UJJIVAN/SE/2021-22/29

September 3, 2021

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East),
Mumbai 400 051
Kind Attention: Manager, Listing Department

BSE Limited
P.J. Tower,
Dalal Street
Mumbai 400 001
Kind Attention: Manager, Listing Compliance

Trading Symbol: UJJIVAN

SCRIP CODE: 539874

ISIN: INE334L01012

Dear Sir/Madam,

Subject: Notice of the 17th Annual General Meeting (AGM) and Annual Report for the FY 2020-21

Please refer to our letter dated August 27, 2021 wherein we have intimated that the 17th AGM of our Company will be held on Wednesday, September 29, 2021 at 03:30 PM through Video Conference (VC) / Other Audio Visual Means (OAVM) in accordance with the relevant circulars issued by the Ministry of Corporate Affairs (MCA) and the Securities and Exchange Board of India (SEBI).

In compliance with Regulation 30 and Regulation 34 read with Schedule III and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice of the 17th AGM of the Company and the Annual Report for the FY 2020-21. The Notice and the Annual Report has been sent by email today to the shareholders whose email addresses are registered with the depository participants / Registrar and Transfer Agent. The requirements of sending physical copy of the Notice of the AGM and Annual Report to the Members have been dispensed with vide circulars issued by the MCA and SEBI.

The Notice of the AGM and the Annual Report for the FY 2020-21 can also be downloaded from our website from the link below:

https://www.ujjivan.com/annual-reports

We request you to please take the same on record.

Thanking You,

Yours faithfully,

For Ujjivan Financial Services Limited

SANJEEV BARNWAL

Digitally signed by SANJEEV BARNWAL
DN: c=IN, o=Personal, title=2055, pseudonym=433beb4e65408e7ca306ab9eb368615d584fff5f73bd2d5f9a9a302e70a6c343, postalCode=560102, st=Karnataka, serialNumber=165b67a063a15a392d58348ef840b235070a7bd0b5c65a1f73ad0a1e44bd2e29, cn=SANJEEV BARNWAL
Date: 2021.09.03 16:59:42 +05'30'

Sanjeev Barnwal
Company Secretary and Compliance Officer

Encl: Annual Report (which includes the AGM Notice)

ujjivan
Build a Better Life
Ujjivan Financial Services Limited

Annual Report 2020-21

*For a **better** tomorrow.*

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For a better ***tomorrow***

FY 2020-21 was no doubt challenging, and the financial services sector in India was also hit hard, with increasing stress on balance sheets and asset quality. However, the proactive measures undertaken by the government and the Reserve Bank of India helped cushion the impact to a very large extent.

With the phased reopening of the economy, credit demand is likely to gain momentum and the pace and breadth of the vaccination drive offer some hope.

During the year, we managed to protect the interests of all our customers, employees, investors and other stakeholders as the custodian of their precious trust. However, the uncertainty in the operating environment is still significant, and calls for appropriate due diligence.

Our priorities now comprise meticulous management of our portfolio in terms of accelerating collection efforts, restructuring of assets wherever required, optimising costs and supporting our employees and customers in these trying times.

The proposed reverse merger will entail a lot of changes, and it is crucial for us to ensure the interests of all stakeholders are taken care of.

Corporate Identity

A custodian of trust

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

UFSL commenced operations as an NBFC in 2005, to provide a full range of financial services to the 'economically active' underbanked/unbanked segment of the population, primarily based on the joint liability group-lending model for providing collateral-free, small ticket-size loans. It also offered individual loans to Micro and Small Enterprises (MSEs). UFSL adopted an integrated approach to lending, which combines a high customer touchpoint similar to microfinance, with the technology infrastructure and back-end support similar to a retail bank.

On October 7, 2015, UFSL received an in-principle approval from the RBI to set up a Small Finance Bank and floated its wholly owned subsidiary, Ujjivan Small Finance bank Limited (the Bank). UFSL transferred its business to the Bank, which subsequent to the RBI license, commenced its banking operations from February 1, 2017. As of March 31, 2021, UFSL holds 83.32% in the Bank.

As part of its ongoing CSR initiatives, UFSL has continued its partnerships for CSR projects during the year, by working closely with the Parinaam Foundation, and has delivered on several community development projects under the brand name 'Chote Kadam – Coming Together for Good'.

83.32%

Holding in the Bank

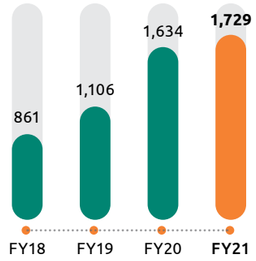
About our subsidiary

Ujjivan Small Finance Bank (material listed subsidiary of the company) serves over 59.2 lakh active customers through 575 branches and 16,571 employees, spread across 248 districts and 24 states and union territories in India. Its gross loan Book stands at ₹15,140 crore with a deposit base of ₹13,136 crore as of March 31, 2021.

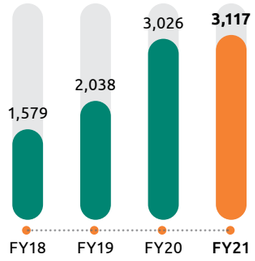


Key Performance Indicators
(listed subsidiary – Ujjivan Small Finance Bank)

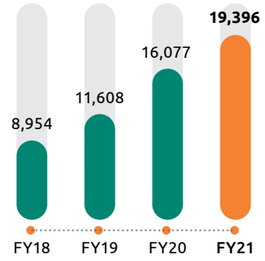
NII
(₹ in Crores)



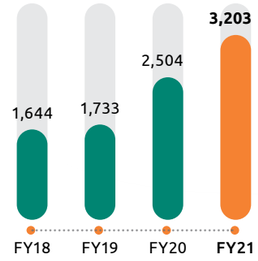
TOTAL INCOME
(₹ in Crores)



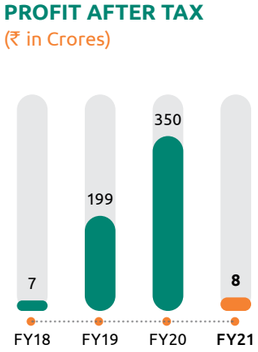
AVERAGE TOTAL ASSETS
(₹ in Crores)



AVERAGE NET WORTH
(₹ in Crores)

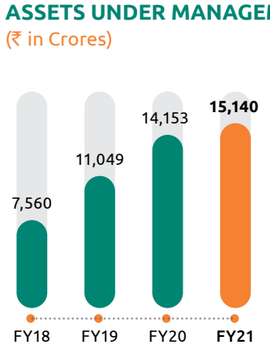


PROFIT AFTER TAX
(₹ in Crores)

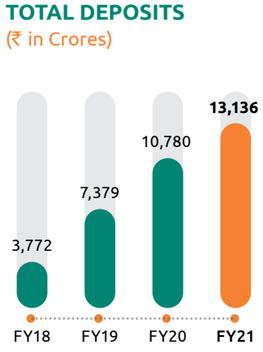


BOOK VALUE PER SHARE AND EPS
(In ₹)

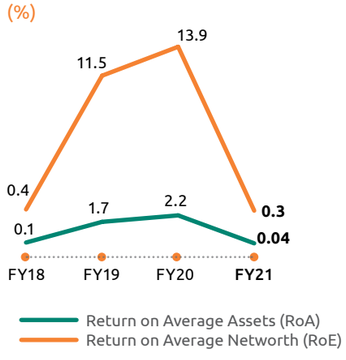
ASSETS UNDER MANAGEMENT (AUM)
(₹ in Crores)



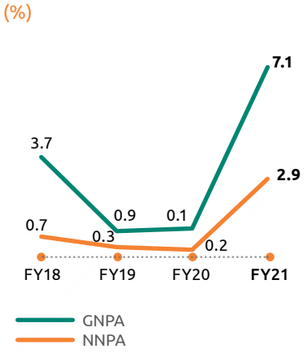
TOTAL DEPOSITS
(₹ in Crores)



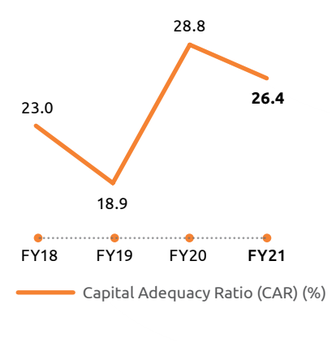
ROA & ROE
(%)



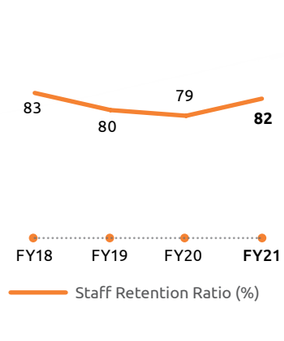
GNPA & NNPA
(%)



CAPITAL ADEQUACY RATIO

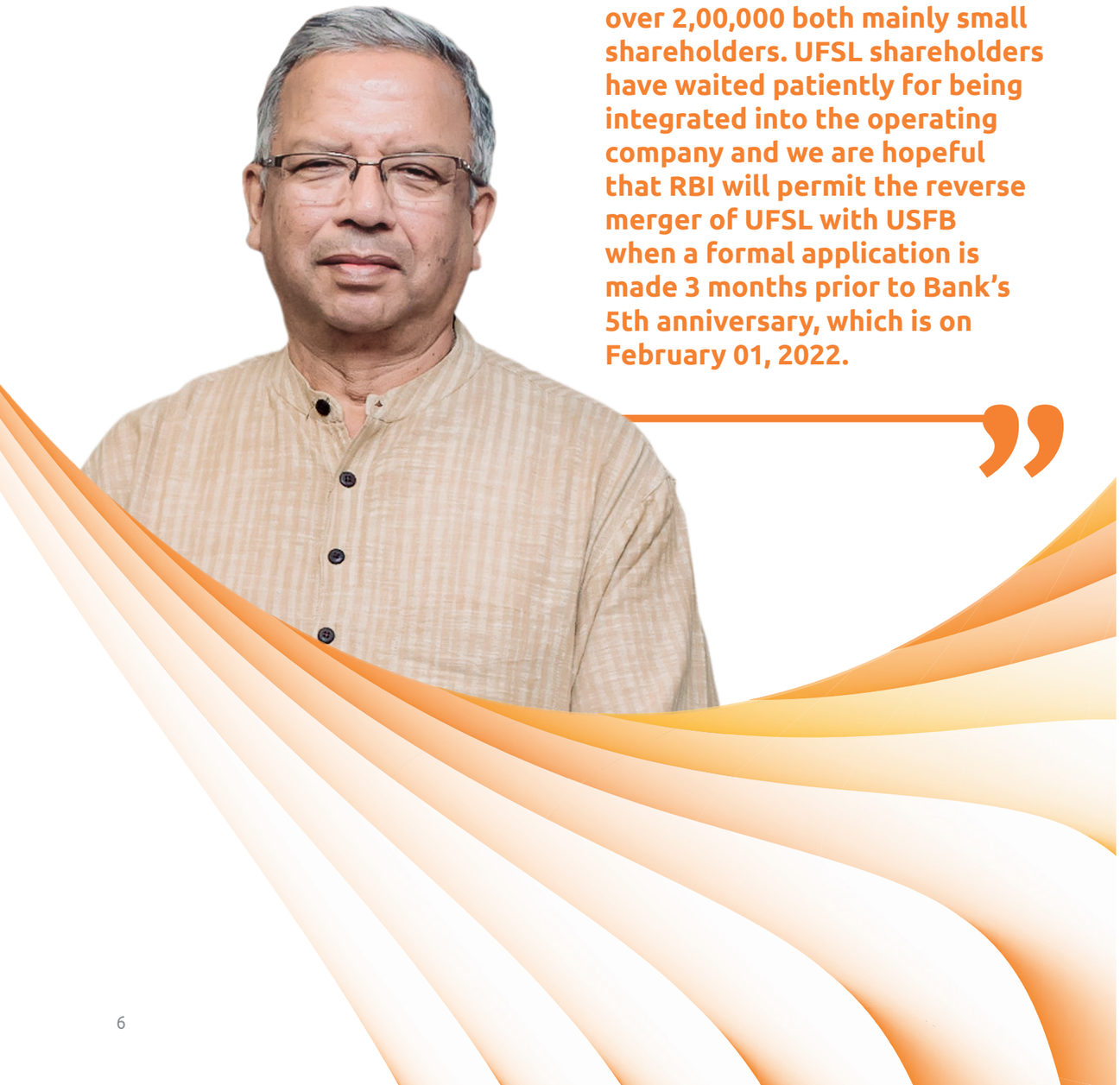


STAFF RETENTION RATIO



Message from the Chairman

Strengthening our way forward



As of now UFSL has over 1,00,000 shareholders and USFB over 2,00,000 both mainly small shareholders. UFSL shareholders have waited patiently for being integrated into the operating company and we are hopeful that RBI will permit the reverse merger of UFSL with USFB when a formal application is made 3 months prior to Bank's 5th anniversary, which is on February 01, 2022.

Dear Shareholders,

The last year has been a very difficult one for all of us both economically and more important personally. I will not elaborate on the effects the pandemic had on the economy and society as these are well known. However, a prolonged crisis with repeated waves impacts our customers & our employees who are the vulnerable members of our society. We have lost 12 Bank staff and innumerable family members. As on August 25th 2021, the number of staff infected & recovered was 2576 and currently 76.4% of our staff has been vaccinated. The Quick Response Team (QRT) of the Bank has worked literally day & night for last 18 months to support the staff & their families for hospitalization, in case of bereavement and organize vaccinations. We on behalf of the UFSL Board would like to take pause to share the grief of the bereaved families & thank the work by the QRT members across the country.

FINANCIAL RESULTS:

1. Standalone (UFSL)

As you will be aware, Ujjivan Financial Services Limited (UFSL), is a non-operating holding company with sole 83.32% ownership of Ujjivan Small Finance Bank (USFB) and it does not have any other business interest. At standalone level, the income streams of UFSL include dividend income from investments held in its subsidiary, UFSB and interest earned on fixed deposits invested with various banks. There was no dividend income received on its equity investment held in USFB since inception of the Bank including during the financial year 2020-21, due to restrictions on declaring dividend by banks as per Reserve Bank of India (RBI). We had invested ₹200 Crores in Preference Shares in the Bank. On this we had received dividend income of ₹11 crores in the previous financial year 2019-20. But for reasons mentioned earlier, no dividend income was received this year. However, UFSL closed on a standalone level with a profit after tax of ₹2.93 crores in comparison to ₹8.82 crores in previous year. This was from the interest income on bank deposits and a substantial reduction in expenses at standalone level during the year.

2. Consolidated (UFSL with USFB)

UFSL's consolidated loss (which includes Bank's financials) under Ind-AS for the financial year 2020-21 stood at ₹239.11 crores vis-à-vis profit of ₹298.65 crores during the financial year 2019-20. The loss includes impairment on Financial Assets – Loans, based on Expected Credit Loss (ECL) provisions of ₹1,165.16 crores due to COVID-19 compared to ₹174.46 crores of provisions in previous year.

The Bank's operating profit under IGAAP, prior to provisioning, rose from ₹637.23 crores to ₹809.30 crores and net profit stood at ₹8.30 crores vis-à-vis net profit of ₹349.92 crores, in the previous year. Provisions on Gross Advances as per IGAAP books for the financial year 2020-21 were ₹798.96 crores vis-à-vis ₹170.99 crores in financial year 2019-20.

It is important to note that UFSL, as NBFC is required to prepare its financials as per Ind-AS and to provide for bad debt on the basis of ECL methodology, however the banks continue to provide under IGAAP. The difference between the provision under ECL methodology as per Consolidated Financial Statements under Ind-AS and provision as per Bank Standalone Financial Statements under IGAAP is due to the reason that ECL is computed on expected credit loss following a forward looking approach. This is arrived by discounting the future expected cash flows, whereas IGAAP provisioning is based on historical data prescribed by RBI's prudential norms. This is a rule based provisioning and based on the days past due data.

COVID-19 RELIEF SUPPORT

Although our annual CSR obligations are very small from the financial year 2020-21 and onwards, during this hour of need, UFSL was willing to support few deserving medical institutions which are in the frontline of COVID-19 treatment for poor patients. Hence, considering UFSL's standalone profitability and eligibility, the Board of Directors of UFSL approved ₹50 lakhs fund for this purpose to be spent during the financial year 2021-22. Accordingly, we have identified and provided financial support to few hospitals across India to procure certain medical equipment and related items for treatment of COVID-19 patients with help of our CSR partner, Parinaam Foundation.

₹50 lakhs

Fund approved by the Board of Directors of UFSL

REVERSE MERGER AND CHANGES ON THE BANK BOARD INCLUDING MY INDUCTION AS A MEMBER

RBI through its communication dated July 9th, 2021 to the CEOs of Association of Small Finance Banks (SFBs) has conveyed its decision to permit SFBs and the respective holding companies to apply for amalgamation of the holding company with the SFB three months prior to the 5th anniversary of the Bank, subject of course to the entities complying with the all regulatory prescriptions. The completion of the process of reverse merger is likely to take one year from the time we get permissions from regulatory authorities including RBI, SEBI and NCLT.

As of now UFSL has over 1,00,000 shareholders and USFB over 2,00,000 both mainly small shareholders. UFSL shareholders have waited patiently for being integrated into the operating company and we are hopeful that RBI will permit the reverse merger of UFSL with USFB when a formal application is made 3 months prior to Bank's 5th anniversary, which is on February 01, 2022. With this perspective we must reflect on the shape of the integrated company USFB (as UFSL will cease to exist on completion of the said reverse merger). We would expect USFB to carry forward the values of the operating UFSL, in particular the financial inclusion and socio- economic goals, the people orientation towards employees and its customers.

In view of this significant positive development, the Board of the Company has recommended that I also serve on the Board of USFB as common director (RBI permits UFSL to have 3 common directors on USFB board) in addition to being the non-Executive Chairman of UFSL. The Board was of the view that my direct association on the Board of the Bank will be immensely beneficial for the whole Ujjivan group when the process of reverse merger is initiated. This is because of my relationship with shareholders & employees of both entities and also with the regulators. Also my long standing experience in the microfinance sector and USFB businesses would stand in good stead in guiding the bank management to steer through the severe credit crisis. Accordingly, under due process, I have also become a director on the Board of USFB effective from August 20, 2021 and I look forward to start my new journey as a Non-Executive member of the Bank Board.

Going forward some of the directors and KMPs of UFSL will also move to the Bank after the merger. The common trend is now to entrust the operations of a listed company more to the Board of Directors and less to the "promoter". A SEBI discussion paper suggests replacement of the concept of promoter to one of "Person in Control" based on shareholding and other factors. Today there is no dominant shareholder in UFSL or the bank (except UFSL) Even after the merger there will be no dominant shareholder in the merged entity. We at UFSL have worked collaboratively with UFSB to structure the USFB Board with persons of integrity and relevant skill sets who are attuned to the goals and philosophy of Ujjivan.

As you would know Nitin Chugh, MD & CEO of the Bank has resigned effective Sep 30, 2021 due to personal reasons and Carol Furtado has been appointed as the Officer on Special Duty (OSD) who is leading the charge of handling day-to-day operations of the Bank from August 26, 2021.

Carol has been with Ujjivan since inception and has steer-headed the organization in numerous occasions playing vital part across different roles in her long one and a half decade association. We believe she is an ideal candidate and very well equipped to handle the current covid situation with her all-round experience to handle business, operations and human resources. She has always been our go-to person during several difficult situations such as demonetization and Andhra crisis. She will be serving the Bank as 'OSD' until Nitin is in office. Post September 30 Carol will take charge as the Interim CEO. In the meanwhile, board will evaluate suitable candidates and submit two names to RBI for approval on the basis of which the new MD & CEO will be appointed. This process might take 3-4 months.

We are fortunate to have on the Bank Board Mr. B.A. Prabhakar, ex-CMD of Andhra Bank and Chairman of NSDL who has joined the Bank Board as an Independent Director and has been recommended to the RBI for his appointment as Part-Time Chairman of the Bank.

Ms. Sudha Suresh has also joined the Bank Board as a Non-Executive Director. She has been associated with Ujjivan for over 14 years and has served as the CFO and MD of the Holding Company during her tenure. She will add significant value to the Bank and will also play a pivotal role during the said reverse merger. Further, Mr. Ravichandran Venkataraman has joined as an Independent Director. He is an experienced finance, operations and banking professional and has a track record of 35 years and has a strong business background having worked with top business leaders across the globe. His multi-dimensional role covering both finance and IT will further strengthen the Bank Board.

As USFB is only over four years old as a bank, with the above inductions of new members including myself on the Bank Board, we have a blend of directors, who are seasoned bankers and professionals who will bring in perspectives of other institutions of repute and help achieve our mission to be the best digital mass market Bank. Finally, the Board of the merged entity will be responsible to the integrated base of shareholders going forward.

We must look into the future with optimism and we have always believed that we will prevail against all odds.

