357,681)</b>

#### 26.2 Disclosure relating to Depositor Education and Awareness Fund (DEAF):

The details of amount transferred to Depositor Education and Awareness Fund during the current and previous year.

Particulars	(₹ in 000's)	
	Year ended March 31, 2023	Year ended March 31, 2022
Opening balance of amounts transferred to DEAF	2,260	2,188
Add: Amounts transferred to DEAF during the year	10,242	78
Less: Amounts reimbursed by DEAF towards claims	-	6
<b>Closing balance of amounts transferred to DEAF</b>	<b>12,502</b>	<b>2,260</b>

As per RBI circular DBR. No. DEA Fund Cell. BC. 67/3-.01.002/2014-15 dated February 02, 2015, the details of unclaimed Security Deposits has been displayed on our website with respect to amount transferred to DEAF.

#### 26.3 Drawdown from Reserves

The Bank has not made a drawdown from the share premium during the year ended March 31 2023 and March 31, 2022. However, the bank has adjusted the share issue expenses of ₹ 93,899 ( in 000's) against the Share Premium Account.

#### 26.4 Fixed Assets

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
<b>Fixed Assets excluding Computer Software</b>		
Opening balance (cost)	3,639,087	3,532,084
Additions during the year	752,803	148,000
Deduction during the year	(141,250)	(40,997)
Depreciation to date	(2,634,868)	(2,239,732)
<b>Balance at the end of the year</b>	<b>1,615,772</b>	<b>1,399,355</b>

#### 26.5 Computer Software

The movement in fixed assets capitalised as computer software is given below:

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
Opening balance (cost)	2,244,405	1,916,147
Additions during the year	382,946	356,771
Deduction during the year	-	(28,513)
Depreciation to date	(1,590,048)	(1,207,745)
<b>Balance at the end of the year</b>	<b>1,037,304</b>	<b>1,036,660</b>



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

**26.6 Description of Contingent Liabilities:**

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
i) Claims against the Bank not acknowledged as debt		
- Taxation	23,026	785,439
- Other Legal cases	2,799	2,969
ii) Guarantees given on behalf of Constituents	202,500	2,500
iii) Other items for which the Bank is contingently liable		
- Capital commitments not provided	709,207	579,137
- Amount transferred to Depositor Education and Awareness Fund (DEAF)	12,502	2,260
<b>Total</b>	<b>950,034</b>	<b>1,372,305</b>

Contingent liability	Brief description
Claims against the Bank not acknowledged as debts - Other legal cases	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.
Other items for which the Bank is contingently liable	These include: a) Capital commitments; b) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

**26.7 Disclosure of Letters of Comfort issued by the Bank:**

The Bank has not issued any Letter of Comfort during the current and previous year.

**26.8 Investor education and protection fund**

There is no amount required to be transferred to Investor Education and Protection Fund by the bank during the current and previous year.

**26.9 Other Income/Expenditure:**

**Income:**

Other income includes below incomes exceeding 1% of the total income of the Bank.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Bad Debts Recovery	1,349,948	466,121

**Expenditure:**

Other expenditure includes below expenses exceeding 1% of the total income of the Bank.

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Manpower Cost*	899,414	943,637
IT related expenses**	907,717	391,802
NFS - Expenses	542,068	410,349

\*Manpower cost includes outsourcing cost and collection agency cost.

\*\*IT related expenses includes Maintenance cost of computer equipment, AMC-Hardware, AMC-Software, Managed IT services and cost for technology and subscription.

**26.10** The Bank has a process whereby periodically all long term contract are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that no provision is required under any law / accounting standards on such long term contracts as on March 31, 2023 and March 31, 2022.

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)**SCHEDULE 18****26.11 Credit default Swaps**

The Bank has not entered into any credit default swap transactions during the current and previous year.

**26.12 Credit card and debit card reward points**

The Bank does not have credit card products, hence reward points are not applicable. Also, the Bank does not provide any reward points on debit card.

**26.13 Off balance sheet SPVs sponsored**

There are no off-balance sheet SPVs sponsored by the bank as at March 31, 2023, and at March 31, 2022. Refer note 18(37) of the notes to accounts.

**26.14 Details of factoring exposure**

The factoring exposure of the Bank as at March 31, 2023 and as at March 31, 2022 are Nil.

**26.15 Country wise risk exposure**

The Bank does not have any country wise Risk Exposure as at March 31, 2023 and as at March 31, 2022.

**26.16 Unhedged foreign currency exposure**

The Bank does not have any unhedged foreign country exposure as at March 31, 2023 and as at March 31, 2022.

**27 DEFERRED TAX**

In accordance with Accounting Standard -22 "Accounting for Taxes on Income", the Company has recognized deferred tax (asset)/Liability as detailed below:

**As at March 31, 2023**

Particulars	(₹ in 000's)		
	Deferred Tax (Assets) / Liabilities as on April 01, 2022	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities As on March 31, 2023
Deferred Tax Liability			
Difference between book and tax depreciation	61,466	(34,286)	27,180
Special reserve u/s 36(1)(viii)*		75,504	75,504
Deferred Tax Asset			-
Provision for Employee benefits recognised in the financial statements, but to be allowed on payment	(246,824)	(351,010)	(597,834)
Provision for non performing advances/ standard advances recognised in financial statements, but to be allowed on write off	(3,036,616)	1,018,396	(2,018,220)
On account of unobserved losses and allowance			-
Others	(227,236)	43,851	(183,385)
<b>Net Deferred Tax (Asset) / Liability</b>	<b>(3,449,210)</b>	<b>752,455</b>	<b>(2,696,755)</b>

\* During the year the Bank has created Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961.

**As at March 31, 2022**

Particulars	(₹ in 000's)		
	Deferred Tax (Assets) / Liabilities as on April 01, 2021	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2022
Deferred Tax Liability			
Difference between book and tax depreciation	102,047	(40,581)	61,466
Deferred Tax Asset			



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

Particulars	(₹ in 000's)		
	Deferred Tax (Assets) / Liabilities as on April 01, 2021	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2022
Provision for Employee benefits recognised in the financial statements, but to be allowed on payment	(199,498)	(47,326)	(246,824)
Provision for non performing advances/ standard advances recognised in financial statements, but to be allowed on write off	(1,885,188)	(1,151,429)	(3,036,616)
On account of unobserved losses and allowance			
Others	<b>(108,890)</b>	<b>(118,346)</b>	(227,236)
<b>Net Deferred Tax (Asset) / Liability</b>	<b>(2,091,529)</b>	<b>(1,357,681)</b>	<b>(3,449,210)</b>

**28 DISCLOSURES ON REMUNERATION:**

**28.1 Qualitative Disclosures**

**(A) Information relating to the composition and mandate of the Remuneration Committee.**

Bank has constituted a Nomination and Remuneration Committee (NRC). The NRC comprises of 5 (five) members, of which 4 (four) members are Independent Directors. Mandate of the Nomination and Remuneration Committee is to oversee the framing, review and implementation of the Bank's Compensation Policy and Nomination & Remuneration Policy for Whole Time Director/ Chief Executive Officer/ Material Risk Takers and Control Function staff for ensuring effective alignment between remuneration and risks. The Committee also ensures that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks. The Nomination and Remuneration Committee reviews Compensation policy and Nomination & Remuneration Policy of the Bank with a view to attract, retain and motivate employees.

**(B) Information relating to the design and structure of remuneration processes and the key features and objectives of Compensation Policy and Nomination & Remuneration Policy**

The Compensation Policy and Nomination & Remuneration Policy has been laid out keeping the following perspectives into considerations:

- (a) Our Compensation principles should support us in achieving our mission of providing a full range of financial services to the economically active poor of India who are not adequately served (unserved and underserved) by financial institutions. Therein, this policy should support us to attract and retain talent and skills required to further the organizations purpose and ideology.
- (b) The pay structure and amounts confirms and shall always conform to applicable Income Tax and other similar statutes.
- (c) All practices of Ujjivan SFB shall comply with applicable labour laws.
- (d) The pay structure should be standardised for a level of employees.
- (e) Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to certain benefits may undergo change due to change in grade/ roles/ function/ state/ region in the organisation.
- (f) The compensation structure shall be easy to understand for all levels of employees.
- (g) The compensation policy is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- (h) The directors are paid sitting fees as approved by the Board for attending the Board and Board Committee Meetings.