BACKGROUND & LITTLE BIT HISTORY

It may be instructive at this time to look back briefly at our history of 16 years and see how we got here and where we are now

Ujjivan was founded by myself, as a microfinance company (NBFC-MFI) in 2005 and its initial capital of ₹2.43 Crores was subscribed by myself, my friends, colleagues and Bellwether Microfinance Fund. In 10 years its grew from strength to strength attracting capital mainly from international developmental financial institutions & private equity firms, as per the permitted levels. During this period, I coming from a professional banking background, got progressively diluted, as the capital requirement rose substantially as the business scaled up.

When we received the license to convert to a Small Finance Bank, one condition was that the bank had to have a promoter, who should be predominantly Indian and to be eligible UFSL applied to the RBI as the promoter of the proposed bank. This led to UFSL IPO in 2016 whereby the foreign holding was reduced below 50%. Many of you subscribed to the IPO and have held on to the share, sharing in the overall goal of the company as well as an investment. The operations were then spun off to the bank entity USFB in early 2017 and UFSL became a holding company, with USFB an unlisted subsidiary. As per RBI stipulations within three years and having a capital exceeding ₹500 Crore, UFSB itself had to be listed and there was a successful IPO in end 2019. Thereafter USFB is a listed company although a subsidiary of UFSL. USFB is also governed by the Banking Regulation Act in terms of its ownership structure, number of independent directors, and other aspects. USFB is also governed by SEBI regulations. In the circumstances, UFSL although a promoter in concept is not what is generally understood as a promoter. For example it has only 26% voting rights (notwithstanding economic interest of 83%), half the bank directors have to be independent and only three directors can be common as between UFSL and USFB. All the directors and Key Management Professionals (KMPs) of UFSL are covered by the code of conduct as regards the sharing and dealing with any potential unpublished price sensitive information (UPSI).

However, financially the two companies are intertwined: the major asset of UFSL is shares (preference shares and equity) in UFSB and UFSL depends on dividend from UFSB to in turn declare any dividend to its shareholders. UFSL has bank deposits with UFSB as well.

UFSL in itself has actually no effective promoter. The term promoter is defined variously under enactments from the technical (signing of memorandum of association, disclosure in prospectus or annual return) to the practical (control over the affairs of the company, control over the board of directors, binding advice, shareholders agreement).

However, in none of the statutes does the degree of shareholding come into play as defining a promoter, i.e. there is no minimum shareholding for a promoter to hold, nor is there any requirement to hold any share. There is a misconception in some quarters that the founder, myself is the promoter of UFSL. This is incorrect. I am only one of the directors of UFSL appointed by the shareholders like the other. A director appointed in a professional capacity is not a promoter. On the other hand to dispel a common impression, I have a very small shareholding in UFSL. RBI regulations requires that the Managing Director of a bank cannot hold more than 50000 shares or 10% of any company, whichever is lower. Hence I had to actually dilute my shareholding in UFSL to meet the said requirement. A significant part of the proceeds of the enforced sale of UFSL shares was invested by me in UFSB, during the Bank IPO during my service as the MD & CEO of the Bank from February 2017 to November 2019.

LOOKING AT THE YEAR AHEAD AND POTENTIAL SYNERGIES POST-MERGER

The pandemic is by no means over. We can breathe easy once the vaccinations levels in India reaches the thresh hold levels of 70-80%.

- Meanwhile we have to manage the credit crisis which hits our customers & our staff in waves. This means a close management of the portfolio in terms of collection, restructuring of loans and supporting our good customers with top ups & specialized government guaranteed loans. Secondly, we need to provide support to our customers & their families to get vaccinated at the earliest, which is the ultimate solution.
- It is important in a storm to hold the crew of the ship together with all hands on deck. We have unfortunately seen unprecedented high levels of attrition of staff at all levels across the organization. This must be stopped & the employees should be encouraged and motivated to operate with full confidence.
- Finally, it is important for UFSL & USFB to work in collaboration to ensure the reverse merger takes place and the shareholders' interest is duly taken care of.

We look to the future with optimism.

Samit Ghosh, Chairman
August 25, 2021.

Corporate Social Responsibility

Committed to community well-being

Our development efforts target various social issues in the domains of providing access to free clean drinking water, healthcare, right to quality education and others, across India.

At UFSL, we began our social responsibility programmes in 2010, much before it was mandated by government policies; and today we undertake various programmes in collaboration with the Parinaam Foundation. During this year, we also provided a local community support wherein two non-profit organizations were identified and provide them a support package to fund their residents' requirements for few months.

₹ 2.81 lakhs CSR spent in FY 2020-21. It includes the carried forward amount of Rs. 0.10 Lakhs, which UFSL was unable to spend towards CSR obligation in the preceding financial years.

CHOTE KADAM

In association with the Parinaam Foundation, we have undertaken a Community Development Programme (CDP), Chote Kadam, which addresses critical community needs in the areas of education, healthcare, sanitation, public infrastructure and general community welfare activities across India. The programme is designed to work along with families, corporates, peers and knowledge partners, to bring greater transformation across neighbourhoods in India.

Out of our Commitment and Amount funded to Parinaam Foundation towards Chote Kadam, Parinaam Foundation have spent Rs. 4.46 crores up till March 31, 2021



Key Project Objectives

The project seeks to align with our mission to serve the unserved and underserved by:

- Serving needs of unserved and underserved beyond financial services
- Creating a connect and deeper understanding between Ujjivan and the community
- Addressing critical community needs in the areas of education, healthcare, sanitation and public Infrastructure across India

The programme deeply resonates with our purpose of enabling a better life for the unserved and underserved, and focuses on providing the marginalised communities with basic infrastructural facilities across India. During the year, we implemented several new projects in the areas of public infrastructure, health and education through the non-profit. We also worked with equal zeal towards maintaining the projects completed earlier, with a focus on maximising the use of recycled materials.

CHOTE KADAM IMPACT
Since August 2017

Project type	Number of projects	Number of beneficiaries[1]
Bus stops/bus sheds	18	826,342
Children's play area	5	11,400
Community development	7	41,750
Educational institute renovation	67	29,404
Healthcare centre renovation	14	3,72,181
Public toilets	1	583
Tree plantation	1	10,000
Road safety	1	20,000
Safe water access	10	91,617
Solar street lighting	6	26,185
Waste management	1	28,754
Old Age Home	1	35
Orphanage Development	1	16
Anganwadi	4	266
Total	**137**	**14,58,533**

[1] The beneficiary numbers are approximate values, the statistical data not being altogether complete.

LOCAL COMMUNITY SUPPORT

This year Company followed a slightly different approach to provide direct community support and stay local in Bangalore. We identified an Old Age Home and an Orphanage and support was given to them for their monthly provision and other needs for few months.

Rs. 2.81 lakhs amount spent on local community support program including Rs. 0.28 lakh paid to Parinaam Foundation towards Academic Adoption program for poor kids.



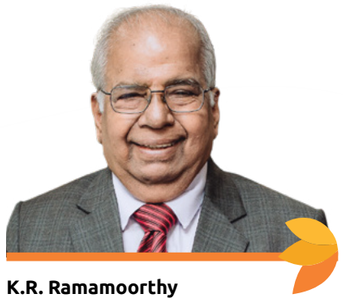


Board of Directors



Samit Ghosh

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



K.R. Ramamoorthy

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



Abhijit Sen

Mr. Abhijit Sen is a Non-Executive, Independent Director of our Company. He retired from Citibank N.A. India after serving for over 18 years, last position being Managing Director - Chief Financial Officer. He was also a director of Citicorp Services India Limited and other locally incorporated Citi entities. He currently serves on several boards including Trent Limited, Tata Investment Corporation Limited, Manappuram Finance Limited, Kalyani Forge Limited, Ugro Capital Limited and Pramerica Life Insurance Limited. He holds a bachelors honors degree in engineering from Indian Institute of Technology, Kharagpur and a post-graduate diploma in business management from Indian Institute of Management, Calcutta.



Sunil Vinayak Patel

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



Mona Kachhwaha

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



Anand Narayan

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

Leadership Team



Sanjeev Barnwal
Company Secretary and Compliance Officer

Sanjeev Barnwal is a qualified Company Secretary from the Institute of Company Secretaries of India and holds a Bachelor's degree in Law and a Diploma in Business Management. He also received NSE's Certification in Financial Markets (NCFM) for Compliance Officer (Corporate) Module. He has a corporate experience of over 17 years and prior to joining Ujjivan, he worked with SMC Capitals Limited as Associate Vice President and Company Secretary. He played a significant role in the IPO and listing of the Company and subsequently in the restructuring, incorporation, formation and listing of the Small Finance Bank. He has also worked with companies like CMC Limited and SBEC Sugar Limited previously.



Barun Agarwal
Chief Financial Officer

Barun Agarwal is a chartered Accountant and has about 13 years of post-qualification experience. Previously he was with S. R. Batliboi & Associates LLP (EY network firm) wherein he primarily worked in Audit- Assurance service line as Senior Manager handling audits of listed, multinational as well as Indian companies in Healthcare, Manufacturing, Retail Apparel, Technology and other sectors. He has extensive experience in Ind-AS, previous Indian GAAP, Internal Control over Financial Reporting framework etc.

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Management Discussion and Analysis

The Company, a RBI registered NBFC-Core Investment Company is the promoter of 'Ujjivan Small Finance Bank Limited' (hereinafter referred to as "USFB" or "the Bank"). The Company on a standalone basis has no operation of its own and derives its value primarily from its investments in USFB where it holds 83.32%.

KEY HIGHLIGHTS PERTAINING TO THE CONSOLIDATED FINANCIALS (AS PER IND-AS) ARE GIVEN BELOW:

(₹ in Crores)

Particulars	FY 2020-21	FY 2019-20	y-o-y growth
Total Income	3,181.00	2,969.38	7.13%
Total Operational Expenses	3,500.32	2,553.47	37.08%
Profit/(Loss) Before Tax	-319.33	415.91	NA
Profit/(Loss) After Tax	-239.11	298.66	NA

This report is being presented from the Bank perspective and highlights a synopsis of the banking industry, business and financials of the Bank which predominately dominates the consolidated financials and business of the Company; on a standalone basis the Company is a non-operating Company.

MACROECONOMIC INDICATORS

The growth in India's gross domestic product (GDP) during FY 2020-21 is estimated at -8.0% as compared to 4.0% in FY 2019-20. Asia's third largest economy was on the brink of an impending recession with contraction in GDP growth since Q3 FY20. Q1 FY21 witnessed severe slowdown across all sectors on account of the nation-wide lockdown to check the spread of the COVID-19 pandemic. The partial lifting of the lockdown across states saw gradual opening up of the economy and a semblance of growth returning across sectors from Q3. Cumulatively the Index of Industrial Production, (IIP) contracted by 7% in FY 2020-21 against a 0.7% growth in FY 2019-20. IIP had declined for five consecutive months from April to August in FY 2020-21, before returning to positive territory in September and October. India's current account balance deficit (balance of exports minus imports) recorded a deficit of 0.2% of GDP in Q3 FY21 after a surplus of 2.4% of GDP in Q2 FY21 and 3.7% of GDP in Q1 FY21 and a deficit of 0.4% of GDP in Q3 a year ago.

BANKING INDUSTRY SCENARIO

Bank credit growth decelerated on the back of weak demand across all population groups (rural/ semi -urban/ urban/ metropolitan) on account of the lockdowns and restrictions due to rising infections and mortality rates during the second wave of the pandemic. Non-food credit growth of scheduled commercial banks (SCBs) decelerated to 4.9% in March 2021 as compared with 6.7% a year ago. Growth in credit by private sector banks decelerated considerably to 6.7% in December 2020 (13.1% a year ago), whereas that for public sector banks improved to 6.5% in December 2020 (3.7% a year ago). Credit growth in agriculture and allied activities accelerated to 12.3% in March 2021 from 4.2% in March 2020. The forecast of normal monsoon by the India Meteorological Department (IMD) augurs well for agriculture output and farm incomes. Credit growth to industry decelerated to 0.4% in March 2021 from 0.7 % in March 2020. Credit to medium industries registered a robust growth of 28.8% in March 2021 as compared to a contraction of 0.7% a year ago. Credit growth to micro and small industries decelerated to 0.5% in March 2021 from 1.7% a year ago, while credit to large industries contracted by 0.8% as compared to a growth of 0.6% a year ago.

The RBI has announced additional measures to instil public confidence in the stability of financial systems in the midst of the uncertainties. To enable immediate liquidity for ramping up COVID-related healthcare infrastructure and services in the country, an on-tap liquidity window of ₹50,000 Crore with tenors of up to three years at the repo rate up to March 2022 was announced. Under the scheme, banks could provide fresh lending support to a wide range of entities focusing on Covid care with the additional advantage of PSL benefits for such lending till March 2022. To provide further support to small business units, micro and small industries, and other unorganized sector entities adversely affected during the current wave of the pandemic, special three-year long-term repo operations (SLTRO) of ₹10,000 Crore at repo rate for small finance banks (SFBs). Fresh lending of up to ₹10 lakh per borrower could be deployed till October 31, 2021. In view of the challenges brought on by the pandemic and to address the emergent liquidity position of micro finance institutions (MFIs), SFBs will be permitted to reckon fresh lending to smaller MFIs (with asset size of up to ₹500 Crore) for on-lending to individual borrowers as priority-sector lending up to Mar 2022. To incentivise credit flow to the micro, small and medium enterprise (MSME) borrowers, cash reserve ratio (CRR) exemption for MSMEs was extended up to December 31, 2021, from the current October 31, 2021, timeframe. Resolution Framework 2.0 was announced, allowing extension of tenor up to two years for restructured accounts under Resolution Framework 1 and opportunity for fresh invocation of restructure of standard cases as of March 2021 within September 2021 with a 90-day window for implementation. A one-time reassessment of working capital limits has also been allowed for small businesses and MSES restructured earlier. In order to mitigate the pandemic-related stress on banks and as a measure to enable capital conservation, banks are being allowed to fully utilise floating provisions/countercyclical provisioning buffers as on December 31, 2020 to create specific provisions for non-performing assets with prior approval of their Boards up to March 2022. The additional measures also included rationalisation of KYC norms including extension of scope of Video KYC for better convenience. We believe that the measures announced will go a long way in sustaining the financial and systemic stability. There is limited visibility on the vaccination drive, demand conditions and the situation ahead. Overall, downside risks to domestic growth remain significant this year. After a largely depressed Q1, economic activity in Q2 may remain subdued due to the shock of the rising infection levels and associated collateral damage and restrictions, lockdowns and the temporary shortage of labour. Recovery in economic activity is expected to begin in Q3 and gain momentum in Q4 with mass-scale vaccinations and gradually revival of demand. In conclusion, the markets have remained resilient, liquid and stable, establishing conditions for a finance-led recovery of the economy ahead of the increase in demand.

OUR BANK APPROACH TO CRISIS MANAGEMENT - COVID-19

A special committee of the Bank Board, Business Continuity Monitoring Committee, has been formed to advise, monitor and assess the social, financial, business, credit and risk impact under the current economic scenario.

Further, a Quick Response Team (QRT) was formed to monitor the situation and act as a task force as soon as the COVID-19 pandemic was reported in March 2020. The QRT played a pivotal role in providing various guidelines during the pandemic to our employees. It has been monitoring all government guidelines continuously across our offices and providing guidance to ensure the well-being of our employees and provide a safe working environment. The team regularly reviews the status of all COVID-infected cases of employees and their family members on a weekly basis with the regional committees. It also issued guidelines to be followed at the workplace. The QRT has established Three Mantras for the workplace: Health Mantra- Wash/Sanitise hands frequently, Safety Mantra- Maintain Social distancing and Secure Mantra- Wear the mask. Based on government guidelines and the volatile situation, the team monitored the manpower strength at offices. The State Level Bankers' Committees were consulted while implementing branch-level guidelines.

During the uncertain initial stage of the pandemic, Bank provided financial support to affected employees through grants. Around 800 employees benefited through this support. To monitor the health of employees on a daily basis, a platform, Aarogya Ujjivan, was created for employees to provide inputs towards the daily health survey. With the help of this survey, employees with existing illness were identified and advised precautionary measures. Employees were instructed to work from home (WFH) or opt for leaves based on their health conditions. 'Doctor on call', and 'Doctor on-site' facilities were provided for all employees who required consultation services. In addition, AI-based chest X-Ray analysis for COVID-19 screening was available at the corporate office to identify early stages of the infection along with abnormalities in the respiratory system. In order to boost immunity, homeopathic medicines were distributed to all employees. A covid task force was set up to handle the emergency requirements of our staff and their families. To spearhead the immunization program for our staff and their families, we set up vaccination camps at our head office and regional office premises and also facilitated vaccination camps in partnerships with local NGOs. We shall also reimburse the vaccination expenses for our staff as our commitment to ensuring a safe and secure work environment.

OPPORTUNITIES

In the wake of second Covid wave, the RBI announced a slew of measures to infuse liquidity in the system. A total of ₹50,000 Crore of immediate liquidity has been provided for ramping-up healthcare infrastructure and services in the country. RBI will conduct special three-year long-term repo operations (SLTRO) of ₹10,000 Crore at repo rate for the SFBs. It has also given permission to classify the fresh lending to MFIs by SFBs as priority-sector lending. Relief to the most vulnerable category of borrowers—Individuals, small businesses and MSME borrowers—has been proposed in the form of restructuring of loans. The borrowers having loans up to ₹25 Crore, which were classified "Standard' as on March 31, 2021 and have not availed restructuring under any of the earlier restructuring frameworks, can now invoke the framework up to September 30, 2021 and implement within the next 90 days. With respect to individual borrowers and small businesses who have availed restructuring of their loans under Resolution Framework 1.0, where the resolution plan permitted moratorium of less than two years, lending institutions are permitted to modify such plans to the extent of increasing the period of moratorium and/or extending the residual tenor up to a total of two years. For small businesses and MSMEs restructured earlier, lending institutions are also being permitted, as a one-time measure, to review the working capital sanctioned limits based on a reassessment of the working capital cycle and margins among other factors.

The unserved and underserved middle- and low-income families: They offer a great growth potential and represent a large addressable market, besides being the fastest-growing economically active demography in the country. With headroom for a lot of players, differentiated low-cost products and services that are tailored to customer needs and convenience have become key to leveraging the vast target market.

Our expanding branch network and Unbanked Rural Centres (URCs): We have a wide network of 575 banking outlets, including 144 outlets in Unbanked Rural Centres (URC) where the Bank is the sole provider of banking services. We are present across 24 states with a good mix of metro, urban, semi-urban and rural areas. As an aspiring mass market bank, the rural and semi-urban centres offer greater opportunity to bring large number of customers under the umbrella of our services. In FY 2021-22, we will expand our network to new geographies as well as deepen our penetration in existing geographies.

New to Bank: We strive towards financial inclusion and provide banking services to everyone. One of the vast segments to be tapped is the youth and millennial students in universities, institutions and skill development centres, soon-to-join the workforce in the formal or semi-formal sector, and those that will start their enterprises for self-employment. Specialised products that cater to women's need will be instrumental in leveraging this under-penetrated segment.

Our large base of customers and their families: With almost 6 million customers, we have a strong base which affords us the opportunity to deliver a comprehensive suite of financial services such as deposits, loans for various purposes, remittance, insurance, pension products to them and their families. Building on more products and services to cater to the needs for our customers will help foster long-term banking relationship.

Demand for affordable housing and policy interventions: The housing sector saw a robust demand on the back of low interest rates, government policy interventions and stamp duty cuts by several states in FY 2020-21. The residential sector is expected to grow significantly with income tax relief measures announced by the government in November 2020 and creation of an affordable housing fund in the National Housing Bank (NHB) with initial corpus of ₹10,000 Crore. An additional 25 million units are required by 2030 to meet the growth in country's urban population. We offer multiple products to fulfil the home financing needs of customers under our housing loan programme and assist first-time customers in securing a subsidy under PMAY-CLSS.

THREATS

External economic shocks

The resurgence of COVID-19 pandemic in India in recent weeks and the associated containment measures adopted at local/regional levels have created new uncertainties and impacted the nascent economic revival that was taking shape. The target market of the SFBs comprising low and middle-income individuals, daily wage earners and self-employed individuals engaged in small and medium enterprises are the most vulnerable to economic shocks. Besides the pandemic, natural calamities, such as floods and cyclones, also affect livelihoods. Microfinance in Assam is also witnessing unrest after the MFIN bill with borrowers anticipating loan waivers leading to a decline in collections. While the RBI has announced measures for restructuring of loans, SFBs are likely to witness the difficulties faced by their borrowers by way of increasing defaults and consequently increased credit costs due to overdue accounts. These events have also led to a disruption in the repayment discipline. The restricted mobility in most part of the country, slow vaccination rate and the threat of a third Covid wave may adversely impact the business momentum and collection rhythm along with the usual cash flows of the SFBs resulting in muted business growth and reduced bottom lines.

Reliance on physical touch points

Restricted movement and social distancing highlighted the need for a change in the business model which is highly-inclined towards physical operational processes. During the past year, we have made significant development in reducing our physical touch points and building a contactless infrastructure for disbursements, collections and transactions. Several self-service options were provided to customers for EMI repayments. Digital solutions like E-stamp and E-sign of documents, ID verifications, Video KYC were brought in to minimise multiple contacts with the customers for their safety and the safety of our employees. Relentless strides in this respect were made in transitioning from physical to digital processes, sensitising our employees and customers through new-age digital solutions and adapting the self-service mode over the current assisted-service mode.

Low collection efficiencies and increasing credit costs

The microfinance crisis in 2010, demonetisation of currency in 2016 and the recent pandemic have affected our customer segments profoundly. The income sources of our customers especially of daily wagers, informal sector workers, self-employed individuals and traders were affected leading to higher delinquencies and, consequently, increased credit costs. Substantial efforts were made during the year to normalise collection efficiency, but with the rise of cases during second Covid wave, the instability continues for the immediate future. We plan to effectively restructure the loans of customers affected by the pandemic to give them an opportunity to bounce back.

OUR STRATEGY

The Covid-19 pandemic has ushered in a true VUCA (volatility, uncertainty, complexity and ambiguity) environment. This crisis situation is dominated by unpredictability and uncertainty about the future with complexities arising in the socio-economic and healthcare structure. Responding with agility and adaptability in decisions and actions is the need of the hour.

Diversify product offerings to enable multiple customer relationships

Offering a comprehensive suite of products and services as well as personalised customer experience continues to be a significant objective. With a strong base of liability customers built over the past four years and our legacy microfinance customer base, we are poised to offer our other product offerings to them. Our focus will be on creating need-based products for each of our segments. We shall expand our offerings to MSE customers by offering products for the formal segment and introducing bill discounting and non-fund based credit facilities. In housing, we intend to launch specific offerings targeted towards rural borrowers and tie-up with government bodies and focus on ready to move-in constructions projects. We plan to add balance transfer, and pre-approved personal loans to our offerings. Strengthening of fintech alliances will provide access to new customers. For institutional segments, new products such as Bank Guarantee will be launched with further enhancement of interbank and exposure limit from various mutual funds, insurance companies and various cooperative banks. On the liability front, our emphasis will be on implementing digital solutions for government and institution businesses, such as Public Funds Management System (PFMS). We plan to increase our reach among small and medium size retailers so POS and QR led acquisition shall be a key area of focus.

Focus on digital banking and analytics

The Bank has set up a dedicated Digital Banking team in order to drive a central digital strategy to leverage technology in order to enhance customer experience while maximising returns on technology investments and reducing cost of operations. The main drivers of this initiative are digital innovation, application programming interface (API) banking, fintech engagements and partnerships, robotic process automation, artificial intelligence, digital lending, payments, digital marketing and data analytics and insights. During the year, the focus will be on end-to-end process digitisation to strengthen the contactless disbursements and repayments. Data analytics will be utilised for actionable insights to make informed decisions. We will leverage our full-stack API Banking platform to partner with the fintech ecosystem for innovative products and solutions for our customers. Digital channels will be utilised for new customer acquisition and delivery of service.

Strengthen liability franchise and focus on increasing our retail base with a granular and stable CASA

We are offering best-in-class deposit rates to our customers, which will help in garnering a stable, low-cost source of funding. We propose to meet a majority of our funding requirements through current account saving account (CASA) deposits as well as recurring and fixed deposits by building a sticky deposit base and attracting new customers. We intend enhance the usage of our accounts by leveraging our dedicated customer service, and user-friendly apps. In the year, emphasis will be on improving the right sourcing mix of customer segments and product variants with nearly 50% contribution from flagship products with higher balances.

Focus on developing responsible banking behaviour for the unserved and underserved segments

Committed to financial inclusion of the unserved and underserved segments and fostering financial discipline among our customers, we intend to continue training and educating our customers about the risks of over-indebtedness and multiple borrowing, and the benefits of putting their savings in a bank and availing insurance products. We shall continue to partner with the Parinaam Foundation to offer financial literacy programmes to enhance financial awareness. We are also developing an artificial intelligence platform which can help our customers fulfil service requests and basic transactions in the language and channel of their choice. We will be educating customers on adapting digital channels of transactions.

Diversify revenue streams and control costs

With the business momentum subdued due to the on-going pandemic, our focus is to supplement the revenue stream through fee and non-fund based revenues. We shall leverage our Banking Outlet network, digital channels, diversified product and service portfolio and our large customer base to develop our fee and commission-based business. Our treasury team effectively trades and manages our funds by capitalising on the opportunities presented by the market. New products for institutional clients will also add to the fee incomes. RBI relief measures have classified lending by SFBs to MFIs as priority sector lending. This will help build priority sector advances in surplus of the targets mandated by the RBI and trading of priority sector lending certificates will continue to be an important source of fee income.

Ujjivan Small Finance Bank Limited at a glance: March 31, 2021 (in I-GAAP):

- Gross advances at ₹ 15,140 crore as on March 31, 2021 as against ₹ 14,153 crore as on March 31, 2020; growth of 7%
- Disbursement during FY 2020-21 was ₹ 8,397 crore as against ₹ 13,221 crore during FY 2019-20; declined by 36%
- Total deposit of ₹ 13,136 as on March 31, 2021 as against ₹ 10,780 crore as on March 31, 2020; growth of 22%; retail deposits grew 32% during the year from ₹ 4,724 crore in March 2020 to ₹ 6,242 crore in March 2021
- CASA increased by 85% from ₹ 1,459 crore in March 2020 to 2,699 crore in March 2021
- 59.2 lakh customers in March 2021 as against 52.5 lakh customers in March 2020
- 40.1 lakh borrowers in March 2021 as against 43.5 lakh in March 2020; decline in borrower base is due to reduced disbursements and closure of existing loans
- CRAR of 26.4% in March 2021 as against 28.8% in March 2020
- Number of branches remained unchanged at 575 in March 2021 when compared to previous year and number of ATMs increased from 475 to 491 during FY 2020-21
- Total income increased to ₹ 3,117 crore in March 2021 from ₹ 3,026 crore in March 2020; an increase of 3%
- Net interest income grew to ₹ 1,729 crore in March 2021 from ₹ 1,634 in March 2020; an increase of 6%
- Profit after Tax (PAT) declined to ₹ 8 crore in March 2021 from ₹ 350 crore in March 2020 primarily due to significant increase in provisions and contingencies;
- Return on Asset (ROA) for FY 2020-21 is 0.04% as against 2.2% in FY 2019-20
- Return on Equity (ROE) for FY 2020-21 is 0.3% as against 13.9% in FY 2019-20
- GNPA at 7.1% in March 2021 as against 1.0% in March 2020
- NNPA at 2.9% in March 2021 as against 0.2% in March 2020
- Cost to income ratio improved to 60% in FY 2020-21 from 67% in FY 2019-20
- Cost of fund improved to 6.8% in March 2021 from 7.9% in March 2020

- Awarded 'Business Today - KPMG Best Bank and Fintech Jury Award 2020 in innovation, workforce & talent and enterprise resilience (qualitative) for SFB category
- 16th Annual Banking Technology Award 2021 (Small Finance Bank Category) – Winner in 'Best Digital Financial Inclusion Initiatives', First Runner up in 'Best Technology Bank of the Year' and First Runner up in 'Best IT Risk & Cyber Security Initiatives'
- Awarded Jury Recognition Award for Excellence in Cognitive Automation at UiPath Automation Excellence Awards 2020
- Received Inclusive Finance India Award 2020 – Small Finance Bank for achieving financial inclusion among SFBs
- Ranked 3rd in India's Best Companies To Work For 2020.

FUTURE OUTLOOK

The Bank has started its journey towards leveraging the power of digital technology in banking. With the right investments in software platforms and services, it is time for the Bank to maximise the utilisation of these investments. In the next year, we aim to further our end-to-end process digitisation efforts and use the power of digital channels as a customer acquisition and service channel. Our focus for the next year will be on enhancing our payments and e-commerce presence and leveraging the power of data analytics for actionable insights. This will be effective in data driven decision-making as we continue to leverage our full-stack API Banking platform to partner with the fintech ecosystem and develop innovative products and solutions for our customers.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. Further, the management regularly reviews the control for any possible changes and takes appropriate actions.

RISK MANAGEMENT

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

Since the Bank is a separate listed entity, the Company can only have a distant oversight on the risk management practices adopted by the Bank. The Company expects that the risk management committee of the Bank adopts the best risk practices, reviews its risk management framework and verifies adherence to various risk parameters and compliances in the best possible way. The Company has a duly constituted Risk Management Committee of the Board and has in place its risk management policy which highlights the functions, implementation and the role of the committee and the board. Please refer the Corporate Governance section for the composition and terms of reference of the Risk Management Committee.

HUMAN RESOURCES

Our people strategy of putting faith in our employees came shining through and this is evident from the manner in which they extended support to each other. We are driven to build better lives both for our customers and employees. This drive has resulted in many accolades. We were ranked No.3 amongst India's Best Companies to Work for in 2020 as per the study conducted by Great Place To Work® Institute and Economic Times across 20 industries. The Bank has also been recognised among 'The Laureates', which are organizations that have ranked for 10 years or more in the Top 100. Being a diversified workforce with presence in 24 states, we had various forums for leaders and employees to connect with each other. This ensures that employees are heard and makes them feel empowered. In lieu of the COVID-19 outbreak across the country, the Bank prioritised the health and safety of its employees, through a carefully crafted and enhanced benefits program focused on wellness and preventive care. In addition to introducing Work From Home and infrastructure for remote working, the Bank extended support in the following ways:

i. Introduction of COVID-19 insurance for employees in Grade B and C

ii. Inclusion of COVID-19 cover in Group Health Insurance

iii. Facility of 'Doctor On Site' from registered medical practitioners

iv. Unlimited Audio and Video Consultation with General Physician and Dietician for employees and their families using 'Doctor On Call'

v. Salary advance for medical exigencies

The Bank has an established Welfare and Relief Charitable Trust to strengthen our welfare contribution for employees. The Trust supports beneficiaries affected by unforeseen exigencies which are untimely and unpredictable, especially the COVID-19 outbreak. This year we extended financial support to our colleagues and their family members through the Trust for treatment expenses related to COVID-19 among others.

Directors' Report

To the Members,

Your Directors are pleased to present the 17th Annual Report of Ujjivan Financial Services Limited together with the audited financial statements for the financial year ended March 31, 2021.

1. FINANCIAL RESULTS

The Directors' submit the Annual Report of Ujjivan Financial Services Limited (the "Company" or "Ujjivan") together with the audited financial statements for the financial year (FY) ended March 31, 2021.

(₹ in Crores)

Particulars	Standalone*		Consolidated#	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Operating Income	-	11.00	3,065.98	2,859.76
Other Income	8.44	10.24	115.01	109.62
Total Income	**8.44**	**21.24**	**3,180.99**	**2,969.38**
Less: Operational Expenses				
Personnel Expenses	2.25	3.16	759.10	734.71
Administrative & CSR Expenses	2.30	7.88	285.18	363.39
Finance Charges	-	-	1,120.95	1,114.92
Depreciation	0.01	0.02	169.90	165.99
Impairment Losses on Financial Instruments	-	-	1,165.19	174.46
Total Operational Expenses	**4.56**	**11.06**	**3,500.32**	**2,553.47**
Profit/(Loss) Before Tax	3.88	10.18	(319.33)	415.91
Less: Income tax	0.94	1.37	171.95	115.76
Less: Deferred tax	0.01	(0.01)	(252.17)	1.49
Profit/(Loss) After Tax	**2.93**	**8.82**	**(239.11)**	**298.66**

* as per Indian Accounting Standards (Ind-AS)

2. DIVIDEND

The Directors have not recommended any dividend for the FY 2020-21.

The Company, on a standalone basis, has no operation of its own and it is pertinent to note that the investments of the Company are primarily in the shares of its material listed subsidiary 'Ujjivan Small Finance Bank Limited' wherein it holds 83.32% equity shares and preference shares of ₹ 200 crores and therefore dividend income constitutes a significant part of the total income of the Company. The Company has not received any dividend from its subsidiary during the year which has impacted its income and profitability. In view of inadequate profits of the Company, the Board has not recommended any dividend for the FY 2020-21.

The Dividend Distribution policy of the Company is available on the Company's website and can be accessed from the link https://www.ujjivan.com/pdf/policy/Ujjivan_Dividend_Distribution_Policy.pdf

3. TRANSFER TO RESERVES

The Company transferred ₹ 59 lacs to Statutory Reserves. Transfer of 20% of the Profit after Tax to the statutory reserves is in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934.

4. CREDIT RATING

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

5. CAPITAL REQUIREMENTS

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

The Company as of March 31, 2021 is in compliance with the below capital requirements and all other mandatory ratios as required under RBI CIC Master Directions:

Ratios	RBI Requirement	Actuals (%)
Adjusted Networth (ANW)	>30% of RWA	219.08%
Investment ratio	>90% of Net Assets	97.67%
Equity Investment Ratio	>60% of Net assets	107.22%
Leverage Ratio	<2.5 Times	0.04%

6. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

7. EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the Annual Return in the prescribed format (MGT-9) is appended as "Annexure 1" to the Board's Report. The complete annual report including the annual return is being placed on our website www.ujjivan.com.

8. NO. OF MEETINGS OF THE BOARD DURING THE FY 2020-21

During the Financial Year 2020-21, our Board has met 7 (seven) times and the meetings of our Board of Directors were held on May 27, 2020, August 10, 2020, November 11, 2020, November 25, 2020, February 10, 2021, March 12, 2021 and March 22, 2021. For further details, please refer to the Corporate Governance Report, which forms part of this report.

9. DIRECTORS RESIGNATION / APPOINTMENT / REAPPOINTMENTS / RETIRING DIRECTOR

(a) Appointment of Mr. Sunil Vinayak Patel as an Independent Director

On the recommendation of the Nomination and Remuneration Committee ("NRC"), the Board in its meeting held on February 10, 2021 has appointed Mr. Sunil Vinayak Patel (DIN: 00050837) as an additional director (independent category) with effect from February 11, 2021 for a term of five years and his appointment was approved by the shareholders through postal ballot on April 27, 2021 (last date of e-voting).

(b) Appointment of Mr. Rajesh Kumar Jogi as an Independent Director

On the recommendation of the NRC, the Board in its meeting held on February 10, 2021 has appointed Mr. Rajesh Kumar Jogi (DIN: 03341036) as an additional director (independent category) with effect from February 11, 2021 for a term of five years and his appointment was approved by the shareholders through postal ballot on April 27, 2021 (last date of e-voting). However, Mr. Rajesh Jogi has resigned from the Board of the Company effective from August 22, 2021 to be eligible to qualify as an Independent Director in Ujjivan Small Finance Bank (Bank) since as restricted by the RBI the common director between the Holding Company and the Bank cannot be termed as Independent Director in the Bank. Further, he has wished to dedicate more of his time and attention to the Bank which is the principal investment and sole subsidiary of the Company and his categorization as Independent Director will eligible him to actively participate in the Board Committees of the Bank.

(c) Re-appointment of director retiring by rotation

As per the provisions of the Companies Act, 2013, Mr. Narayan Anand (DIN: 02110727) retires by rotation at the ensuing 17th AGM and being eligible, seeks his re-appointment. The Board recommends his re-appointment. Please refer item no. 2 of the 17th AGM Notice for further details.

(d) Resignation of Mr. Jayanta Basu from the position of Non-Executive Director

Mr. Jayanta Basu (DIN: 01268046) resigned from the Board of the Company effective from January 20, 2021 due to personal commitments.

(e) Resignation of Mr. Ittira Davis from the position of Managing Director and CEO

Mr. Ittira Davis (DIN: 06442816) resigned from his position of Managing Director and Chief Executive Officer effective from March 12, 2021 (close of business hours) so as to take up the Non-Executive Directorship role at Ujjivan Small Finance Bank Limited (the subsidiary of the Company). where his name was proposed for the Part-Time Chairman of USFB. However, in the interim, RBI came out with its governance circular dated April 26, 2021 which mandated that the Chair of the Bank Board shall be an Independent Director. As Mr. Davis cannot chair the Board of the Bank being its Non-Independent Director, he resigned from the Bank Board w.e.f. July 23, 2021 (close of business hours).

(f) Appointment of Mr. Ittira Davis as the Non-Executive Director effective from November 01, 2021

The Board on August 12, 2021, based on the recommendation of the NRC has considered and unanimously approved the Appointment of Mr. Ittira Davis as a Non-Executive Director (Non-Independent Category) w.e.f. November 01, 2021 subject to prior approval of the RBI and the Shareholders. Mr. Davis was the MD & CEO of the Company from July 01, 2018 and until March 12, 2021 when he resigned for the reason mentioned at point (d) above. The Board was of the view that on account of the impending reverse merger of the Company with the Bank subject to requisite regulatory approvals and having regard to the past association of Mr. Davis with the Company and the Bank, his background and experience, his re-induction on the Board will be immensely beneficial to the Company and all its stakeholders. The Board recommends his appointment as the Non-Executive Director. Please refer item no. 4 of the 17th AGM Notice for further details.

Other disclosure

The Board on the recommendation of the NRC at its meeting held on March 12, 2021 approved the appointment of Mr. Samit Ghosh (existing Non-Executive Chairman of the Company) as the MD & CEO of the Company with effect from May 01, 2021 for a period of 3 years and approval of the shareholders by way of special resolution was sought which needed a minimum of 75% of the valid votes polled in favour of the resolution or a minimum of 3 times of the votes polled against the resolution. However, with 70% voting in favour, it fell short of the requisite 75% voting in favour of the resolution and hence the special resolution was not passed. Mr. Samit Ghosh continues to be the Non-Executive Chairman of the Company.

Further, the Board in its meeting held on March 22, 2021 has approved the re-appointment of Mr. Abhijit Sen (DIN: 00002593) for a second term of five years commencing from September 13, 2021 and until September 12, 2026 and approval of the shareholders by way of special resolution was sought which required a minimum of 75% of the valid votes polled in favour of the resolution or a minimum of 3 times of the votes polled against the resolution. However, with only 70% voting in favour, it fell short of the requisite 75% voting in favour of the resolution and hence the special resolution was not passed.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

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

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

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, audit of internal financial controls and the reviews performed by management and the audit committee of the board, the board is of the opinion that the Company's internal financial controls were adequate and effective during the FY 2020-21.

11. DECLARATION BY INDEPENDENT DIRECTORS

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

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

12. NOMINATION AND REMUNERATION POLICY

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

13. STATUTORY AUDITORS

MSKA & Associates (FRN: 105047W) (hereinafter referred to as MSKA), who were appointed as Statutory Auditors of the Company for a tenure of five years commencing from the conclusion of the 15th AGM held on August 02, 2019 till the conclusion of 20th AGM of the Company to be held in the year 2024 has vide their letter dated August 12, 2021 tendered their resignation from the position of Statutory Auditors from the conclusion of the ensuing 17th AGM of the Company scheduled to be held on Wednesday, September 29, 2021.

MSKA & Associates has offered to resign from their position of statutory auditor of the Company due to the restrictions imposed by the RBI through its Circular No.DoS.CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 on the audit firms whereby they can audit a maximum 8 (eight) NBFCs during a particular year. MSKA has informed the Company that they have reached the maximum limit for the number of audits to be undertaken in the current year and hence they will not be able to continue as the Statutory Auditors of the Company from the Financial Year 2021- 2022. Accordingly, they will cease to be the Statutory Auditors of the Company on the conclusion of the ensuing 17th AGM of the Company.

Further, on account of completion of three years tenure of MSKA as the statutory auditors of our material listed subsidiary 'Ujjivan Small Finance Bank Limited' (Bank) beyond which they are not permitted to continue due to the RBI restrictions, they will cease to be its statutory auditors on the conclusion of the ensuing AGM of the Bank.

RBI has further restricted that the same set of auditors are not permitted to be the statutory auditors of the Company and the Bank. Accordingly, after due evaluation, the Board based on the recommendation of the Audit Committee in its meeting held on August 12, 2021, subject to the approval of the shareholders in the ensuing 17th AGM has appointed Varma & Varma, Chartered Accountants (FRN - 004532S) as the Statutory Auditors of the Company for a term of 3 years starting from the conclusion of the ensuing 17th AGM being scheduled on September 29, 2021 and till the conclusion of 20th AGM. Please refer to item no. 3 of the 17th AGM notice for further details.

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

(i) Statutory Auditor's Report

There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report for the FY 2020-21.

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

Secretarial Auditor

Mr. K. Jayachandran, Practicing Company Secretary (ACS No. 11309 and Certificate of Practice No. 4031) was appointed as the Secretarial Auditor of the Company to conduct secretarial audit of the Company for the year ended March 31, 2021 as required under Section 204 of the Companies Act, 2013 and the Rules made thereunder. The secretarial audit report for FY 2020-21 is appended as "Annexure 2" to the Board's Report.