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

**(C) Description of the ways in which current and future risks are taken into account in the remuneration processes. It should include the nature and type of the key measures used to take account of these risks.**

- (a) Structurally, the Control functions such as Credit, Risk and Vigilance are independent of the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.
- (b) The Bank is in the process of comprehensively measuring and reviewing material risks to which Bank is exposed to under IGAAP. The Bank also complies with Basel II requirements.

**(D) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration.**

- (a) The compensation policy is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- (b) Ujjivan shall, from time to time, benchmark its compensation against identified market participants to define its pay structure and pay levels.
- (c) The merit increments will be finalised and approved by the NHRC year on year, basis organization's budgets and accomplishments as well as market reality.
- (d) Ujjivan believes in paying its employees in an equitable and fair manner basis the incumbent's Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.
- (e) Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.

**(E) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting.**

The performance bonus pay-out shall be Annual. Discretion is typically applied related

to staggered pay-out in case large pay-outs, particularly for functions like Credit and Risk. Bonus is to be prorated for employees who have worked for part of the year at Ujjivan.

Ujjivan believes in the philosophy of collective ownership by its employees. Thus, Employee Stock Options of the Holding Company Ujjivan Financial Services Limited are distributed amongst employees basis their criticality and performance.

Typically, all Stock option schemes at Ujjivan vest in a staggered manner. Besides the statutory requirement of grant and 1 year vesting, the total set of options vest in various tranches for up to a period of 3 years.

Malus/ Clawback: In the event of negative contributions of the individual towards the achievements of the Banks objectives in any year, the deferred compensation should be subjected to Malus/Clawback arrangements. Similar provisions shall apply in case the individual is found guilty of any major non-compliance or misconduct issues.

**(F) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the bank utilizes and the rationale for using these different forms.**

Variable Compensation at Ujjivan has the following distinct forms:

1. Statutory Bonus
2. Performance Pay:
  - a. Performance Bonus
  - b. Monthly Variable Pay
3. Rewards & Recognition

The policy has been laid out keeping the following perspectives into considerations:

The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.

It is designed to promote meritocracy in the organisation i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

**Statutory Bonus:** Statutory Bonus in India is paid as per Payment of Bonus Act, 1965.



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

**Performance Bonus:** All employees who are not a part of any Monthly Variable Pay but part of the year end performance review will be covered under the Performance Bonus Plan of Ujjivan Small Finance Bank. However, the actual pay-out of performance bonus shall be paid only to employees who have met our performance criteria.

**Sales Awards:** Employees in the Sales function, directly responsible for revenue generation shall be covered under the Sales Award Scheme if meeting the criteria of the respective scheme. Typically some of the entry level roles and up to two levels of supervision thereof shall be covered by sales awards.

**Rewards & Recognition:** Ujjivan shall design schemes and practices from time to time to celebrate employees /

departmental / organisational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five, ten and fifteen years of completion of service with Ujjivan), Portfolio Improvement Reward Scheme; Functional R&R Schemes; Organizational Rewards Schemes such as: Service Champion; Process Excellence; Customer Connect Awards; Above and Beyond; Recognition program for Liabilities Branches for Retail Deposits; Recognition program for Asset growth in Branches

**28.2 Quantitative Disclosures**

The quantitative disclosures cover the Bank's Whole Time Director (WTD) and Material Risk Takers (MRT). The Bank's MRT includes Managing Director and Chief Executive Officer (MD & CEO), Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking, TASC & TPP, Head of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer.

(₹ in 000's)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Number of meetings held by Nomination & Remuneration Committee (NRC) and remuneration paid to its members	6 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2022 to March 31, 2023. NRC members were paid total sitting fees of ₹ 2,400 for six meetings.	13 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2021 to March 31, 2022. NRC members were paid total sitting fees of ₹ 3,250 for Thirteen meetings.
Number of employees having received a variable remuneration award.	Chief Executive Officer & Managing Director, Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking, TASC & TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer. No. of Employees 10	MD & CEO No. of Employee 1
Number and total amount of 'sign on' awards	NIL	Nil
Details of guaranteed bonus if any paid as sign on bonus.	NIL	Nil
Details of severance pay in addition to the accrued benefits.	NIL	₹ 4,329 #