As required under regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate secretarial audit report for the year ended March 31, 2021 given by the Secretarial Auditor Mr. K. Jayachandran, in the format as prescribed by SEBI in this regard is appended as "Annexure 3"

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

Further, Mr. K. Jayachandran, Practicing Company Secretary (ACS No. 11309 and Certificate of Practice No. 4031) has through his certificate dated May 28, 2021 has certified that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the Board / Ministry of Corporate Affairs or any such statutory authority. The said certificate is appended as "Annexure 4" to the Board's Report and should also form a part of the Corporate Governance Report of the Board as required under the SEBI Listing Regulations.

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

During the FY 2020-21, the Company has not given any loans and guarantees to any-body corporate and has not made any investment under Section 186.

16. TRANSACTION WITH RELATED PARTIES

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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2021, which were not at arm's length basis.

Your Directors draw attention of the members to Note 25 to the Financial Statements which sets out other related party disclosures.

All Related Party Transactions as required under Accounting Standards AS-18 are reported in Note 25 - Notes to Accounts of the Standalone financial statements of the Company.

17. THE STATE OF THE COMPANY'S AFFAIRS

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

The Company is the promoter of 'Ujjivan Small Finance Bank Limited' (hereinafter referred to as "USFB") and being a CIC the Company has its investments primarily in USFB. The Company as on March 31, 2021 holds 83.32% equity in USFB and holds preference shares of ₹ 200 crores.

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

None

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

Conservation of energy and technology absorption

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

The Foreign Exchange earnings and outgo

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

20. DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

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

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

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

21. CORPORATE SOCIAL RESPONSIBILITY

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

During the year, the Company has continued its partnership with Parinaam Foundation to undertake various community development programs. Please refer the separate section on Corporate Social Responsibility in the annual report for a detailed write up on the CSR activities of the Company during the year.

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

The initiatives undertaken by the Company on CSR activities are set out in "Annexure 5" of the Board's Report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms part of the Board's Report.

22. BOARD EVALUATION

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

Performance evaluation criteria for Board, Committees of the Board and Directors were adopted by the Nomination Committee of the Board at its meeting held on March 22, 2021. Evaluation formats and criteria of evaluation duly incorporated the criteria and other parameters as suggested by SEBI vide their guidance note on evaluation through their circular dated January 05, 2017.

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

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

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

Independent Directors' Evaluation of Non-Independent Directors

In a separate meeting of independent directors held on March 22, 2021, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board.

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

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

(i) The financial summary or highlights

(₹ in Crores)

Particulars	Standalone*		Consolidated#	
	FY 2020-21	FY 2019-20	FY 2020-21	FY 2019-20
Operating Income	-	11.00	3,065.98	2,859.76
Other Income	8.44	10.24	115.01	109.62
Total Income	**8.44**	**21.24**	**3,180.99**	**2,969.38**
Less: Operational Expenses				
Personnel Expenses	2.25	3.16	759.10	734.71
Administrative & CSR Expenses	2.30	7.88	285.18	363.39
Finance Charges	-	-	1,120.95	1,114.92
Depreciation	0.01	0.02	169.90	165.99
Impairment Losses on Financial Instruments	-	-	1,165.19	174.46
Total Operational Expenses	**4.56**	**11.06**	**3,500.32**	**2,553.47**
Profit/(Loss) Before Tax	**3.88**	**10.18**	**(319.33)**	**415.91**
Less: Income tax	0.94	1.37	171.95	115.76
Less: Deferred tax	0.01	(0.01)	(252.17)	1.49
Profit/(Loss) After Tax	**2.93**	**8.82**	**(239.11)**	**298.66**

* as per Indian Accounting Standards (Ind-AS)

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

'Ujjivan Small Finance Bank Limited' ("USFB") is a material listed subsidiary of the Company and is a small finance bank licensed by the RBI in terms of Section 22 of the Banking Regulation Act, 1949. USFB was incorporated on July 04, 2016 and commenced its operations as a small finance bank w.e.f. February 01, 2017. The Company as on March 31, 2021 holds 83.32% equity in USFB.

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

- Gross advances at ₹ 15,140 crore as on March 31, 2021 as against ₹ 14,153 crore as on March 31, 2020; growth of 7%
- Disbursement during FY 2020-21 was ₹ 8,397 crore as against ₹ 13,221 crore during FY 2019-20; declined by 36%
- Total deposit of ₹ 13,136 as on March 31, 2021 as against ₹ 10,780 crore as on March 31, 2020; growth of 22%; retail deposits grew 32% during the year from ₹ 4,724 crore in March 2020 to ₹ 6,242 crore in March 2021
- CASA increased by 85% from ₹ 1,459 crore in March 2020 to 2,699 crore in March 2021
- 59.2 lakh customers in March 2021 as against 52.5 lakh customers in March 2020
- 40.1 lakh borrowers in March 2021 as against 43.5 lakh in March 2020; decline in borrower base is due to reduced disbursements and closure of existing loans
- CRAR of 26.4% in March 2021 as against 28.8% in March 2020
- Number of branches remained unchanged at 575 in March 2021 when compared to previous year and number of ATMs increased from 475 to 491 during FY 2020-21
- Total income increased to ₹ 3,117 crore in March 2021 from ₹ 3,026 crore in March 2020; an increase of 3%
- Net interest income grew to ₹ 1,729 crore in March 2021 from ₹ 1,634 in March 2020; an increase of 6%
- Profit after Tax (PAT) declined to ₹ 8 crore in March 2021 from ₹ 350 crore in March 2020 primarily due to significant increase in provisions and contingencies;
- Return on Asset (ROA) for FY 2020-21 is 0.04% as against 2.2% in FY 2019-20
- Return on Equity (ROE) for FY 2020-21 is 0.3% as against 13.9% in FY 2019-20
- GNPA at 7.1% in March 2021 as against 1.0% in March 2020
- NNPA at 2.9% in March 2021 as against 0.2% in March 2020
- Cost to income ratio improved to 60% in FY 2020-21 from 67% in FY 2019-20
- Cost of fund improved to 6.8% in March 2021 from 7.9% in March 2020
- Awarded 'Business Today - KPMG Best Bank and Fintech Jury Award 2020 in innovation, workforce & talent and enterprise resilience (qualitative) for SFB category
- 16th Annual Banking Technology Award 2021 (Small Finance Bank Category) – Winner in 'Best Digital Financial Inclusion Initiatives', First Runner up in 'Best Technology Bank of the Year' and First Runner up in 'Best IT Risk & Cyber Security Initiatives'
- Awarded Jury Recognition Award for Excellence in Cognitive Automation at UiPath Automation Excellence Awards 2020
- Received Inclusive Finance India Award 2020 – Small Finance Bank for achieving financial inclusion among SFBs
- Ranked 3rd in India's Best Companies To Work For 2020

USFB - Key Ratios as on March 31, 2021

Particulars	FY 20-21
Average Yield – across segment	16.0%
Cost of Funds (CoF)	6.8%
Net Interest Margin (NIM)	9.5%
Return on Assets (ROA)	0.04%
Return on Equity (RoE)	0.3%
Cost to income	60.0%
Capital Adequacy (CRAR)	26.4%
NNPA	2.9%
LCR	116%

The Company doesn't have any operations of its own and USFB contributes 99.7% of the consolidated total income of the Company.

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

There is no change in the nature of the business of the Company during the FY 2020-21. The Company continues to be a Non Deposit taking Systemically Important Core Investment Company (NBFC-ND-SI-CIC).

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

Sr. No.	Name	Designation	DIN	Date of Appointment/ Change/ Cessation	Reason
1	Mr. Samit Ghosh	Non-Executive Chairman	00185369	April 01, 2020	Appointment
2	Mr. Jayanta Basu	Non-Executive, Non-Independent	01268046	January 20, 2021	Cessation
3.	Mr. Sunil Vinayak Patel	Independent Director	00050837	February 11, 2021	Appointment
4.	Mr. Rajesh Kumar Jogi*	Independent Director	03341036	February 11, 2021	Appointment
5.	Mr. Ittira Davis	MD & CEO	06442816	March 12, 2021	Cessation

*resigned from the Board effective from August 22, 2021

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

None

(vi) Deposits from public

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

However, the subsidiary of the Company 'Ujjivan Small Finance Bank Limited' which is a Small Finance Bank has outstanding deposits of ₹ 13,136 crores as on March 31, 2021.

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

None

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

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

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

24. ESOP RELATED & OTHER DISCLOSURES

(i) Details of equity shares with differential rights

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

(ii) Details of sweat equity shares issued

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

(iii) Details of employee stock option scheme

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

As on March 31, 2021, only ESOP 2015 scheme is active.

ESOP 2015

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

As on March 31, 2021, out of the 55,15,880 options granted, 8,06,074 options has been exercised, 20,94,864 options are lapsed, 20,43,410 vested options are unexercised and 5,71,532 options are yet to be vested. The Board (including its authorized committee) has been authorized by the shareholders to include the lapsed / cancelled options under its ESOP 2010 and ESOP 2015 back to the pool of ESOP 2015 and that the Board is hereby authorized to grant such added back options to its eligible employees (which includes the employees of its subsidiary).

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

Tranche	Year of Grant	Options Granted	Year 1	Year 2	Year 2
ESOP 2015 (Tranche 1)	2015	14,69,800	34%	33%	33%
ESOP 2015 (Tranche 2)*	2016	16,96,850	33%	33%	34%
ESOP 2015 (Tranche 3)	2018	23,37,670	34%	33%	33%
ESOP 2015 (Tranche 4)	2018	11,560	34%	33%	33%
Total		**55,15,880**			

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

No options were granted by the Company during the FY 2020-21.

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

Revisions in the ESOP Schemes during the Year

None;

ESOP Schemes Compliance Status

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

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

The weighted average fair value of the share options granted during the financial year ended March 31, 2021 and March 31, 2020 is Nil. Options were priced using Black and Scholes Model. Vested ESOPs can be exercised within three years from their corresponding dates of vesting. Vested ESOPs can be exercised between the dates of vesting and on or before option expiry dates. The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. While the Company has been listed since 2016, the period of listing up to the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies has been considered for the purposes of valuation.

ESOP arrangement with subsidiary

With effect from February 1, 2017, the business undertaking of the Company was transferred to USFB and all the employees of the Company except few identified personnel have been transferred to USFB as part of the transfer of the business undertaking. This has resulted in the transfer of options from the employees of the Company to the employees of USFB. As per Ind AS 102 Share-based Payment, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. Pursuant to management decision, Impact of Ind AS 102 on account of options granted to the employees of subsidiary is treated as deemed investment in subsidiary in the Company's books.

Administration of ESOP Schemes

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

Mandatory ESOP Disclosures

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

Sr. No.	Particulars	March 31, 2021
1.	Number of options granted and outstanding at the beginning of the year (A)	34,05,848
2.	Number of options granted during the year (B)	Nil
3.	Number of options vested during the year	6,19,021
4.	Number of options exercised during the year	52,760
5.	Number of shares arising as a result of exercise of options (C)	52,760
6.	Money realized during the year by exercise of options (in ₹)	77,21,426
7.	Number of options Forfeited/Expired during the year (D)	7,38,146
8.	The exercise price of the outstanding options (in ₹)	146.35 417.15 & 385.05
9.	Number of options granted and in force at the end of year=(A)+(B)-(C)-(D)	26,14,942
10.	Weighted average of remaining contractual life (years) at the year end	0.92
11.	Variation of terms of the options	None

* Please refer to note 24 of the standalone financials for further details on ESOP data

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

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

Any other employee who receives a grant of options in any one year of options amounting to five percent or more of options granted during that year: - None

Identified employees who were granted options during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant : - None

25. VIGIL MECHANISM

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

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

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

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

Name and Address of the Whistle and Ethics Officer

Mr. Sanjeev Barnwal – Company Secretary and Compliance Officer
Ujjivan Financial Services Limited
Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bangalore – 560095, Karnataka
Email- sanjeev.barnwal@ujjivanfin.com

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

Name and Address of the Chairman of the Company:

Mr. Samit Ghosh
Ujjivan Financial Services Limited
Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bangalore – 560095, Karnataka
Email: samit.ghosh@ujjivanfin.com

Name and Address of the Chairman (Audit Committee):

Mr. Sunil Vinayak Patel
G-1, Avant Garde 193, 6th Main Road, Defence Colony, Indiranagar, Bengaluru 560038, Karnataka
Email: cpcon.blr@gmail.com

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

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

26. REMUNERATION DETAILS OF DIRECTORS, KMPS, EMPLOYEES

Sr. No.	Directors	Designation
1.	The ratio of the remuneration of each Whole time director to the median remuneration of the employees of the company for the financial year	MD & CEO: 3.27x
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	KMP: Mr. Ittira Davis – MD & CEO (until March 12, 2021) — % increase in remuneration: Nil Mr. Sanjeev Barnwal – CS — 7%* Mr. Barun Agarwal – CFO — 4%* * increase was done mid-year effective from Oct 01, 2020
3.	The percentage increase in the median remuneration of employees in the financial year;	7% increase in the median remuneration of employees in the FY 2020-21.
4.	The number of permanent employees on the rolls of company as on March 31, 2021	4
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the salaries of employees (other than managerial personnel) was 11% and the average increase in the managerial remuneration during the last financial year was 3.67%. Note: all increase was done mid-year effective from Oct 01, 2020
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes

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

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

- None

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

- None

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

- None

Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
The names of the top ten employees in terms of remuneration drawn:

The Company during the year ended March 31, 2021 had only the following employees:

Sr. No.	Particulars	Ittira Davis	Sanjeev Barnwal	Barun Agarwal	Shashidhara S.	Aakash Jaiswal
i.	Designation	MD & CEO (until March 12, 2021)	Company Secretary and Compliance Officer	Chief Financial Officer	Assistant Company Secretary	Assistant Manager – Investor Relations
ii.	Remuneration received	98,21,730	52,56,804	46,95,780	13,10,340	11,74,584
iii.	nature of employment, whether contractual or otherwise;	Permanent (resigned w.e.f. Mar 12, 2021)	Permanent	Permanent	Permanent	Permanent
vi.	qualifications and experience of the employee	MBA (IIM Ahmedabad) 38+ years' experience	CS, LLB, DBM 17+ years' experience	Chartered Accountant 13+ years' experience	CS, LLB, M.Com 13+ years' experience	MBA (Finance) 4 years' experience
v.	date of commencement of employment	July 01, 2018	August 12, 2014	June 01, 2019	November 01, 2017	May 20, 2019
vi.	the age of such employee	66	40	36	36	30
vii.	the last employment held by such employee before joining the company	Ujjivan Small Finance Bank Limited	SMC Capitals Limited	S. R. Batliboi & Associates LLP	GMR Ose Hungund Hospet Highways Private Limited	State Bank of India
viii.	the percentage of equity shares held by the employee in the company	0.03%*	Negligible	Nil	Nil	Nil
ix.	whether any such employee is a relative of any director or manager of the company	No	No	No	No	No

*as a second holder with his wife Ms. Anna Ittira Davis

27. BUSINESS RESPONSIBILITY REPORTING

The Board of the Company in its meeting held on May 28, 2021 has approved the Business Responsibility Report ("BRR") of the Company as stipulated under Regulation 34 (as amended) of SEBI Listing Regulations which mandates that top 1000 listed companies based on market capitalization as on March 31 should include its BRR in its Annual Report. The Company is ranked 529 in the list as on March 31, 2021.

A copy of the BRR is appended as "Annexure 6" and has also been hosted on the website of the Company at www.ujjivan.com and can be accessed from the link below https://www.ujjivan.com/mandatory-policies

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

The Company has only 4 employees as on March 31, 2021 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is not applicable.

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

a.	Number of complaints filed during the year	Nil
b.	Number of complaint dismissed during the year	Nil
c.	Number of complaint pending as on end of the financial year	Nil

Green Initiatives

Electronic copies of the Annual Report for the FY 2020-21 and the Notice of the 17th AGM are being sent to all the members whose email addresses are registered with the Company / Depository Participants. As per the relaxation given by SEBI on account of Covid situation, physical copies of the Annual Report are not being sent to members who have not registered their email address with their depositories.

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Samit Ghosh
Chairperson
DIN: 00185369

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

Place: Bangalore
Date: May 28, 2021

ANNEXURE 1

EXTRACT OF ANNUAL RETURN IN FORM MGT-9

as on the Financial Year ended on March 31, 2021

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	:	L65999KA2004PLC035329
ii)	Registration Date	:	December 28, 2004
iii)	Name of the Company	:	Ujjivan Financial Services Limited
iv)	Category / Sub-Category of the Company	:	NBFC-Core Investment Company
v)	Address of the Registered Office and Contact Details	:	Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka
vi)	Whether Listed Company	:	Yes
vii)	Name, address and Contact Details Of Registrar And Transfer Agent, if any:	:	KFin Technologies Private Limited Selenium Tower B, Plot No 31&32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500032 P : +91 040 6716 1562 e-mail: mohsin.mohd@kfintech.com Website: www.kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Non-Banking Finance Company – Core Investment Company

All the Business Activities Contributing 10% or More of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Investment Company	64200	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Ujjivan Small Finance Bank Limited Registered Address: Plot No. 2364/8, Khampur Raya Village, Shadi Kampur, Main Patel Road, New Delhi, India, 110008	L65110D12016PLC302481	Subsidiary	83.32%	2(87)(ii)

The Company does not have any other holding, subsidiary or any associate company

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

I) Category-Wise Share Holding

(i) Category wise Shareholding pattern (Equity Share Capital Break-up as percentage of total equity)

Category code	Category of shareholder	No. of shares held at the beginning of the year 31/03/2020				No. of shares held at the end of the year 31/03/2021				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**Promoter and Promoter Group**									
(1)	Indian									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
(2)	Foreign									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total A=A(1)+A(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
(B)	**Public Shareholding**									
(1)	Institutions									
(a)	Mutual Funds /UTI	21,35,392	-	21,35,392	1.76	3,37,861	-	3,37,861	0.28	-1.48
(b)	Financial Institutions / Banks	2,30,556	-	2,30,556	0.19	21	-	21	0.00	-0.19
(c)	Central Government / State Government(s)	-		-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00
(e)	Insurance Companies	1,80,000	-	1,80,000	0.15	1,80,000	-	1,80,000	0.15	0.00
(f)	Foreign Institutional Investors	4,91,43,081	-	4,91,43,081	40.41	4,88,16,524	-	4,88,16,524	40.13	-0.29
(g)	Foreign Venture Capital Investors	-	-	-	0.00	-	-	-	0.00	0.00
(h)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
(i)	Alternate Investment Funds	61,02,939	-	61,02,939	5.02	16,34,247	-	16,34,247	1.34	-3.68
(j)	Others	5,16,018	-	5,16,018	0.42	2,66,030	-	2,66,030	0.22	-0.21
	Sub-Total B(1) :	**5,83,07,986**	**-**	**5,83,07,986**	**47.95**	**5,12,34,683**	**-**	**5,12,34,683**	**42.11**	**-5.83**
(2)	Non-Institutions									
(a)	Bodies Corporate	1,29,09,846	-	1,29,09,846	10.62	1,11,75,449	-	1,11,75,449	9.19	-1.43
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹1 lakh	2,86,14,314	12,219	2,86,26,533	23.54	3,70,12,656	4,625	3,70,17,281	30.43	6.89
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	1,69,91,941	50,000	1,70,41,941	14.01	1,63,56,665	50,000	1,64,06,665	13.49	-0.53
(c)	Others									
	Clearing Members	7,37,495	-	7,37,495	0.61	7,61,130	-	7,61,130	0.63	0.02
	Foreign Bodies	12,58,368	-	12,58,368	1.03	12,58,368	-	12,58,368	1.03	0.00
	Non Resident Indians	19,88,714	-	19,88,714	1.64	29,65,941	-	29,65,941	2.44	0.80
	NRI Non-Repatriation	7,27,318	-	7,27,318	0.60	8,25,351	-	8,25,351	0.68	0.08
	Trusts	5,025	-	5,025	0.00	11,118	-	11,118	0.01	0.01
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total B(2) :	**6,32,33,021**	**62,219**	**6,32,95,240**	**52.05**	**7,03,66,678**	**54,625**	**7,04,21,303**	**57.89**	**5.83**
	Total B=B(1)+B(2) :	**12,15,41,007**	**62,219**	**12,16,03,226**	**100.00**	**12,16,01,361**	**54,625**	**12,16,55,986**	**100.00**	**0.00**
	Total (A+B) :	**12,15,41,007**	**62,219**	**12,16,03,226**	**100.00**	**12,16,01,361**	**54,625**	**12,16,55,986**	**100.00**	**0.00**
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group									
(2)	Public	-	-	-	0.00	-	-	-	0.00	0.00
	Grand Total (A+B+C) :	**12,15,41,007**	**62,219**	**12,16,03,226**	**100.00**	**12,16,01,361**	**54,625**	**12,16,55,986**	**100.00**	

(ii) Shareholding of Promoters

The Company does not have any identifiable promoter and is a professionally managed Company.