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

(₹ in 000's)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms.	Cash : 1,434 ESOP grants : Nil Chief Executive Officer & Managing Director, Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking, TASC&TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer	Cash : 3450 ESPS shares : Nil ESOP grants : 3,42*** MD & CEO, Head- Treasury, Chief Credit Officer (CCO), Head - Liabilities and Head - Micro & Rural Banking.
Total amount of deferred remuneration paid.	Cash- ₹ 8,869	Cash- ₹ 3110
Breakdown of amount of remuneration awards for the financial Period to show fixed and variable, deferred and non-deferred	Fixed gross : ₹ 1,09,441 * Variable deferred Cash : ₹ 8,869 **Variable non cash(ESOP) : ₹ 39,322 (ESOP No. of Shares 19,63,190 granted) Fixed gross of the following employees : 'Chief Executive Officer & Managing Director, Business Head-Housing Loans, Business Head-Micro Banking, Chief Operating Officer, Chief Risk Officer, Head of Branch Banking, TASC&TPP, Head Of Treasury, Chief Credit Officer, Chief Business Officer, Chief Information Officer, Chief Financial Officer	Fixed gross : ₹ 45,309 Variable deferred : ₹ 3,110 Fixed gross of the following employees : MD & CEO, Head- Treasury, Current and Ex-Chief Credit Officer (CCO), Head - Liabilities and Head - Micro Banking.
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and implicit adjustments.	Variable Provisioned - ₹19,137	Variable Provisioned - ₹3450
Total amount of reductions during the FY due to ex – post explicit adjustments	Nil	Nil
Total amount of reductions during the FY due to ex – post implicit adjustments	Nil	Nil
Number of Material Risk Takers (MRT) identified	11	7 <sup>4</sup>
Number of cases where malus has been exercised <sup>3</sup>	Nil	Nil
Number of cases where clawback has been exercised <sup>3</sup>	Nil	Nil
Number of cases where both malus and clawback have been exercised <sup>3</sup>	Nil	Nil
<b>General Quantitative Disclosure<sup>3</sup></b>		
The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	₹ 465 (excluding MD & CEO) 31.55 X	₹ 422 (excluding MD & CEO) 34.80 X

**Note:**

\* ESOPs of Active MRT's and sign-on grant grant included. ESOPs are granted not exercised.



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

### SCHEDULE 18

\*\* Retention linked Special Pay included as Variable deferred.

\*\*\* Excluding ESOPs of Active MRT since it was granted as sign-on grant and bank ESOP additional grant. ESOPs are granted not exercised.

#The amount includes the following paid to Ex-MD&CEO who resigned on September 30, 2021.

1. Current year disclosure is for WTD and MRTs. Previous year disclosure is for WTD and Key Risk Takers (KRTs).
2. For cash component - payment to be made as per guidance and approval of regulatory authority.
3. As per RBI circular 2019-20/89 DOR.Appt.BC.No.23/29.67.001/2019-20 dated November 04, 2019, new disclosure have been presented for current year only.
4. The number is inclusive of MRT who have resigned during the year.

### 29 DISCLOSURE ON REMUNERATION TO NON-EXECUTIVE DIRECTORS:

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board and its Committees. As per the board resolution dated June 8, 2022, the sitting fee was revised as below. During the year the Bank has paid sitting fee (inclusive of GST) of ₹ 28,204 (000's) (PY. ₹20,737) (000's).

Meeting	Existing Sitting Fees per director per meeting	Revised Sitting Fees per director per meeting
Board	₹ 75,000	₹ 1,00,000
1. Audit Committee	₹ 50,000	₹ 1,00,000
2. Risk Management Committee	-	-
3. Nomination and Remuneration Committee	-	-
4. IT Strategy Committee	-	-
5. Business Strategy Committee	-	-
6. Meeting of Independent Directors	-	-
1. CSR Committee	₹ 50,000	₹ 75,000
2. Stakeholders Relationship Committee	-	-
3. Customer Service Committee	-	-
4. Merger and Placement Committee	-	-
Other Committees	₹ 50,000	₹ 75,000

(₹ in 000's)

Name of Directors	Year ended March 31, 2023	Year ended March 31, 2022
Mr. Biswamohan Mahapatra	-	-
Ms. Vandana Viswanathan	-	-
Mr. Nandlal Sarada	-	736
Mr. Prabal Kumar Sen	-	1,526
Ms. Mona Kachhwaha	-	709
Mr. Jayanta Kumar Basu	-	-
Ms. Chitra K Alai (SIDBI)	-	463
Mr. Mahadev Lakshminarayanan	-	409
Mr. Umang Bedi	-	763
Ms. Rajni Mishra	3,761	2,970
Mr. Ittira Davis	-	572
Mr. Rajesh Kumar Jogi	4,033	3,243
Mr. Harish Devarajan	-	409
Mr. Umesh Bellur	-	382
Mr. Banavar Anantharamaiah Prabhakar	4,769	2,126
Mr. Ravichandran Venkataraman	4,796	2,344
Mr. Samit Kumar Ghosh	4,769	1,908
Ms. Sudha Suresh	3,815	2,017
Mr. Satyaki Rastogi (SIDBI)	790	164
Ms. Anitha Ramchandran1	1,472	-
<b>Total</b>	<b>28,204</b>	<b>20,737</b>

- 1) Appointed as an Independent Director of the Bank w.e.f. July 01, 2022.

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)**SCHEDULE 18**

**30** The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises.

The Bank does not have comprehensive data of the status of its vendors and service providers. Based on the limited data available, there were no dues to Micro, small and medium enterprises as at year ended March 31, 2023 and for the year ended March 31, 2022.

**31 CORPORATE SOCIAL RESPONSIBILITY**

As per Sec 135 (1) of the Companies Act "Every company having net worth of rupees five hundred Crores or more, or turnover of rupees one thousand Crores or more or a net profit of rupees five Crores or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director". Pursuant to this, Bank has duly constituted a Corporate Social Responsibility Committee.

Further, the section stipulates that the company should spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years and in pursuance of its Corporate Social Responsibility Policy.

Gross amount required to be spent by the Bank during the financial year ended March 31, 2023 is ₹Nil (PY- 49,567 ('000)).

(₹ in 000's)

Particulars	Year ended March 31, 2023		
	Amount Spent	Amount Unspent	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above *	7,257	-	7,257

(₹ in 000's)

Particulars	Year ended March 31, 2022		
	Amount Spent	Amount Unspent	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purpose other than (i) above	42,706	7,257	49,963

\* As per the provisions of Sec 135(5) and (6) of Companies Act 2013, the Bank is 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 ₹ 7,257 ( in '000) which included ₹ 115 (in '000) as advance paid and ₹ 7,142 ( in '000), in Unspent CSR Account, for the financial year 2021-22. The aforementioned amount has been utilised/spent during the financial year 2022-23.

**32 PAYMENTS TO AUDITOR'S (SCHEDULE -16 AUDITOR'S FEES AND EXPENSES)**

(₹ in 000's)

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
Audit Fees	10,355	8,900
Tax Audit Fees	545	500
Certification and other attest services	1,363	3,024
Out-of Pocket Expenses	1,823	446
<b>Total</b>	<b>14,085</b>	<b>12,870</b>

The given amount excludes the audit fee paid for QIP related services, amounting to ₹ 3,815( ₹ In '000), which has been debited to Share Premium account.



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

**33 SHARE-BASED PAYMENTS**

**33 (A) Employee Share Option Plan(ESOP)**

**33 (A) (1) Details of the employee share option plan of the Bank**

The Bank has share option scheme for employees (which includes the employees of the Holding Company) , being ESOP 2019.

Employee Stock Options (ESOPs): The ESOP 2019 is the scheme under which the Bank has issued options to the employees (which includes the employees of the Holding Company). The Bank has approved its ESOP Plan, 2019 in the Shareholders meeting held on March 29, 2019. During the year, the Bank has granted 4,82,29,093 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 options has been exercised and 1,38,29,524 options are lapsed/cancelled. As on March 31, 2023 there are exercisable options of 1,48,71,749 which are vested and 7,38,21,209 are yet to be vested.

The vesting period for the options granted under ESOP 2019 is as under:

Particulars	Options Granted	Year 1	Year 2	Year 3	Year 4	Year 5
ESOP 2019 - Original	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 current year:

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	19.7	7.81
		August 23, 2021	August 23, 2023	August 23, 2028	19.7	8.52
		August 23, 2021	August 23, 2024	August 23, 2029	19.7	9.71
		August 23, 2021	August 23, 2025	August 23, 2030	19.7	10.26
		August 23, 2021	August 23, 2026	August 23, 2031	19.7	10.91
ESOP 2019 Additional Grant	30,157,303	January 08, 2022	January 08, 2023	January 08, 2028	19.95	5.26
		January 08, 2022	January 08, 2024	January 08, 2029	19.95	7.20
		January 08, 2022	January 08, 2025	January 08, 2030	19.95	8.90
		January 08, 2022	January 08, 2026	January 08, 2031	19.95	9.77