(iii) Change in Promoters' Shareholding

Not Applicable

Shareholding pattern of Top 10 Shareholders between March 31, 2020 and March 31, 2021 (other than Directors, Promoters and Holders of GDRs and ADRs)

(vi) Shareholding pattern of top 10 shareholders between 31/03/2020 and 31/03/2021

Sr. No.	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	FPC	Opening Balance	Ardisia Limited	1,20,65,500	9.92	31/03/2020			1,20,65,500	9.92
		Closing Balance				31/03/2021			1,20,65,500	9.92
2	FII	Opening Balance	Alena Private Limited	1,01,83,156	8.37	31/03/2020			1,01,83,156	8.37
		Sale				27/11/2020	-14,93,227	Transfer	86,89,929	7.15
		Sale				18/12/2020	-2,36,270	Transfer	84,53,659	6.95
		Closing Balance				31/03/2021			84,53,659	6.95
3	FII	Opening Balance	NewQuest Asia Investments II Limited	62,86,535	5.17	31/03/2020			62,86,535	5.17
		Closing Balance				31/03/2021			62,86,535	5.17
4	FPC	Opening Balance	Duro One Investments Limited	54,00,000	4.44	31/03/2020			54,00,000	4.44
		Sale				21/08/2020	-7,73,606	Transfer	46,26,394	3.80
		Closing Balance				31/03/2021			46,26,394	3.80
5	FII	Opening Balance	International Finance Corporation	53,56,263	4.40	31/03/2020			53,56,263	4.40
		Closing Balance				31/03/2021			53,56,263	4.40
6	FPC	Opening Balance	Government Of Singapore	23,47,568	1.93	31/03/2020			23,47,568	1.93
		Sale				03/04/2020	-42,275	Transfer	23,05,293	1.90
		Sale				10/04/2020	-2,08,018	Transfer	20,97,275	1.72
		Closing Balance				31/03/2021			20,97,275	1.72
7	AIF	Opening Balance	IIFL Focused Equity Strategies Fund	20,36,923	1.68	31/03/2020			20,36,923	1.68
		Sale				16/10/2020	-1,25,000	Transfer	19,11,923	1.57
		Sale				27/11/2020	-44,191	Transfer	18,67,732	1.54
		Sale				04/12/2020	-56,095	Transfer	18,11,637	1.49
		Sale				11/12/2020	-1,04,000	Transfer	17,07,637	1.40
		Sale				18/12/2020	-71,000	Transfer	16,36,637	1.35
		Sale				25/12/2020	-1,26,853	Transfer	15,09,784	1.24
		Sale				31/12/2020	-1,26,961	Transfer	13,82,823	1.14
		Sale				01/01/2021	-20,400	Transfer	13,62,423	1.12
		Sale				08/01/2021	-1,71,400	Transfer	11,91,023	0.98
		Sale				05/02/2021	-1,02,100	Transfer	10,88,923	0.90
		Sale				12/02/2021	-3,17,200	Transfer	7,71,723	0.63
		Sale				19/02/2021	-1,94,723	Transfer	5,77,000	0.47
		Sale				26/02/2021	-2,12,000	Transfer	3,65,000	0.30
		Sale				05/03/2021	-2,15,800	Transfer	1,49,200	0.12
		Sale				12/03/2021	-1,14,200	Transfer	35,000	0.03
		Sale				19/03/2021	-35,000	Transfer	-	0.00
		Closing Balance				31/03/2021			-	0.00
8	LTD	Opening Balance	Bajaj Holdings And Investment Ltd	19,63,573	1.61	31/03/2020			19,63,573	1.61
		Sale				17/07/2020	-1,00,000	Transfer	18,63,573	1.53
		Sale				24/07/2020	-2,60,000	Transfer	16,03,573	1.32
		Sale				21/08/2020	-1,75,000	Transfer	14,28,573	1.17
		Sale				28/08/2020	-75,000	Transfer	13,53,573	1.11
		Sale				25/12/2020	-50,000	Transfer	13,03,573	1.07
		Sale				08/01/2021	-50,000	Transfer	12,53,573	1.03
		Sale				15/01/2021	-2,14,752	Transfer	10,38,821	0.85
		Sale				22/01/2021	-32,272	Transfer	10,06,549	0.83
		Purchase				05/02/2021	9,26,549	Transfer	19,33,098	1.59
		Sale				05/02/2021	-10,06,549	Transfer	9,26,549	0.76
		Sale				12/02/2021	-8,156	Transfer	9,18,393	0.75
		Sale				05/03/2021	-17,849	Transfer	9,00,544	0.74
		Sale				12/03/2021	-1,00,000	Transfer	8,00,544	0.66
		Sale				19/03/2021	-52,533	Transfer	7,48,011	0.61
		Closing Balance				31/03/2021			7,48,011	0.61
9	FPC	Opening Balance	Aberdeen Standard Asia Focus Plc	19,12,000	1.57	31/03/2020			19,12,000	1.57
		Purchase				30/06/2020	9,95,000	Transfer	29,07,000	2.39
		Purchase				26/02/2021	1,44,000	Transfer	30,51,000	2.51
		Closing Balance				31/03/2021			30,51,000	2.51
10	LTD	Opening Balance	Biz Secure Labs Private Limited	18,40,232	1.51	31/03/2020			18,40,232	1.51
		Sale				10/04/2020	-24,015	Transfer	18,16,217	1.49
		Purchase				17/04/2020	1,000	Transfer	18,17,217	1.49
		Sale				24/04/2020	-1,10,000	Transfer	17,07,217	1.40
		Sale				01/05/2020	-10,000	Transfer	16,97,217	1.40
		Sale				08/05/2020	-35,000	Transfer	16,62,217	1.37
		Sale				15/05/2020	-77,771	Transfer	15,84,446	1.30
		Sale				22/05/2020	-1,42,611	Transfer	14,41,835	1.19
		Purchase				05/06/2020	1,000	Transfer	14,42,835	1.19
		Purchase				12/06/2020	10,000	Transfer	14,52,835	1.19
		Sale				30/06/2020	-1,20,000	Transfer	13,32,835	1.10
		Purchase				03/07/2020	1,10,000	Transfer	14,42,835	1.19
		Purchase				10/07/2020	20,000	Transfer	14,62,835	1.20
		Sale				17/07/2020	-36,000	Transfer	14,26,835	1.17
		Sale				24/07/2020	-49,000	Transfer	13,77,835	1.13
		Sale				31/07/2020	-1,000	Transfer	13,76,835	1.13
		Purchase				07/08/2020	1,20,000	Transfer	14,96,835	1.23
		Sale				14/08/2020	-5,000	Transfer	14,91,835	1.23
		Sale				28/08/2020	-2,000	Transfer	14,89,835	1.23
		Sale				04/09/2020	-10,000	Transfer	14,79,835	1.22
		Sale				11/09/2020	-24,000	Transfer	14,55,835	1.20
		Sale				11/12/2020	-7,456	Transfer	14,48,379	1.19
		Purchase				31/12/2020	10,000	Transfer	14,58,379	1.20
		Purchase				15/01/2021	3,000	Transfer	14,61,379	1.20
		Closing Balance				31/03/2021			14,61,379	1.20
11	LTD	Opening Balance	Desai Brothers Limited	16,33,741	1.34	31/03/2020			16,33,741	1.34
		Closing Balance				31/03/2021			16,33,741	1.34
12	FPC	Opening Balance	Aberdeen Standard Sicav I - Asian Smaller Companies	10,53,000	0.87	31/03/2020			10,53,000	0.87
		Purchase				30/06/2020	2,38,464	Transfer	12,91,464	1.06
		Purchase				03/07/2020	1,54,000	Transfer	14,45,464	1.19
		Closing Balance				31/03/2021			14,45,464	1.19

Note: During the year, the outstanding number of shares of the Company has increased from 12,16,03,226 to 12,16,55,986 due to the allotment of shares pursuant to the exercise of vested options by the eligible employees.

(v) Shareholding of Directors and Key Managerial Personnel

Shareholding Pattern of Directors and KMP holdings between 31/03/2020 and 31/03/2021

Sr. No.	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1	DIR	Opening Balance	Ittira Davis* (resigned w.e.f. Mar 12, 2021)	40,000	0.03	31/03/2020			40,000	0.03
		Closing Balance				31/03/2021			40,000	0.03
2	DIR	Opening Balance	Samit Ghosh	36,076	0.03	31/03/2020			36,076	0.03
		Closing Balance				31/03/2021			36,076	0.03
3	DIR	Opening Balance	K R Ramamoorthy**	1,000	0.00	31/03/2020			1,000	0.00
		Closing Balance				31/03/2021			1,000	0.00
4	KMP	Opening Balance	Sanjeev Barnwal	350	0.00	31/03/2020			350	0.00
		Sale				23/11/2020	250	Transfer	250	0.00
		Closing Balance				31/03/2021			100	0.00

* as a second holder with his wife Ms. Anna Ittira Davis
** Jointly held with his wife Ms. Vasantha Ramamoorthy

(vi) Indebtedness

The Company has no debt at any point of time during the year

(₹ in crores)

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	Indebtedness at the beginning of the financial year (01-04-2020)				
i)	Principal Amount	-	-	-	-
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (I + ii + iii)	**-**	**-**	**-**	**-**
	Changes in Indebtedness during the financial year				
	Addition	-	-	-	-
	Reduction	-	-	-	-
	Net Change	-	-	-	-
	Indebtedness at the end of the financial year (31-03-2021)				
i)	Principal Amount	-	-	-	-
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (I + ii + iii)	**-**	**-**	**-**	**-**

(vii) Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole Time Directors and / or Manager:

(₹ in crores)

Sl. No.	Particulars of Remuneration	Name of Managing Director	Total Amount (in ₹)
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	Mr. Ittira Davis (resigned w.e.f. March 12, 2021)	98,21,730
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961		-
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961		
	(d) Performance linked incentive, Bonus etc		-
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission		
	- As % of profit		-
	- Other, specify		-
	Total (A)		**98,21,730**
	Ceiling as per the Act (@ 5% of profits calculated under section 198 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013	Remuneration within the ceiling prescribed under Section 198 to be read with Schedule V of the Companies Act, 2013	

B. Remuneration to other directors:

(in ₹)

	Particulars of Remuneration						Total Amount
1)	**Independent Directors**	**Mr. K.R. Ramamoorthy**	**Mr. Abhijit Sen**	**Ms. Mona Kachhwaha**	**Mr. Sunil Vinayak Patel** (w.e.f. Feb 11, 2021)	**Mr. Rajesh Kumar Jogi** (w.e.f. Feb 11, 2021)	
•	Fees for attending board and board committee meetings	10,25,000	11,25,000	9,25,000	3,50,000	1,50,000	**35,75,000**
•	Commission	-	-	-	-	-	**-**
	Other, please specify	-	-	-	-	-	**-**
	Total (A)	**10,25,000**	**11,25,000**	**9,25,000**	**3,50,000**	**1,50,000**	**35,75,000**
2)	**Other Non-Executive Directors**	**Mr. Jayanta Basu** (until Jan 20, 2021)	**Mr. Narayan Anand**	**Mr. Samit Ghosh**			**Total Amount**
•	Fees for attending board and board committee meetings	3,50,000	7,75,000	10,25,000			**21,50,000**
•	Commission	-	-	-			**-**
	Other, please specify	-	-	-			**-**
	Total (B)						**21,50,000**
	Total Managerial Remuneration (A) + (B)	**-**	**-**	**-**			**57,25,000**
	Overall ceiling as per the Act (sitting fees not to exceed ₹ 1,00,000 per meeting)	Sitting fees of ₹ 75,000 for every board meeting and ₹ 50,000 for every board committee meeting is currently paid by the Company to all its Non-Executive Directors and is within the overall ceiling.					

Note: The Board to show solidarity to the efforts being made by the Company and its subsidiary during the pandemic, made a voluntary contribution of 10% of their sitting fees received during the period from August 2020 to March 2021 in the Ujjivan Welfare Trust.

During the year, the Company has paid only sitting fees to all its Non-Executive Directors including its Independent Directors and no other payments were made to them.

Goods and Service Tax under Reverse Charge Mechanism on the sitting fees have been disbursed as required per Goods and Service Tax Act and charged to the statement of profit and loss during the year.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(in ₹)

Sl. No.	Particulars of Remuneration	Sanjeev Barnwal Company Secretary	Barun Agarwal Chief Financial Officer	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	52,56,804	46,95,780	**99,52,584**
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	-	-	**-**
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961	-	-	**-**
2.	Stock Option	-	-	**-**
3.	Sweat Equity	-	-	**-**
4.	Commission			
	- As % of profit	-	-	**-**
	- Other, specify	-	-	**-**
	Total (B)	**52,56,804**	**46,95,780**	**99,52,584**

During the year, the above KMPs also contributed a small portion of their salary in the Ujjivan Welfare Trust.

VII. Penalties / Punishment / Compounding of Offences:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2021

ANNEXURE 2

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2021

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

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

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

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2021 according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

  (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

  (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (was not applicable to the Company during the period under review)

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

  (f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

  (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (was not applicable to the Company during the period under review)

  (i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018; (was not applicable to the Company during the period under review) and

  (j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (was not applicable to the Company during the period under review).

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

  (a) Reserve Bank of India Act, 1934;

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

  (c) Core Investment Companies – Overseas Investments (Reserve Bank) Directions, 2016;

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

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

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

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

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

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

I further report that:

Due to COVID -19 pandemic and lockdown, we were not able to physically verify few documents and registers during our Audit and in such cases we have carried out the audit based on electronic documents/soft copies provided to us.

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

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

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

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

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions were carried unanimously and there were no dissenting views.

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

I further report that during the Audit Period:

1. The Company has issued and allotted 52,760 (Fifty Two Thousand Seven Hundred and Sixty) Equity shares during the Financial Year under its ESOP Schemes.

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

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

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309C000383802
Peer Review No: 784/2020

Place: Bengaluru
Date: 28/05/2021

ANNEXURE A

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

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309C000383802
Peer Review No: 784/2020

Place: Bengaluru
Date: 28/05/2021

ANNEXURE 3

SECRETARIAL COMPLIANCE REPORT

of

Ujjivan Financial Services Limited

For the year ended 31st March, 2021

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

I, **K. Jayachandran, Practicing Company Secretary** have examined:

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

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

(c) the website of the listed entity,

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

for the year ended **31st March, 2021** ("Review Period") in respect of compliance with the provisions of :

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

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

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

(a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

(c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (was not applicable to the Company during the period under review)

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

(f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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

(h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (was not applicable to the Company during the period under review)

(i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018; (was not applicable to the Company during the period under review) and

(j) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (was not applicable to the Company during the period under review).

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

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

Sr. No.	Compliance Requirement (Regulations/ circulars / guidelines including specific clause)	Deviations	Observations/ Remarks of the Practicing Company Secretary
1.	Nil	Nil	Nil

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars, guidelines issued thereunder insofar as it appears from my examination of those records.

(c) The following are the details of actions taken against the listed entity/its promoters/directors/material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

Sr. No.	Action taken by	Details of violation	Details of action taken e.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
1.	Nil	Nil	Nil	Nil

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

Sr. No.	Observations of the Practicing Company Secretary in the previous report	Observations made in the Secretarial Compliance Report for the year ended 31st March, 2020	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309C000383802
Peer Review No: 784/2020

Date: 28/05/2021
Place: Bengaluru

ANNEXURE 4

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN (Director Identification Number)	Date of appointment in Company
01.	Mr. Abhijit Sen	00002593	04/06/2015
02.	Mr. Sunil Vinayak Patel	00050837	11/02/2021
03.	Mr. Kuttalam Rajagopalan Ramamoorthy	00058467	28/12/2004
04.	Mr. Samit Kumar Ghosh	00185369	01/04/2020
05.	Mrs.Mona Kachhwaha	01856801	22/09/2019
06.	Mr. Rajesh Kumar Jogi	03341036	11/02/2021
07.	Mr. Narayan Anand	02110727	01/05/2019

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

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309C000383802
Peer Review No: 784/2020

Date: 28/05/2021
Place: Bengaluru

ANNEXURE 5

ANNUAL REPORT ON CSR ACTIVITIES

1. A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF THE PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS.

CSR Key Initiatives: FY 2020-21

During the year, Ujjivan has undertaken its CSR responsibilities through external NGOs with a focus on the community development programs and gave aid to other NGOs.

2. THE COMPOSITION OF THE CSR COMMITTEE

The Company has a CSR committee of Directors comprising of Ms. Mona Kachhwaha (Chairman of the Committee), Mr. Abhijit Sen and Mr. Samit Ghosh. For further details, please refer to the Corporate Governance Section.

3. AVERAGE NET PROFIT OF THE COMPANY FOR THE LAST THREE FINANCIAL YEARS FOR THE PURPOSE OF COMPUTATION OF CSR:

(₹ in crores)

Financial Year	2017-18	2018-19	2019-20
Profit before Tax (less: Dividend Income)	298.73	189.61	(81.57)
Average for last three FYs	135.50		

4. PRESCRIBED CSR EXPENDITURE (2% OF THE AMOUNT AS IN ITEM 3 ABOVE): ₹ 2.71 lacs;

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

a. Total amount to be spent for the financial year: ₹ 2.71 lacs

b. Amount Spent: ₹ 2.81 lacs

c. Amount unspent if any: Nil

d. Manner in which the amount has been spent during the financial year: Please refer to the table at the end of this section.

6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PERCENT, OF THE AVERAGE NET PROFIT OF THE LAST THERE FINANCIAL YEARS OR ANY PART THEREOF, THE COMPANY SHALL PROVIDE THE REASONS FOR NOT SPENDING THE AMOUNT IN ITS BOARD REPORT.

Not applicable as the Company has spent the mandatory amount in line with its commitment and obligation.

Brief note on the work undertaken by Parinaam Foundation for and on behalf of the Company:

Parinaam Foundation

Parinaam in collaboration with Ujjivan has undertaken to execute a Community Development Programme (CDP) under the brand 'Chote Kadam' that brings together stakeholders, the community and the society at large to build a better life for the unserved and underserved.

Community Development Program under the brand name 'Chote Kadam' is being undertaken by Parinaam Foundation for and on behalf of the Company through which we strive to provide basic infrastructural facilities to the unserved and the underserved communities across the country. During the year, Parinaam has implemented several new projects in the areas of public infrastructure, health and education under Chote Kadam Program (Phase II) for and on behalf of the Company and worked with equal zeal towards the maintenance of projects completed during the previous year(s) for the Company.

The strategic focus of the project is to address critical community needs in the areas of education, healthcare, sanitation, public infrastructure & general community welfare activities across India.

Project Objectives:

The project seeks to align with the organization's mission to serve the unserved and underserved by:

- Serving needs of unserved and underserved beyond financial services
- Creating a connect & deeper understanding between Ujjivan & the community
- Addressing critical community needs in the areas of education, healthcare, sanitation, public infrastructure across India

CSR Commitment

Parinaam Foundation has undertaken several Community Development Programs across various places in the Country for and on behalf of the Company out of the funds granted by the Company during the last FY 2019-20. During the year, the Company has granted fresh funds of ₹ 0.28 lacs to Parinaam Foundation towards the Academic Adoption Programs.

Other CSR Work

Sr. No.	Name of the NGO	Grant (₹ in lacs)
1.	Asha NiketanFMR, Bangalore (An Old Age Home for intellectually disable people)	1.33
2.	Asha Nilaya, Bangalore (Orphanage)	1.20

7. A RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE THAT THE IMPLEMENTATION AND MONITORING OF CSR POLICY IS IN COMPLIANCE WITH CSR OBJECTIVES OF AND POLICY OF THE COMPANY.

We hereby declare that implementation of the CSR policy is in compliance with CSR objective and policy of the Company.

Ms. Mona Kachhwaha
Chairman, Corporate Social Responsibility Committee
DIN: 01856801

During the FY 2020-21, below are the various projects which were carried out by external NGOs like Parinaam Foundation, Piramal Foundation and others for and on behalf of the Company:

CSR Projects or Activity Identified	Sector in which the project is covered	Geographical areas where project was implemented	Amount Outlay (budget) project or programmes wise (₹ in lacs)	Amount spent on the projects or programmes (1) Direct Expenditure (2) Overhead (₹ in lacs)	Mode of implementation (direct or through implementing agencies)
Academic Adoption Programs	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Bangalore	Nil	0.28	Indirect (through Parinaam Foundation)
Social Welfare of orphans/disabled / PM Cares Fund etc.	-do-	Bangalore	2.81	2.53	Direct
Total			**2.81**	**2.81**	

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTOR'S

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

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

b. the independent directors on the Board;

c. the Audit Committee;

d. the Stakeholders Relationship Committee;

e. the Governance, Nomination and Remuneration Committee; and

f. the Corporate Social Responsibility Committee.

g. the Risk Management Committee

h. IT Strategy Committee

i. As on March 31, 2021, the Board of Directors of the Company consists of 7 (seven) directors out of which 5 (five) are Independent Directors and 2 are Non-Executive Non-Independent Directors. All 5 (five) Independent Directors meets the eligibility criteria as required under SEBI Listing Regulations and the Companies Act, 2013. The Board of Directors of the Company has one woman independent director Ms. Mona Kachhwaha;

ii. As on March 31, 2021, the Company doesn't have any Executive Director since Mr. Ittira Davis, the erstwhile MD & CEO resigned w.e.f. March 12, 2021 (close of business hours).

iii. During the Financial Year 2020-21, our Board has met 7 (seven) times and the meetings of our Board of Directors were held on May 27, 2020, August 10, 2020, November 11, 2020, November 25, 2020, February 10, 2021, March 12, 2021 and March 22, 2021. There has not been a time gap of more than 120 days between any two meetings of the Board;

iv. No Director is related to each other;

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

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

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

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

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

x. During the year, the erstwhile managing director of the Company was not an independent director in more than 3 (three) listed entities.

xi. During the year, a separate meeting of independent directors was held on March 22, 2021. The Independent Directors inter alia, reviewed the performance of non-independent directors, Chairman and the Board as a whole.

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

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

xiv. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2021 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and Companies under Section 8 of the Companies Act, 2013. Chairmanships/ Memberships of Board Committees include Audit Committee and Stakeholders Committee only.

Name of the Director	Category	Number of Board Meetings during the Year 2020-21		Whether attended last AGM held on Sep 11, 2020	Number of Directorships in other Public Companies		No of Committee positions held in other Public Companies	
		Held during their tenure	Attended		Chairman	Member	Chairman	Member
Mr. Samit Ghosh (w.e.f. April 01, 2020)	Non-Executive Chairman	7	7	Yes	-	-	-	-
Mr. K.R. Ramamoorthy DIN: 00058467	Independent Director	7	7	Yes	-	3	2	1
Mr. Abhijit Sen DIN: 00002593	Independent Director	7	7	Yes	-	8	4	4
Ms. Mona Kachhwaha DIN: 01856801	Independent Director	7	7	Yes	-	2	-	3
Mr. Sunil Vinayak Patel DIN: 00050837 (w.e.f. Feb 11, 2021)	Independent Director	2	2	NA	-	-	-	-
Mr. Rajesh Kumar Jogi** DIN: 03341036 (w.e.f. Feb 11, 2021)	Independent Director	2	2	NA	-	1	-	1
Mr. Narayan Anand DIN: 02110727	Non-Executive Director	7	7	Yes	-	3	-	-
Mr. Jayanta Basu* DIN: 01268046 (until Jan 20, 2021)	Non-Executive Director	4	4	Yes	NA*	NA*	NA*	NA*
Mr. Ittira Davis* DIN: 06442816 (until Mar 12, 2021)	Managing Director and Chief Executive Officer	6	6	Yes	NA*	NA*	NA*	NA*

* ceased to be a director during the year
**resigned from the Board effective from August 22, 2021

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

Name of the Director	Category	Directorships in other listed entities
Mr. Samit Ghosh DIN: 00185369 (w.e.f. April 01, 2020)	Non-Executive, Non-Independent Director – Chairman	1. Ujjivan Small Finance Bank Limited – Non-Executive Director
Mr. K.R. Ramamoorthy DIN: 00058467	Independent Director	1. Amrit Corp Limited – Independent Director 2. Nilkamal Limited – Independent Director 3. Subros Limited – Independent Director
Mr. Abhijit Sen DIN: 00002593	Independent Director	1. Kalyani Forge Limited – Independent Director 2. Manappuram Finance Limited – Independent Director 3. Tata Investment Corporation Limited - Independent Director 4. Ugro Capital Limited - Independent Director
Ms. Mona Kachhwaha DIN: 01856801	Non-Executive Director	1. Aptus Value Housing Finance India Limited
Mr. Sunil Vinayak Patel DIN: 00050837 (w.e.f. Feb 11, 2021)	Independent Director	None
Mr. Rajesh Kumar Jogi* DIN: 03341036 (w.e.f. Feb 11, 2021)	Independent Director	1. Ujjivan Small Finance Bank Limited – Non-Executive Director
Mr. Narayan Anand DIN: 02110727	Non-Executive Director	1. Aashina Housing Limited – Non-Executive Director

*resigned effective from August 22, 2021

xvi. Details of equity shares of the Company held by the Directors as on March 31, 2021 are given below:

Name	Category	No. of Equity Shares
Mr. Samit Ghosh	Non-Executive, Non-Independent Director – Chairman	36,076
Mr. K.R. Ramamoorthy*	Independent, Non-Executive	1,000
Mr. Ittira Davis** (resigned w.e.f. Mar 12, 2021)	Managing Director & CEO	40,000

* jointly held with Ms. Vasantha Ramamoorthy
** as a second holder with his wife Ms. Anna Ittira Davis

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

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

Board members skills / expertise / competence are as under:

Directors	Designation	Specialisation / competence
Mr. Samit Ghosh	Non-Executive, Non-Independent Chairman	Banking & finance, business strategy and management, governance and regulatory supervision, leadership, social initiatives
Mr. K. R. Ramamoorthy	Independent Director	Banking & finance, financial control and budgeting, corporate laws and compliance, governance and regulatory supervision, leadership
Mr. Sunil Vinayak Patel	Independent Director	Banking & finance, accounting & taxation, financial control, corporate law, governance and regulatory compliance and supervision, social initiatives
Mr. Abhijit Sen	Independent Director	Banking & finance, accounting and financial control, RBI compliance and regulatory supervision and governance, treasury and risk management
Ms. Mona Kachhwaha	Independent Director	Banking & finance, investments, business strategy, management & governance, social initiatives
Mr. Rajesh Kumar Jogi*	Independent Director	Risk management, Banking & Finance, business strategy and management, regulatory supervision
Mr. Narayan Anand	Non-Executive, Non-Independent	Investments, business strategy and management, financial control and budgeting, governance and supervision, technology

*resigned effective from August 22, 2021

2. COMMITTEES OF THE BOARD

A. Audit Committee

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

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2020-21	
			Held during their tenure	Attended
1.	Mr. Sunil Vinayak Patel (from Feb 11, 2021)	Chairman (Independent Director)	1	1
2.	Mr. K.R. Ramamoorthy	Independent Director	5	5
3.	Mr. Abhijit Sen	Independent Director	5	5
4.	Ms. Mona Kachhwaha (w.e.f. October 22, 2019)	Independent Director	5	5
5.	Mr. Samit Ghosh (from May 28, 2020)	Non-Independent, Non-Executive	4	4
6.	Mr. Jayanta Basu (until May 27, 2020)	Non-Independent, Non-Executive	1	1

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

iii. The Audit Committee has met 5 (five) times during the year and the gap between two meetings did not exceed one hundred and twenty days. The Audit Committee meetings were held on May 27, 2020, August 10, 2020, November 11, 2020, February 10, 2021 and March 22, 2021.

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

The scopes of the Audit Committee are:

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

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

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

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

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

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

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

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

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

f) disclosure of any related party transactions;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The audit committee shall mandatorily review the following information:

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

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

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

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

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

(6) statement of deviations:

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

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

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

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

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2020-21	
			Held during their tenure	Attended
1.	Mr. Abhijit Sen	Chairman (Independent Director)	3	3
2.	Mr. K.R. Ramamoorthy	Independent Director	3	3
3.	Mr. Sunil Vinayak Patel (w.e.f. Feb 11, 2021)	Independent Director	2	2
4.	Ms. Mona Kachhwaha (until Feb 10, 2021)	Independent Director	1	1
5.	Mr. Narayan Anand	Non-Independent, Non-Executive	3	3
6.	Mr. Samit Ghosh (w.e.f. May 28, 2020)	Non-Independent, Non-Executive	3	3

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

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

v. The Nomination Committee has met 3 (three) times during the year on February 10, 2021, March 12, 2021 and March 22, 2021.

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

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

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

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

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

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

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

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

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

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

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

(11) To devise a policy on Board diversity;

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

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

C. Stakeholders Relationship Committee

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

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2020-21	
			Held during their tenure	Attended
1.	Mr. K.R. Ramamoorthy	Chairman (Independent Director)	1	1
2.	Ms. Mona Kachhwaha	Independent Director	1	1
3.	Mr. Sunil Vinayak Patel (w.e.f. Feb 11, 2021)	Independent Director	1	1

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

iv. Mr. Sanjeev Barnwal (Company Secretary) is the Compliance Officer of the Company.

v. During the FY 20-21, the Company has received 38 investor complaints and all the complaints were solved to the satisfaction of the shareholders and no complaint is pending for redressal at the end of the year.

vi. The Stakeholders Relationship Committee has physically met once during the year on March 15, 2021. The committee has passed 5 circular resolutions during the year for the allotment of shares pursuant to the exercise of vested stock options.

vii. The scope of the Stakeholders Relationship Committee are:

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

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

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

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

(5) To perform all functions relating to the interests of security holders of the Company and as assigned by the Board, as may be required by the provisions of the Companies Act, 2013 and Rules made thereunder, Listing Agreements with the Stock Exchanges and guidelines issued by the SEBI or any other regulatory authority.

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

D. Corporate Social Responsibility Committee (CSR Committee)

i. The Company has constituted a Corporate Social Responsibility Committee as per the requirements of Section 135 of the Companies Act, 2013.

ii. The Corporate Social Responsibility Committee has been constituted to formulate and recommend to the Board of Directors, a corporate social responsibility policy which shall indicate the activities to be undertaken by the company, recommend the amount of expenditure to be incurred on such activities and monitor the corporate social responsibility policy of the company from time to time.

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2020-21	
			Held during their tenure	Attended
1.	Ms. Mona Kachhwaha	Chairman (Independent Director)	1	1
2.	Mr. Abhijit Sen	Independent Director	1	1
3.	Mr. Ittira Davis (until March 12, 2021)	MD & CEO	1	1
4.	Mr. Samit Ghosh (from March 13, 2021)	Non-Executive Director	-	-

iv. The CSR Committee met once during the year on November 02, 2020

v. The scope of the Corporate Social Responsibility Committee are:

(1) To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;

(2) To recommend the amount of expenditure to be incurred on the activities;

(3) To Monitor the Corporate Social Responsibility Policy of the company from time to time; and

(4) To do such other acts, deeds and things as may be directed by the board and required to comply with the applicable laws.

vi. Two of the members of the Corporate Social Responsibility Committee are independent director;

vii. The Company has formulated a corporate social responsibility policy indicating the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013.

E. Risk Management Committee

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

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2020-21	
			Held	Attended
1.	Mr. Abhijit Sen	Chairman (Independent Director)	1	1
2.	Mr. K.R. Ramamoorthy	Independent Director	1	1
3.	Mr. Ittira Davis (until March 12, 2021)	MD & CEO	1	1
4.	Mr. Samit Ghosh (w.e.f. May 28, 2020)	Non-Executive Director	1	1
5.	Mr. Rajesh Kumar Jogi (w.e.f. Feb 11, 2021)	Independent Director	-	-

The Risk Management Committee met once during the year on November 09, 2020.

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

- To review the investment of the Company in its subsidiary, evaluate overall risks faced by the subsidiary and monitor the reputational list of both entities and specifically oversee matters related to cyber security.
- To formulate a detailed risk management policy which shall include:

(a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

(b) Measures for risk mitigation including systems and processes for internal control of identified risks.

(c) Business continuity plan.

- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws

F. IT Strategy Committee

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

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2020-21	
			Held	Attended
1.	Mr. Abhijit Sen	Chairman (Independent Director)	2	2
2.	Mr. Narayan Anand	Non-Independent, Non-Executive	2	2
3.	Mr. Ittira Davis (until March 12, 2021)	MD & CEO	2	2
4.	Mr. Samit Ghosh (w.e.f. May 28, 2020)	Non-Executive Director	2	2

The IT Strategy Committee met 2 (two) times during the year on July 27, 2020 and January 25, 2021

iii. The scope of the IT Strategy Committee are:

a) Reviewing and approving IT related policy documents

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

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

iv. Chairman of the Committee is an independent director;

Independent Director's Meeting

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, 2015, the independent directors held their separate meeting on March 22, 2021 without the attendance of non-independent directors and members of Management, inter alia, to discuss the following:

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

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

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

3. REMUNERATION OF DIRECTORS

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

The Company is paying only the sitting fees to all the Non-Executive Directors within the ceiling of ₹ 1,00,000 per meeting as prescribed under the Companies Act, 2013. During the year, the Non-Executive Directors are paid sitting fees of ₹ 75,000 for attending every Board Meeting and ₹ 50,000 for attending every Committee Meeting. During the year, all the meetings were held through permitted audio-visual modes and there was no instance of either the Company incurring or making any reimbursement of expenses towards airfare, hotel stay and car on rental basis for attending each of the meetings of the Board.

The Board to show solidarity to the efforts being made by the Company during the pandemic, made a voluntary contribution of 10% of their sitting fees received during the period from August 2020 to March 2021 in the Ujjivan Welfare Trust.

Remuneration paid to Managing Director during the FY 2020-21:

Sr. No.	Particulars of Remuneration	Mr. Ittira Davis (MD & CEO until March 12, 2021) (Amount in ₹)
1.	Salary	98,21,730
2.	Performance linked incentive, Bonus, other benefits	-
2.	Stock Option	-
3.	Sweat Equity	-
4.	Pension	-
5.	Commission	-
	Total (A)	**98,21,730**

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

4. GENERAL BODY MEETINGS OF SHAREHOLDERS

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

For the FY	Venue	Day & Date	Time	Special Resolution Passed
2019-20	Through Video Conferencing in compliance with the Companies Act, 2013 and in accordance with relevant circulars issued by MCA and SEBI	Friday, September 11, 2020	03:00 PM IST	None
2018-19	Annex II, No. 23-26, Grape Garden, No. 17th Main, 6th Block, Koramangala, Bangalore-560 095	Friday, August 02, 2019	04:00 PM IST	None
2017-18	Annex II, No. 23-26, Grape Garden, No. 17th Main, 6th Block, Koramangala, Bangalore-560 095	Wednesday June 27, 2018	02:30 PM IST	1. To approve the appointment of Mr. Ittira Davis (DIN: 06442816) as the Managing Director and Chief Executive Officer of the Company for a period of 3 years w.e.f. July 01, 2018 subject to the approval of the Reserve Bank of India 2. Cancellation of Options which are lapsed and valid under existing ESOP Schemes 2006, 2007, 2008 and 2010 and approval for adding back the cancelled options to the ESOP 2015 Pool 3. Grant of Stock Options to the Employees (present and future) of the wholly owned subsidiary 'Ujjivan Small Finance Bank Limited' under ESOP Scheme 2015

Postal Ballot

During the FY 2020-21, the Company approached the shareholders once through postal ballot in March-April 2021; result date for the said postal ballot was on April 27, 2021 (last date for the e-voting). A summary of the electronic voting received for each of the resolution is given below:

Resolution No. & Resolution	Voting through	In Favour	Against	Result
Resolution No. 1 – Special Resolution* Appointment of Mr. Samit Ghosh (DIN: 00185369) as the Managing Director and Chief Executive Officer of the Company.	**E-Voting**	45593664	19053314	Not approved by requisite majority
Resolution No. 2 – Ordinary Resolution Appointment of Mr. Sunil Vinayak Patel (DIN: 00050837) as an Independent Director.	**E-Voting**	45684316	18962421	Passed with requisite majority
Resolution No.3 – Ordinary Resolution Appointment of Mr. Rajesh Kumar Jogi (DIN: 03341036) as an Independent Director.	**E-Voting**	46863240	17783487	Passed with requisite majority
Resolution No.4 – Special Resolution* Re-appointment of Mr. Abhijit Sen (DIN: 00002593) as an Independent Director.	**E-Voting**	45628636	19018101	Not approved by requisite majority

* It may be noted that Resolution Nos. 1 and 4 were polled with 70% of the valid votes in favour. However, these being Special Resolutions in

nature, required a minimum of 75% of the valid votes polled in favour of the resolution or a minimum of 3 times of the votes polled against the resolution. Consequently, Resolution Nos. 1 and 4 fell short of the requisite majority.

Mr. S. Kannan of M/s. S Kannan And Associates, bearing Firm No. S2017KR473100 (FCS 6261, holding CP No. 13016) has conducted the postal ballot exercise as Scrutinizer.

5. MEANS OF COMMUNICATION

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

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

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

Regulation 17 read with Part B of Schedule II of the Listing Regulations, requires the CEO and CFO certification on the Financial Statements, the Cash Flow Statements and the internal financial reporting for the FY 2020-21. However, in the absence of the CEO of the Company and as advised by the Board, the Chairman (Mr. Samit Ghosh) and the Company Secretary (Mr. Sanjeev Barnwal) are signing this certificate together with Mr. Barun Kumar Agarwal (CFO). The said certificate is a part of this Annual Report.

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

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

8. UJJIVAN CODE OF CONDUCT

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

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

9. MATERIAL SUBSIDIARIES

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

10. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors of the Company are familiarized with their roles, rights and responsibilities in the Company as well as with the nature of industry and business model of the Company through induction programmes at the time of their appointment as Directors. The details of the familiarization programmes have been hosted on the website of the Company and can be accessed from the link below: https://www.ujjivan.com/mandatory-policies

11. GENERAL SHAREHOLDER INFORMATION

Sr. No.	Particulars		Details
a)	Annual General Meeting for FY 2020-21 (Date, time and venue)	:	Wednesday, September 29, 2021 3.30 P.M. (AGM is being conducted through video conferencing or other audio video means in compliance with the Companies Act, 2013 / Rules and MCA and SEBI circulars); please refer to the AGM notice for further details.
b)	Financial Year	:	April 01 till March 31
c)	Dividend payment date	:	The Board has not recommended any dividend during the year
d)	Listing on Stock Exchanges and Stock Code	:	The Company's equity shares are listed at both NSE and BSE Stock Code / Symbol: NSE: UJJIVAN BSE: 539874
e)	Payment of Listing fees	:	The Company has paid all listing fees as applicable
f)	Registrar and Transfer Agent and Address for correspondence	:	KFin Technologies Private Limited Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032 Telengana, India P : +91 040 6716 1562 www.kfintech.com
g)	Share Transfer System	:	The investor's services like share transfer, demat or remat of shares and other services are handled by the RTA of the Company. As on March 31, 2021, 99.95% of the equity share capital of the Company, are in dematerialized form and its transfer are done directly through the depositories. As required under Regulation 40(1) of SEBI Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository except in case of transmission or transposition of securities.
h)	Dematerialization of shares and liquidity	:	The Company's Equity Shares are in compulsory demat segment and are available for trading under dematerialized form with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Control Report as on 31/03/2021

Sr. No.	Description	No of Holders	Shares	% To Equity
1	Physical	19	54,625	0.04
2	NSDL	50,616	8,20,84,702	67.47
3	CDSL	57,214	3,95,16,659	32.48
	Total	**1,07,849**	**12,16,55,986**	**100.00**

As on March 31, 2021, 12,16,01,361 equity shares of the Company, forming 99.95% of the equity share capital of the Company, were in dematerialized form and 54,625 equity shares were in physical form.

The ISIN of the Company is INE334L01012 with NSDL and CDSL) and the equity shares of the Company are frequently traded on both BSE and NSE.