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
ESOP 2019 (Senior Hire) Additional Grant-2	166,842	January 05, 2022	January 04, 2023	March 23, 2028	19.05	7.65
		January 05, 2022	January 04, 2024	March 23, 2029	19.05	8.29
		January 05, 2022	January 04, 2025	March 23, 2030	19.05	8.92
		January 05, 2022	January 04, 2026	March 23, 2031	19.05	9.93
		January 05, 2022	January 04, 2027	March 23, 2032	19.05	10.50
ESOP 2019 (Senior Hire) Additional Grant-3	115,025	March 23, 2022	March 23, 2024	March 23, 2029	16.6	7.65
		March 23, 2022	March 23, 2025	March 23, 2030	16.6	8.29
		March 23, 2022	March 23, 2026	March 23, 2031	16.6	8.92
		March 23, 2022	March 23, 2027	March 23, 2032	16.6	9.93
		March 23, 2022	March 23, 2028	March 23, 2033	16.6	10.5
ESOP 2019 additional Grant 4	80,685	June 08, 2022	June 08, 2023	June 08, 2028	16.7	7.65
		June 08, 2022	June 08, 2024	June 08, 2029	16.7	8.29
		June 08, 2022	June 08, 2025	June 08, 2030	16.7	8.92
		June 08, 2022	June 08, 2026	June 08, 2031	16.7	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
		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	4,73,93,431	January 27, 2023	January 27, 2024	January 27, 2029	27.5	4.91
		January 27, 2023	January 27, 2025	January 27, 2030	27.5	6.06
		January 27, 2023	January 27, 2026	January 27, 2031	27.5	6.72
		January 27, 2023	January 27, 2027	January 27, 2032	27.5	7.37
ESOP 2019 Senior Hire_&-2023	252,496	February 17, 2023	February 17, 2024	February 17, 2029	27.5	4.91
		February 17, 2023	February 17, 2025	February 17, 2030	27.5	6.06
		February 17, 2023	February 17, 2026	February 17, 2031	27.5	6.72
		February 17, 2023	February 17, 2027	February 17, 2032	27.5	7.37
<b>Total</b>	<b>119,971,861</b>					

## 33 (A) (2) Fair value of share options granted in the year

The weighted average fair value of the share options granted during the FY 2022-23 is ₹6.27 (PY-₹7.80). Options were calculated using Black and Scholes Model. Vested ESOPs can be exercised within five years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date. The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. Volatility of comparable Banks have been considered for the purposes of valuation.

Inputs considered for calculating options fair value are as follows:

Particulars	ESOP 2019				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	40.76	40.76	40.76	40.76	40.76
Exercise price	35	35	35	35	35
Expected volatility	40.08%	40.08%	40.08%	40.08%	40.08%
Option life	3.5	4.5	5.5	6.5	7.5
Risk-free interest rate	5.75%	5.90%	6.03%	6.13%	6.22%

Particulars	ESOP 2019 - Senior Hire				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	30.75	30.75	30.75	30.75	30.75
Exercise price	30.75	30.75	30.75	30.75	30.75
Expected volatility	43.50%	41.93%	43.29%	43.12%	41.66%
Option life	3.5	4.5	5.5	6.5	7.5
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

Particulars	ESOP 2019 (Senior Hire) Additional				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	18.45	18.45	18.45	18.45	18.45
Exercise price	19.7	19.7	19.7	19.7	19.7
Expected volatility	45.64%	43.01%	44.95%	43.07%	42.58%
Option life	3.54	4.54	5.54	6.54	7.54
Risk-free interest rate	5.30%	5.30%	5.40%	5.40%	5.40%

Particulars	ESOP 2019 Additional Grant			
	Vesting 1	Vesting 2	Vesting 3	Vesting 4
Grant date share price	29	29	29	29
Exercise price	19.95	19.95	19.95	19.95
Expected volatility	42.48%	44.97%	47.17%	44.18%
Option life	1.34	2.34	3.34	4.34
Risk-free interest rate	4.35%	4.95%	5.41%	5.78%