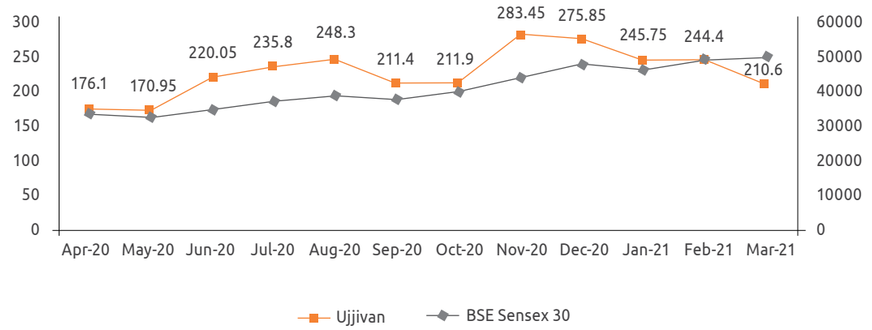
i)	Outstanding GDRs/ADSs/Warrants or any Convertible instruments, conversion date and likely impact on equity.	:	The Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments other than outstanding ESOPs granted to employees.
j)	Plant Locations	:	As the Company is engaged in the business of NBFC, there is no plant location.
k)	Address of the Compliance Officer	:	Sanjeev Barnwal, Company Secretary and Compliance Officer; Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095, Karnataka, India Tel: +91 80 4071 2121; Fax: +91 80 4146 8700 E-mail: compliance@ujjivanfin.com

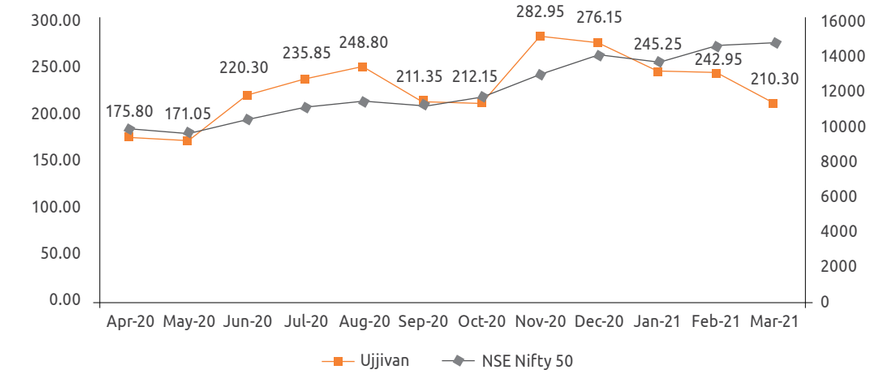
(B) Market price data- high, low during each month in last financial year;

Month	BSE			NSE		
	High Price	Low Price	Volume (No. of Shares Traded)	High Price	Low Price	Volume (No. of Shares Traded)
Apr-20	198.15	135.9	46,23,406	198.70	135.65	9,81,27,697
May-20	184.35	144.7	54,46,318	184.25	144.50	11,18,27,551
Jun-20	242.3	175.05	82,55,426	242.45	174.15	17,78,84,460
Jul-20	267.2	219.4	73,16,938	267.50	219.25	14,07,37,936
Aug-20	275	217.6	36,60,096	275.35	217.55	7,05,02,108
Sep-20	255.6	198.1	14,85,112	255.35	198.00	1,95,83,959
Oct-20	224	204.75	6,59,066	224.30	203.55	1,03,41,348
Nov-20	298.55	210.2	15,13,787	297.60	210.00	2,22,71,449
Dec-20	296	248.1	9,89,600	296.00	247.90	1,25,06,148
Jan-21	310.85	242.25	11,78,073	310.95	242.50	1,36,54,610
Feb-21	272.7	225.8	25,85,830	273.00	225.95	1,93,50,519
Mar-21	260.35	207.25	24,70,824	260.50	207.00	1,46,41,907

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

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





Distribution of Shareholding as on March 31, 2021

DISTRIBUTION SCHEDULE AS ON 31/03/2021						
Sr. No.	Category (Amount)	No. of holders	% of holders	No. of Shares	Amount (in ₹)	% to Equity
1	1- 5000	89,343	82.84	80,26,273	8,02,62,730	6.60
2	5001- 10000	7,775	7.21	58,28,252	5,82,82,520	4.79
3	10001- 20000	5,286	4.90	78,80,711	7,88,07,110	6.48
4	20001- 30000	2,153	2.00	53,02,140	5,30,21,400	4.36
5	30001- 40000	993	0.92	34,46,900	3,44,69,000	2.83
6	40001- 50000	582	0.54	26,37,054	2,63,70,540	2.17
7	50001- 100000	983	0.91	68,64,168	6,86,41,680	5.64
8	100001 & Above	734	0.68	8,16,70,488	81,67,04,880	67.13
	Total	**1,07,849**	**100**	**12,16,55,986**	**1,21,65,59,860**	**100**

12. INVESTOR EDUCATION AND PROTECTION FUND - UNCLAIMED DIVIDEND

Pursuant to section 125 of the Companies Act, 2013, all unpaid and unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government after the completion of seven years. As on March 31, 2020, the unclaimed dividend declared by the Company for the below years are as under:

Sr. No.	Financial Year	Dividend Type	Unclaimed Dividend (in ₹)
1	FY 2015-16	Final	41,225
2	FY 2016-17	Final	1,63,302
3	FY 2017-18	Final	1,70,043
4	FY 2018-19	Interim	2,55,891
5	FY 2018-19	Final	78,674
6	FY 2019-20	Final	1,96,398

The above unclaimed dividend will be transferred by the Company to IEPF on the completion of seven years, if remained unclaimed. The details of the unclaimed dividend can be accessed from the website of the Company from the link below:
http://www.ujjivan.com/html/Unclaimed_Dividend.php

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

As on March 31, 2021 there are no shares in the demat suspense account / unclaimed suspense account.

14. OTHER DISCLOSURES

i. Related Party Transactions

All the contracts or arrangements or transactions entered by the Company during the year ended March 31, 2021 were at arm's length basis and with the requisite approvals from the Audit Committee and the Board. The Company has a policy on materiality and on dealing with related party transactions which has been uploaded on our website at the link https://www.ujjivan.com/mandatory-policies

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

- Nil

ii. Whistle Blower Policy

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

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

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

iv. A total fee of ₹ 14.80 lacs (net of GST input credit) including reimbursement of expenses and levies at actuals has been incurred / paid by the Company to the existing Statutory Auditor of the Company, MSKA & Associates towards all the services provided by MSKA & Associates to the Company for the FY 2020-21.

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

a. Separate posts of chairperson and chief executive officer

b. Reporting of internal auditor directly to the audit committee

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

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

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

I confirm that the Company has in respect of the year ended March 31, 2021, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer and the Company Secretary as on March 31, 2021.

Samit Ghosh*
Non-Executive Chairman
DIN: 00185369

Place: Bangalore
Date: May 28, 2021

* in the absence of the CEO, the Non-Executive Chairman is signing the certificate

CEO / CFO CERTIFICATION

To,
The Board of Directors
Ujjivan Financial Services Limited

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

We hereby certify that:

A. We have reviewed financial statements and the cash flow statement for the financial year 2020-21 and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

	Samit Ghosh	**Sanjeev Barnwal**	**Barun Agarwal**
Place: Bangalore Date: May 28, 2021	*(Non-Executive Chairman*)* DIN: 06442816	*Company Secretary**	*Chief Financial Officer*

* as advised by the Board, in the absence of the CEO, the Chairman and the Company Secretary are signing this certificate together with the CFO

INDEPENDENT PRACTICING COMPANY SECRETARY CERTIFICATE ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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

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

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

I have examined all the relevant records of "UJJIVAN FINANCIAL SERVICES LIMITED" ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and other applicable regulations of Chapter IV pertaining to Corporate Governance and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the Financial Year ended 31st March, 2021. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

K. Jayachandran
Company Secretary
ACS No.: 11309/CP. No. : 4031
UDIN: A011309C000383991
Peer Review No: 784/2020

Date: 28/05/2021
Place: Bengaluru

ANNEXURE 6

BUSINESS RESPONSIBILITY REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Ujjivan Financial Services Limited ('the Company' / Ujjivan) recognizes its role as a corporate citizen and endeavors to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with sound corporate culture and the Company is constantly striving to better them.

The Company is a non-operating Core Investment Company registered with the Reserve Bank of India having its investment primarily in its listed material subsidiary 'Ujjivan Small Finance Bank Limited'. The Company has ensured that its material listed subsidiary has all the relevant policies and principles in place.

SECTION A - GENERAL INFORMATION ABOUT THE COMPANY:

Sr. No.	Particulars		Company Information
(i)	Corporate Identity Number (CIN)	:	L65999KA2004PLC035329
(ii)	Name of the Company	:	Ujjivan Financial Services Limited
(iii)	Address of the Registered Office and Contact Details	:	Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka
(iv)	Website	:	www.ujjivan.com
(v)	Email id	:	compliance@ujjivanfin.com
(vi)	Financial Year Reported	:	FY 2020-21
(vii)	Sector(s) that the Company is engaged in (industrial activity code-wise)	:	As on March 31, 2021 the Company is a NBFC-Core Investment Company. The NIC Code is 64200.
(viii)	List three key products/services that the Company manufactures/provides (as in balance sheet)	:	The Company is an investment Company and its main objects are to carry on the business of making investments in group company(ies) in the form of securities and providing guarantees etc. and to carry on financial activities, whether in India or outside, in the nature of investment in bank deposits, money market instruments (including money market mutual funds and liquid mutual funds), government securities, and to carry on such other activities as may be permitted and prescribed by the relevant statutory authorities for core investment companies from time to time
(ix)	Total number of locations where business activity is undertaken by the Company	:	The Company as on March 31, 2021 carries its business from its registered office and has no branches.
	(a) Number of International Locations	:	Nil
	(b) Number of National Locations	:	1 (Registered Office); However our subsidiary Ujjivan Small Finance Bank Limited has 575 branches.
(x)	Markets served by the Company – Local/State/National/ International	:	Ujjivan together with its subsidiary 'Ujjivan Small Finance Bank Limited' serves the national market only

SECTION B – FINANCIAL DETAILS OF THE COMPANY:

Sr. No.	Particulars		Company Information
(i)	Paid-up Capital as on March 31, 2021	:	12,16,55,986 equity shares of ₹ 10 each aggregating to ₹ 1,21,65,59,860
(ii)	Total Turnover:	:	(₹ in crore) (Ind-AS)
	(a) Standalone	:	8.44
	(b) Consolidated	:	3,180.99
(iii)	Total Profit After Tax:		(₹ in crore) (Ind-AS)
	Standalone	:	2.93
	Consolidated	:	(239.11)
(iv)	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	:	CSR spends during the year – ₹ 2.81 lacs 0.96% of the PAT of FY 2020-21
(v)	List of activities in which expenditure in (iv) above has been incurred	:	Please refer Annexure 5 of the Board's Report

For further details, please refer to the CSR section of the Annual Report.

SECTION C – OTHER DETAILS OF THE COMPANY:

Sr. No.	Particulars		Company Information
(i)	Does the Company have any Subsidiary Company/ Companies?	:	Yes, Ujjivan Small Finance Bank Limited is the material listed subsidiary of the Company
(ii)	Do the Subsidiary Company participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	:	During the FY 2020-21, the Company carried out the BR initiatives in partnership with external agencies. Going forward, the Company is expected to get participation to the extent legally permissible by its subsidiary.
(iii)	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	:	No

SECTION D – BUSINESS RESPONSIBILITY INFORMATION:

(1) Details of Director/Directors responsible for BR

Sr. No.	Particulars		Company Information
(a)	Details of the Director / Director responsible for implementation of the BR policy/policies		
	1. DIN Number	:	Not Applicable
	2. Name	:	Mr. Barun Kumar Agarwal
	3. Designation	:	Chief Financial Officer
(b)	Details of the BR Head		
	1. DIN Number	:	Not Applicable
	2. Name	:	Sanjeev Barnwal
	3. Designation	:	Company Secretary and Compliance Officer
	4. Telephone Number	:	080-40712121
	5. email id	:	sanjeev.barnwal@ujjivanfin.com

(2) Principle-wise (as per National Voluntary Guidelines (NVGs)) Business Responsibility Policy / policies

Principles to Assess Compliance with Environmental, Social and Governance Norms

Sr. No.	Particulars		Company Information
1)	Principle 1	:	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
2)	Principle 2	:	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
3)	Principle 3	:	Businesses should promote the wellbeing of all employees
4)	Principle 4	:	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
5)	Principle 5	:	Businesses should respect and promote human rights
6)	Principle 6	:	Business should respect, protect, and make efforts to restore the environment
7)	Principle 7	:	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
8)	Principle 8	:	Businesses should support inclusive growth and equitable development
9)	Principle 9	:	Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of Compliance (Reply in Y / N)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1)	Do you have a policy/ policies for	Y	Y	Y	Y	Y	Y	N	Y	NA
2)	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	NA
3)	Does the policy conform to any national / international standards? If yes, specify?	Y	-	Y	Y	Y	Y	N	Y	NA
4)	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	N	Y	NA
5)	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	N	Y	NA
6)	Indicate the link for the policy to be viewed online?	https://www.ujjivan.com/mandatory-policies https://www.ujjivan.com/corporate-governance								
7)	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	N	Y	NA
8)	Does the company have in-house structure to implement the policy/ policies	Y	Y	Y	Y	Y	Y	N	Y	NA
9)	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	N	Y	Y	Y	Y	N	N	NA
10)	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	N	N	NA

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1)	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2)	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles							Y		
3)	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4)	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5)	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6)	Any other reason (please specify)									Only an investment Company and has no consumer or customer

(3) Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year
Annually

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
Yes, the BRR is provided on the website of the Company www.ujjivan.com.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

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

The Company's Code of conduct is applicable in all dealings/ transactions of the Company's staff inter se or with customers, regulators, investors or other Governmental agencies.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so

Stakeholders Complaints

Complaints	No. of Complaints Received	No. of Complaints Resolved	% of Complaints Resolved
Shareholder Complaints	38*	38	100%

* The complaints primarily pertained to non-receipt of dividend warrant; all of which were resolved and closed. There is no pending investor complaints as on March 31, 2021.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company as on the date is a RBI registered NBFC-Core Investment Company.

Hence, the Company doesn't have any business other than making investment in its group companies and in any other permissible investments. However, the Company has ensured that its investee company has adhered and incorporated all social or environmental concerns.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

The Company's business operation is such that the above question is not applicable.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

The Company, being an Investment Company, is relatively less resource intensive in terms of material inputs. Our major material requirements are office, communications and IT related equipment for which necessary sourcing is being undertaken by the management.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Not applicable to the Company considering its business operations.

Principle 3: Businesses should promote the wellbeing of all employees

Sr. No.	Questions	Status
1)	Please indicate the Total number of employees	4
2)	Please indicate the Total number of employees hired on temporary/contractual/casual basis.	Nil
3)	Please indicate the Number of permanent women employees.	Nil
4)	Please indicate the Number of permanent employees with disabilities	Nil
5)	Do you have an employee association that is recognized by management?	No
6)	What percentage of your permanent employees is members of this recognized employee association?	N.A.
7)	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.	Nil
8)	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?	
	(a) Permanent Employees	100%
	(b) Permanent Women Employees	N.A.
	(c) Casual/Temporary/Contractual Employees	N.A.
	(d) Employees with Disabilities	N.A.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. Has the company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?

Yes

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders.

During the year, the Company has undertaken its CSR responsibilities through external NGOs with a focus on the community development programs and extended support by its direct contribution to other NGOs.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/Others?

The Company is firmly committed to fairness and objectivity in all its action and interactions with all its stakeholders. Justice and fairness is imbibed in the Company's fabric to ensure procedural fairness, impartiality and consistency in its operations. The Company believes in providing facilities to customers in a fair and transparent manner.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Please refer to the response under principle 1.

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

1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ others.

Ujjivan has continuously conducted self-sustained CSR programs along with staff, customers and the communities.

During the year, Ujjivan has undertaken its CSR responsibilities through external NGOs with a focus on the community development programs and also extended support by its contribution to other NGOs.

Ujjivan has engaged Parinaam Foundation to execute various CSR programs for and on behalf of the Company.

Parinaam Foundation in collaboration with Ujjivan has undertaken to execute a Community Connect Programme that brings together stakeholders, the community and the society at large to build a better life for the unserved and underserved. The strategic focus of the project is to address critical community needs in the areas of healthcare, sanitation, public infrastructure & general community welfare activities across India.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Our Company has always acknowledged the need for environment protection and practices towards an environmentally responsible corporate citizen.

3. Does the company identify and assess potential environmental risks? Y/N

Though it is not relevant to the Company given the nature of its business, we have always acknowledged the need for environment protection and practices towards an environmentally responsible corporate citizen.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Our Company in the past has taken few initiatives in the area of environment sustainability.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The aspects under this principle are not directly relevant to the Company given the nature of its business. However, our Company has funded a few solar based lighting related small projects in the past.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not applicable

7. Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of the Financial Year.

None

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with**
   No

   The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles and hence does not have a separate policy for this principle.

Principle 8: Businesses should support inclusive growth and equitable development

1. **Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**
   The Company alongwith its subsidiary supports inclusive growth and equitable development of all the relevant stakeholders through various trainings and development programs for its employees.

2. **Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?**
   The programmes / projects undertaken by the Company are both in-house and through external NGOs and other organizations.

3. **Have you done any impact assessment of your initiative?**
   Yes

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken**
   Ujjivan has continuously conducted self-sustained Corporate Social responsibility (CSR) programs directly or through its registered CSR partners. During the FY 2020-21, the Company has continued with its engagement with Parinaam Foundation for undertaking various community development programs across various districts in India.

   Please refer Annexure 5 of the Board's Report for further details.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**
   We have always ensured through the community development initiative taken by the Company is successfully adopted towards achieving the desired results for the betterment of the society at large. The CSR objective of the group is to serve the unserved and underserved by:

   - Serving needs of unserved and underserved beyond financial services
   - Creating a connect & deeper understanding between Ujjivan & the community
   - Addressing critical community needs in the areas of education, healthcare, sanitation, public infrastructure across India

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**
   No complaints are pending as on the end of the financial year

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks(additional information)**
   Not applicable

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**
   There is no case pending against the Company as on the end of the financial year.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**
   Ujjivan as a Group at periodic intervals has evaluated the customer and employee satisfactions.

   Ujjivan has consistently been recognized for its excellence in providing customer centric services, a fulfilling career to its employees, social performance, transparency and innovations. Ujjivan received the prestigious "Microfinance Organization for the Year" award in 2011 and since 2009 it has always been recognized as one of the 'Best Place to Work' in India. It has also been ranked among the 'Top 100 Innovative Companies' in the past.

   Great Place to Work Institute has ranked Ujjivan Small Finance Bank as 3rd in the Best Companies to Work For 2020. Ujjivan has been recognised as amongst the top 100 best places to work, for the last ten years in a row. In April, amidst the gloom of an unfolding pandemic, the Ujjivan Small Finance Bank shone bright as amongst Asia's top 5 best places to work (in the category of companies with over 10,000 employees).

INDEPENDENT AUDITOR'S REPORT

To the Members of Ujjivan Financial Services Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of Ujjivan Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone 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 standalone financial statements give the information required by the Companies Act, 2013 ("the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 28 to the standalone financial statements which states that management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2021 and has concluded that no there is no impact which is required to be recognised in the standalone financial statements. Further, the impact of COVID-19 Pandemic on the subsidiary's financial statements will depend on the future developments which are uncertain. Accordingly, no adjustments have been made to the standalone financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the standalone financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those Charged with Governance.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate

accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on March 31, 2021, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

   (g) 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 Company does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAGF3523

Bengaluru
May 28, 2021

Annexure A to the Independent Auditor's Report on even date on the Standalone Financial Statements of Ujjivan Financial Services Limited

Auditor's Responsibilities for the Audit of the Standalone 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 company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAGF3523

Bengaluru
May 28, 2021

Annexure B to Independent Auditors' Report of even date on the Standalone Financial Statements of Ujjivan Financial Services Limited for the year ended March 31, 2021

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

(b) Fixed assets (Property, Plant and Equipment) have been physically verified by the management during the year and no material discrepancies were identified on such verification.