Particulars	ESOP 2019 (Senior Hire) Additional Grant-2				
	Vesting 1	Vesting 2	Vesting 3	Vesting 4	Vesting 5
Grant date share price	18.95	18.95	18.95	18.95	18.95
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%	5.40%	5.40%	5.40%

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%

Notes to financial statements  
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## SCHEDULE 18

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%

## 33(A)(3) Movements in share options issued

## During the year ended March 31, 2023

Particulars (Nos.)	Options granted and outstanding as at beginning of year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the end of the year
ESOP 2019	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 Senior Hire_&-2023	-	252,496	-	-	252,496
ESOP 2019_Additional Grant Jan 2023	-	47,393,431	-	45,369	47,348,062
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

## During the year ended March 31, 2022

Particulars (Nos.)	Options granted and outstanding as at beginning of year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the end of the year
ESOP 2019 - Original	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
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



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

**SCHEDULE 18**

**33(A)(4) Share options exercised during the year**

Out of the ESOP granted till FY March 31, 2023, 2,01,944 options has been exercised during the year (PY- Nil)

**33(A)(5) Share options outstanding at the end of the year**

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 27.35 (PY - ₹ 26.54) for ESOP 2019 scheme and a weighted average remaining contractual life of 6.02 Years (PY 6.59 Years).

**33(A)(6) Expense arising from share based payment transaction recognised in Statement of profit or loss as employee benefit expense are as follows:**

Particulars	(₹ in 000's)	
	Year ended March 31, 2023	Year ended March 31, 2022
Employee benefit expense	91,427	(16,039)

**33 (A) (7) ESOP arrangement with the Holding company (Ujjivan Financial Services Limited)**

As per guidance note issued by Institute of Chartered Accountants of India (ICAI) on Share-based Payment, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. The Bank has accordingly determined the cost of the employee share-based payments considering the fair value principles, recognised the share based payment expense for all the unvested options as on date for the period starting from the grant date. Total 36,689 options granted to Holding Company employees for which Bank has decided to cross charge the stock compensation expense through related party transaction.

- 34** The COVID-19 virus, a global pandemic that affected the world economy over the last two to three years. The extent to which any new wave of COVID-19 will impact the Bank's results will depend on ongoing as well as future developments, including, among other things, any new information concerning the severity of the COVID-19 pandemic, and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.
- 35** 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	(₹ in 000's)				
	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at the end of the previous half-year i.e., September 30, 2022 (A)	(B) Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2023	(C) Of (A) amount written off during the half-year ended March 31, 2023	(D) Of (A) amount paid by the borrowers during the half-year ended March 31-2023	(E) Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year i.e., March 31, 2023
Personal Loans	758,311	21,401	75,083	222,694	460,534
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	2,156,760	58,848	417,167	851,320	888,273
<b>Total</b>	<b>2,915,071</b>	<b>80,249</b>	<b>492,250</b>	<b>1,074,014</b>	<b>1,348,807</b>

\* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

- 36** 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 ₹ 227,040 ('000). Bank has filed the initial responses to the PF Commissioner and contented that said notice does not have a stand based on definition of basic wages under EPF Act, 1952 and various case laws. However, due to 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 ₹ 227,040 ( '000) as a matter of prudence, which was treated as contingent liability for the FY 2020-21.

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

## SCHEDULE 18

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 09-08-2021 against the Bank, directing the Bank to remit provident fund contribution of ₹ 22,70,40,185/- 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 off 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., ₹ 22,70,40,185) till the appeal pending before CGIT is disposed.

## 37 SECURITISATION TRANSACTION

The details of Securitisation deals outstanding as at March 31, 2023 and as at March 31, 2022 as below.

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on 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 securitised assets as per books of the SPEs sponsored by the Bank	3,737,336	2,525,883
Total amount of exposures retained by the Bank to comply with MRR as on the date of balance sheet	-	-
Off balance sheet exposures	-	-
a) First loss	-	-
Others	-	-
On-balance sheet exposures	-	-
b) First loss	325,275	252,588
Others	-	-
Amount of exposures to securitisation transactions other than MRR	-	-
Off balance sheet exposures	-	-
Exposure to own securitisations	-	-
i) First loss	-	-
a) Loss	-	-
Exposure to third party securitisations	-	-
ii) First loss	-	-
Others	-	-
On balance sheet exposures	-	-
Exposure to own securitisations	-	-
i) First loss	196,922	75,776
b) Others	-	-
Exposure to third party securitisations	-	-
ii) First loss	-	-
Others	-	-
Sale Consideration received for the securitised assets and gain/loss on sale on account of securitisation	3,414,120	2,323,812
Form and quantum ( outstanding value) of services provided by way of credit enhancement, liquidity support, post-securitisation asset servicing, etc	-	-
Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	-	-
a) Amount paid	-	-
b) Repayment received (Inclusive of Principle and interest)	1,960,287	62,914



Notes to financial statements  
for the year ended March 31, 2023 (Contd.)

### SCHEDULE 18

Particulars	(₹ in 000's)	
	As on March 31, 2023	As on March 31, 2022
c) Outstanding amount	2,228,906	2,494,082
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.	NA	NA
Investor complaints	NA	NA
(a) Directly/Indirectly received and;	-	-
(b) Complaints outstanding	-	-

### 38 DIVIDEND:

Dividend has been paid during the financial year ended March 31, 2023 (PY- Nil).

Particulars	(₹ in 000's)	
	Year ended March 31, 2023	Year ended March 31, 2022
Preference Dividend*	220,000	-
Interim Equity Dividend Paid	1,465,944	-

\*Preference Dividend includes an interim preference dividend of ₹ 0.55 per share to Ujjivan Financial Services Limited which was declared by the Board of Directors on May 11, 2023 for the FY 2022-23. Also, the Board of Directors at its meeting held on May 11, 2023, proposed final Equity Dividend of ₹0.5 per share (previous year - Nil), subject to the approval of the members at the ensuing Annual General Meeting.

### 39 PAYMENT OF DICGC INSURANCE PREMIUM

Sl. No	Particulars	(₹ in 000's)	
		Year ended March 31, 2023	Year ended March 31, 2022
i)	Payment of DICGC Insurance premium	165,248	109,195
ii)	Arrears in Payment of Insurance premium	-	-

### 40 MARKETING AND DISTRIBUTION

There are no fees/remuneration received in respect of the marketing and distribution function( excluding bancassurance business) undertaken by the bank for current year and previous year.

41 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. Read with this, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries). The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

42 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 such employment as on the Effective Date shall become, and be deemed to have become, the staff and

Notes to financial statements  
for the year ended March 31, 2023 (Contd.)**SCHEDULE 18**

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 Bank is now awaiting the directions / orders from the Hon'ble NCLT, Bengaluru Bench.

**43 IMPLEMENTATION OF IFRS CONVERGED INDIAN ACCOUNTING STANDARDS (IND AS)**

Reserve Bank of India (RBI) through press release RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19, dated March 22, 2019, updated all Scheduled Commercial Banks that legislative amendments recommended by the RBI are under consideration of the Government of India. Accordingly, RBI had decided to defer the implementation of Ind AS till further notice. Bank is gearing itself to bring the necessary systems in place to facilitate the Proforma submission to RBI. With respect to various instructions from Ministry of Corporate Affairs and Reserve Bank of India (RBI), the actions taken by the Bank are as follows:

1. Bank is in the process of Implementing changes required in existing IT architecture and other processes to enable smooth transition to Ind AS.
2. As directed by RBI, the Bank is submitting half yearly Proforma Ind AS financial statements to RBI within the stipulated timelines.
3. Training to the employees is imparted in phased manner
4. The Bank is currently preparing Special Purpose Ind AS Financials for the Holding company i.e. UFSL, for the purpose of consolidation.
5. The Bank will continue its preparedness towards adoption of Ind AS as per the regulatory requirement, and liaise with RBI and Industry Bodies on various aspects pertaining to Ind AS implementation.

**44 COMPARATIVE FIGURES**

Figures of the previous year have been regrouped/ reclassified wherever necessary to confirm to the current year's presentation.

Signature to Notes on Accounts

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

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

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

**Vasuki H S**  
Partner  
MN: 212013

**Nilesh RS Joshi**  
Partner  
MN: 114749

**Ittira Davis**  
DIN: 06442816  
Managing Director & CEO

**B A Prabhakar**  
DIN: 02101808  
Independent Director

**Sudha Suresh**  
DIN: 06480567  
Independent Director

Bengaluru  
May 11, 2023

**M.D.Ramesh Murthy**  
Chief Financial Officer

**Sanjeev Barnwal**  
Company Secretary