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

ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax, customs duty, cess and any other statutory dues which have not been deposited on account of any dispute.

viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

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

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as an NBFC-ND-SI-CIC.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAGF3523

Bengaluru
May 28, 2021

Annexure C to the Independent Auditor's Report of even date on the Standalone Financial Statements of Ujjivan Financial Services Limited

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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 standalone financial statements of Ujjivan Financial Services Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 standalone 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 internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone 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 standalone financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with Reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAGF3523

Bengaluru
May 28, 2021

Standalone Balance Sheet

as at March 31, 2021

(₹ in lakhs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
i. Cash and cash equivalents	3	59.25	96.48
ii. Bank balances other than (i) above	3.1	12,329.52	12,890.90
iii. Investments	4	1,67,964.56	1,67,630.98
Non - Financial assets			
i. Current tax assets (Net)	5	65.00	72.51
ii. Deferred tax assets (Net)	20.1	2.72	3.32
iii. Property, plant and equipment	6	2.28	3.41
iv. Other non-financial assets	7	26.52	36.92
Total assets		**1,80,449.85**	**1,80,734.52**
LIABILITIES AND EQUITY			
Financial liabilities			
i. Payables			
Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	8	21.50	12.07
Non Financial liabilities			
i. Current tax liabilities (Net)	9	-	15.31
ii. Provisions	10	10.17	12.52
iii. Other non-financial liabilities	11	107.29	104.60
Total liabilities		**138.96**	**144.50**
Equity			
Equity share capital	12	12,165.60	12,160.32
Other equity	12A	1,68,145.29	1,68,429.70
Total equity		**1,80,310.89**	**1,80,590.02**
Total Liabilities and Equity		**1,80,449.85**	**1,80,734.52**

The above standalone balance sheet should be read in conjunction with the accompanying notes.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Statement of Standalone Profit and Loss Account

for the year ended March 31, 2021

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
A. INCOME			
(a) Revenue from operations	13	-	1,100.00
(b) Other income	14	844.38	1,024.47
Total Income (A)		**844.38**	**2,124.47**
B. EXPENDITURE			
(a) Employee benefits expenses	15	224.79	315.73
(b) Depreciation and amortisation expenses	16	1.14	2.25
(c) Other expenses	17	229.76	788.06
Total Expenditure (B)		**455.69**	**1,106.04**
Profit before tax (A-B)		**388.69**	**1,018.43**
Tax expenses	20		
(a) Current tax		98.70	132.96
(b) In respect of earlier years		(4.07)	3.45
(c) Deferred tax		0.60	(0.05)
Profit for the year		**293.46**	**882.07**
Other Comprehensive Income / loss			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities / (asset)		(0.01)	(1.20)
(b) Income tax relating to item that will not be reclassified		-	0.30
Total Other Comprehensive Loss		**(0.01)**	**(0.90)**
Total Comprehensive Income for the year (Comprising Profit and other Comprehensive Income for the year)		**293.45**	**881.17**
Earnings per Equity Share: Face value ₹ 10 each	18		
(a) Basic		**0.24**	0.73
(b) Diluted		**0.24**	0.73

The above statement of standalone profit and loss should be read in conjunction with the accompanying notes.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Statement of Changes in Equity
for the year ended March 31, 2021

EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	Amount
Balance at April 1, 2019	12,116.67
Changes in equity share capital during the year	
(a) Additions during the year	43.65
Balance at March 31, 2020	**12,160.32**
Balance at April 1, 2020	12,160.32
Changes in equity share capital during the year	
(a) Additions during the year	5.28
Balance at March 31, 2021	**12,165.60**

OTHER EQUITY

(₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Total
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account	
Balance at April 1, 2019	24.30	11,886.32	1,10,120.98	41,371.72	-	3,256.81	1,66,660.13
Add: Profit for the year				882.07			882.07
Add: Other comprehensive income for the year				(0.90)			(0.90)
Total comprehensive income for the year				**881.17**			**881.17**
Appropriation to statutory reserve		176.00		(176.00)			-
Add: Employee stock option plan expense for the year (Note 24)						13.61	13.61
Less: Grants exercised during the year						(98.49)	(98.49)
Add: Deemed Investment in Subsidiary (Note 4)						1,012.52	1,012.52
Less: Towards vested options lapsed during the year					302.67	(302.67)	-
Add : Share application money received	458.58						458.58
Less : Shares allotted during the year	(43.66)						(43.66)
Less: Premium on shares allotted during the year	(431.07)						(431.07)
Add : Premium on shares issued during the year on stock options			529.57				529.57
Less: Dividend distributed during the year				(546.22)			(546.22)
Less: Dividend distribution tax				(6.44)			(6.44)
Balance at March 31, 2020	**8.15**	**12,062.32**	**1,10,650.55**	**41,524.23**	**302.67**	**3,881.78**	**1,68,429.70**
Balance at April 1, 2020	8.15	12,062.32	1,10,650.55	41,524.23	302.67	3,881.78	1,68,429.70
Add: Profit for the year				293.46			293.46
Add : Other comprehensive income for the year				(0.01)			(0.01)
Total comprehensive income for the year				**293.45**			**293.45**

Statement of Changes in Equity
for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Total
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account	
Appropriation to statutory reserve		59.00		(59.00)			-
Add: ESOP expense for the period (Note 24)						(2.59)	(2.59)
Less: Grants exercised during the year						(46.91)	(46.91)
Add: Deemed Investment in Subsidiary (Note 4)						333.58	333.58
Less: Towards vested options lapsed during the year					729.74	(729.74)	-
Add : Share application money received	69.33						69.33
Less : Shares allotted during the year	(5.28)						(5.28)
Less: Premium on shares allotted during the year	(72.07)						(72.07)
Add : Premium on shares issued during the year on stock options			118.99				118.99
Less: Dividend distributed during the year				(972.91)			(972.91)
Balance at March 31, 2021	**0.13**	**12,121.32**	**1,10,769.54**	**40,785.77**	**1,032.41**	**3,436.12**	**1,68,145.29**

The above statement of standalone statement of change in Equity should be read in conjunction with the accompanying notes.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Cash Flow Statement
for the year ended March 31, 2021

(₹ in lakhs)

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**388.69**	**1,018.43**
Adjustments for:			
Depreciation and amortisation expenses	16	1.14	2.25
Profit on sale of mutual funds	14	-	(0.07)
Share based payments	15	(2.59)	13.61
Interest on fixed deposits	14	(844.38)	(1,024.40)
Operating cash flows before working capital changes		**(457.14)**	**9.82**
Changes in working capital:			
Financial Assets/ Liabilities			
Increase / (Decrease) in trade payable	8	9.43	(5.38)
Non Financial Assets/ Liabilities			
(Increase) / Decrease in other assets	7	10.41	(13.17)
Increase / (Decrease) in provisions	10	(2.36)	1.70
Increase / (Decrease) in other non financial liabilities	11	2.69	2.06
Cash flow used in operations		**(436.97)**	**(4.97)**
Net Tax (paid) / refunds received		(102.43)	(162.76)
Net cash generated from / (used in) operating activities (A)		**(539.40)**	**(167.73)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds of mutual fund units	14	-	0.07
Maturity proceeds from fixed deposit		16,075.80	12,420.00
Placement of fixed deposits		(15,650.80)	(12,955.00)
Purchase of fixed assets	6	-	(0.71)
Interest on fixed deposits received		980.75	772.88
Net cash (used in) / generated from investing activities (B)		**1,405.75**	**237.24**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share application money (net)		69.33	458.58
Dividend Paid		(972.91)	(546.22)
Dividend tax paid		-	(6.44)
Net cash (used in) / generated from financing activities (C)		**(903.58)**	**(94.08)**
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		**(37.23)**	**(24.57)**
Cash and cash equivalents at the beginning of the year	3	96.48	121.05
Cash and cash equivalents at the end of the year		**59.25**	**96.48**

Cash Flow Statement
for the year ended March 31, 2021

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following:

(₹ in lakhs)

	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
Current accounts	3	59.25	96.48
Balance as per statement of cash flows		**59.25**	**96.48**

Note:
1. The above Cash Flow Statement has been prepared as per Ind AS 7 Statement of cashflow specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. The above statement of standalone cash flow statement should be read in conjunction with the accompanying notes.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
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Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

COMPANY BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

NOTE 1: COMPANY BACKGROUND

Ujjivan Financial Services Private Limited was originally incorporated as on December 28, 2004 at Bengaluru, Karnataka, India as a private limited company under the Companies Act, 1956. Subsequently, it was converted into a public limited company and the name was changed to Ujjivan Financial Services Limited ("the Company"). A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the Registrar of Companies, Bangalore, Karnataka ("ROC") on November 26, 2015. The Company was registered with Reserve Bank of India (" the RBI") as NBFC-MFI under Non-Banking Financial Company Micro Finance Institutions (NBFC-MFIs) directions on September 05, 2013. The Company received approval from the RBI to set up a Small Finance Bank. Pursuant to the same, the Company executed an agreement to transfer its Business undertaking to its wholly owned subsidiary Ujjivan Small Finance Bank Limited ("the Bank"). The Bank commenced operations w.e.f February 1, 2017, on which date the Company ceased to operate as a Micro finance company. Pursuant to this change, the Company surrendered its NBFC - MFI license and received approval and certificate of registration as NBFC-ND-SI-CIC (Core Investment Company) from the RBI on October 10, 2017.

The financial statements have been prepared on the accrual and going concern basis.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements ("financial statements"). These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, 2013 and Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ('the Act') [Companies (Indian Accounting Standards) Rules, 2015], amended thereto and other relevant provisions of the Companies Act, 2013 ('the Act').

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value, and
- defined benefit plans - plan assets are measured at fair value.
- share based payment

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

(b) Foreign currency translation and transactions

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

(c) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

Current Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Dividend distribution tax

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to statement of profit and loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity. The benefit of dividend distribution tax paid by the subsidiary for which the set off has been availed by the Parent Company has been recognized in equity.

(d) Leases

Transition to Ind AS 116

Ministry of Corporate Affairs (MCA) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases, which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has adopted Ind AS 116, effective annual reporting period beginning from April 01, 2019."

Company as a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Bank. However, under Ind AS 116, the Company has not recognizes any right of use assets and lease liabilities due to availing of exemption mentioned below.

On transition, the Company has applied the following practical expedients:

- Applied the exemption not to recognise right-of-use-assets and liabilities for leases with less than 12 months of lease term on the date of transition.

(e) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(f) Cash and cash equivalents

Cash and Cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked / restricted for specific purposes.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

(g) Financial Instruments

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other gain or loss using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised under other income. Interest income from these financial assets is included in other gain or loss using the effective interest rate method.
- **Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of profit and loss under other gain or loss in the period in which it arises. Interest or dividend income, if any from these financial assets is separately included in other gain or loss.

Equity investments (other than Investments in subsidiary)

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain or loss in the statement of profit and loss.

Equity Investments (in subsidiary)

Investments in subsidiary are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The accounting policy on impairment of non-financial assets is disclosed in Note (e) above. On disposal of investments in subsidiary the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) De-recognition of financial assets

A financial asset is de-recognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Purchase and sale of investment are accounted at trade date.

(h) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

(i) Financial liabilities

(i) Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(ii) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(iii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(iv) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(k) Property, plant and equipment (including Capital Work In Progress)

Freehold land is carried at historical cost of acquisition. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Computer systems	3 Years
Servers	6 Years

The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Provisions

Provisions for legal claims and discounts/incentives are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

(o) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the period in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet since the company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity, and

(b) Defined contribution plans such as provident fund

Gratuity obligations

The Company has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans

Provident fund

The Company makes Provident Fund contributions to publicly administered funds as per local regulations. Such contribution to the provident fund for all employees, are charged to the profit and loss.

(v) Bonus plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Share Based Payments transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 24)

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.

(p) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Dividends

Provision is made for the amount of any dividend declared including dividend distribution tax, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

(r) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(s) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

NOTE 2.1: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

Estimation of fair value of Employee's Share Based Payments (Refer Note 24)

Estimation of fair value of Defined Benefit Obligations (Refer Note 22)

Provision for taxes (Refer Note 20)

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

NOTE 3. CASH AND CASH EQUIVALENTS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	-	-
Balances with banks:		
In current accounts (Refer Note 1 below)	59.25	96.48
Total	**59.25**	**96.48**

Note:
1. Balances with Banks includes unclaimed dividend which are restricted balances as at March 31, 2021 ₹9.06 lakhs (March 31, 2020: ₹ 7.17 lakhs)

NOTE 3.1 OTHER BANK BALANCES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Other bank balances :		
Bank Deposit with more than 3 months less but than 12 months maturity (Refer Note 1 below)	12,329.52	12,890.90
Total	**12,329.52**	**12,890.90**

Note:
1. Fixed deposit placed with subsidiary as at March 31, 2021 ₹ 9,205.34 lakhs (March 31, 2020: ₹ 12,890.90 lakhs).

NOTE 4: INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2021						
	Amortised Cost	Fair Value				Others*	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal		
A) IN INDIA							
Equity instruments							
Subsidiary							
- Ujjivan Small Finance Bank Limited	-	-	-	-	-	1,67,964.56	1,67,964.56
Total (Gross)A	**-**	**-**	**-**	**-**	**-**	**1,67,964.56**	**1,67,964.56**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	-	-	-	-	-	1,67,964.56	1,67,964.56
Total (B)	**-**	**-**	**-**	**-**	**-**	**1,67,964.56**	**1,67,964.56**
Less: Impairment loss allowance	-	-	-	-		-	-
Total (Net)	**-**	**-**	**-**	**-**	**-**	**1,67,964.56**	**1,67,964.56**

* Measured at deemed cost

(₹ in lakhs)

Particulars	As at March 31, 2020						
	Amortised Cost	Fair Value				Others*	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal		
A) IN INDIA							
Equity instruments							
Subsidiary							
- Ujjivan Small Finance Bank Limited	-	-	-	-	-	1,67,630.98	1,67,630.98
Total (Gross)A	**-**	**-**	**-**	**-**	**-**	**1,67,630.98**	**1,67,630.98**
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	-	-	-	-	-	1,67,630.98	1,67,630.98
Total (B)	**-**	**-**	**-**	**-**	**-**	**1,67,630.98**	**1,67,630.98**
Less: Impairment loss allowance	-	-	-	-		-	-
Total (Net)	**-**	**-**	**-**	**-**	**-**	**1,67,630.98**	**1,67,630.98**

* Measured at deemed cost

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

NOTE: 4.1 INVESTMENTS IN SUBSIDIARY INCLUDES:

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity Instruments		
Ujjivan Small Finance Bank Limited		
1,440,036,800 Equity Shares of ₹ 10 each fully paid up (March 31, 2020: 1,440,036,800 Equity Shares of ₹ 10 each fully paid up)	**1,44,003.68**	1,44,003.68
Preference Shares		
Ujjivan Small Finance Bank Limited		
200,000,000 Non-convertible Preference Shares of ₹ 10 each fully paid up (March 31, 2020 200,000,000 Non-convertible Perpetual Preference Shares of ₹ 10 each fully paid up)	**20,000.00**	20,000.00
Other		
Ujjivan Small Finance Bank Limited		
(Deemed investment on account of ESOP issued to employees of subsidiary)	**3,960.88**	3,627.30
Total	**1,67,964.56**	**1,67,630.98**

NOTE 5. CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax Assets (Net of provision: March 31, 2021: ₹14,187.96 lakhs, March 31, 2020: ₹ 24,513.12 lakhs)	**65.00**	72.51
Total	**65.00**	**72.51**

NOTE 6. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Carrying amounts of:		
Computers	**0.28**	0.77
Server	**2.00**	2.64
Total	**2.28**	**3.41**

Property, plant and equipment

(₹ in lakhs)

Particulars	Computers	Server	Total
Gross carrying amount as at April 1, 2019	4.23	3.87	8.10
Additions	0.71	-	0.71
Disposals	-	-	-
Closing carrying amount as at March 31, 2020	**4.94**	**3.87**	**8.81**
Accumulated Depreciation			
Opening accumulated depreciation	2.56	0.58	3.14
Depreciation charge for the year	1.61	0.65	2.26
Closing accumulated depreciation as at March 31, 2020	**4.17**	**1.23**	**5.40**
Net carrying amount as at March 31, 2020	**0.77**	**2.64**	**3.41**
Gross carrying amount as at April 1, 2020	4.94	3.87	8.81
Additions	-	-	-
Disposals	-	-	-
Closing carrying amount as at March 31, 2021	**4.94**	**3.87**	**8.81**
Accumulated Depreciation			
Opening accumulated depreciation	4.17	1.23	5.40
Depreciation charge for the year	0.49	0.64	1.13
Closing accumulated depreciation as at March 31, 2021	**4.66**	**1.87**	**6.53**
Net carrying amount as at March 31, 2021	**0.28**	**2.00**	**2.28**

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

NOTE 7. OTHER NON FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	**2.19**	2.33
Balance with government authorities	**-**	34.11
Others*	**24.33**	0.48
Total	**26.52**	**36.92**

*Includes receivable from subsidiary ₹ 24.33 Lakhs (March 31, 2020: Nil)

NOTE 8. TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables		
- Outstanding dues of micro enterprises and small enterprises	**-**	-
- Outstanding dues of creditors other than micro enterprises and small enterprises	**21.50**	12.07
Total	**21.50**	**12.07**

The Company has not paid any interest in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, additionally there are no interest amounts due as at March 31, 2021 and March 31, 2020.

NOTE 9. CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax Liabilities (Net of advance tax, as at March 31, 2021 - Nil and March 31, 2020 - ₹4,406.07)	**-**	15.31
Total	**-**	**15.31**

NOTE 10. PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Leave encashment	**8.34**	7.74
Gratuity (Refer Note 22)	**1.83**	4.78
Total	**10.17**	**12.52**

NOTE 11. OTHER NON FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Employee benefits payable	**89.95**	86.86
Statutory due payable	**7.78**	8.29
Unclaimed Dividend	**9.06**	7.17
Others	**0.50**	2.28
Total	**107.29**	**104.60**

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

NOTE 12. EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity share capital		
Authorised Share capital :		
125,000,000 (March 31, 2020: 125,000,000) Equity Shares of ₹ 10 each	12,500.00	12,500.00
Issued and subscribed capital comprises:		
121,655,986 (March 31, 2020: 121,603,226) Equity Shares of ₹10 each	12,165.60	12,160.32
Total issued, subscribed and fully paid-up share capital	**12,165.60**	**12,160.32**

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year:

Equity Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares (In lakhs)	Amount (₹ in Lakhs)	Number of shares (In lakhs)	Amount (₹ in Lakhs)
Balance as at the beginning of the year	1,216.03	12,160.32	1,211.67	12,116.67
Add: Shares issued during the year - Stock options	0.53	5.28	4.36	43.65
Balance outstanding as at the end of the year	**1,216.56**	**12,165.60**	**1,216.03**	**12,160.32**

(ii) Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares with voting rights (one vote per share). The distribution of dividend is in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

As the Company has not issued any bonus shares and do not have any securities that are convertible into equity shares, the said disclosures pursuant to Schedule III requirements are not applicable.

(iii) Details of shares held by each shareholder holding more than 5% Equity Shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares (In Lakhs)	% holding in the class of shares	Number of shares (In Lakhs)	% holding in the class of shares
Ardisia Limited	120.66	9.92%	120.66	9.92%
Alena Private Limited	84.54	6.95%	101.83	8.37%
NewQuest Asia Investments II Limited	62.87	5.17%	62.87	5.17%

(iv)

Information relating to Employee stock option plan (ESOP) including details of options issued, exercised and lapsed during the year and options outstanding at the end of the reporting year is set out in note. 24.

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

NOTE 12A: OTHER EQUITY

(₹ in lakhs)

Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Total
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account	
Balance at April 1, 2019	24.30	11,886.32	1,10,120.98	41,371.72	-	3,256.81	1,66,660.13
Add: Profit for the year				882.07			882.07
Add: Other comprehensive income for the year				(0.90)			(0.90)
Total comprehensive income for the year				**881.17**			**881.17**
Appropriation to statutory reserve		176.00		(176.00)			-
Add: Employee stock option plan expense for the year (Note 24)						13.61	13.61
Less: Grants exercised during the year						(98.49)	(98.49)
Add: Deemed Investment in Subsidiary (Note 4)						1,012.52	1,012.52
Less: Towards vested options lapsed during the year					302.67	(302.67)	-
Add : Share application money received	458.58						458.58
Less : Shares allotted during the year	(43.66)						(43.66)
Less: Premium on shares allotted during the year	(431.07)						(431.07)
Add : Premium on shares issued during the year on stock options			529.57				529.57
Less: Dividend distributed during the year				(546.22)			(546.22)
Less: Dividend distribution tax				(6.44)			(6.44)
Balance at March 31, 2020	**8.15**	**12,062.32**	**1,10,650.55**	**41,524.23**	**302.67**	**3,881.78**	**1,68,429.70**
Balance at April 1, 2020	8.15	12,062.32	1,10,650.55	41,524.23	302.67	3,881.78	1,68,429.70
Add: Profit for the year				293.46			293.46
Add : Other comprehensive income for the year				(0.01)			(0.01)
Total comprehensive income for the year				**293.45**			**293.45**
Appropriation to statutory reserve		59.00		(59.00)			-
Add: ESOP expense for the period (Note 24)						(2.59)	(2.59)
Less: Grants exercised during the year						(46.91)	(46.91)
Add: Deemed Investment in Subsidiary (Note 4)						333.58	333.58
Less: Towards vested options lapsed during the year					729.74	(729.74)	-
Add : Share application money received	69.33						69.33
Less : Shares allotted during the year	(5.28)						(5.28)
Less: Premium on shares allotted during the year	(72.07)						(72.07)
Add : Premium on shares issued during the year on stock options			118.99				118.99
Less: Dividend distributed during the year				(972.91)			(972.91)
Balance at March 31, 2021	**0.13**	**12,121.32**	**1,10,769.54**	**40,785.77**	**1,032.41**	**3,436.12**	**1,68,145.29**

Statutory Reserve :

The Company has to transfer 20% of the profit after tax to the statutory reserves in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934. The same will be utilised in accordance with the provisions of the Reserve Bank of India Act, 1934.

Securities Premium Reserve :

Securities Premium Reserve is used to record the premium on issue of shares. The reserve will be utilised in accordance with the provisions of Companies Act, 2013.

Shares options outstanding account :

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under the Company's Employees stock option plan.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

NOTE 13 - REVENUE FROM OPERATIONS

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Preference Dividend Income received from subsidiary	-	1,100.00
Total	**-**	**1,100.00**

NOTE 14 - OTHER INCOME

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on fixed deposits *	844.38	1,024.40
Profit on sale of assets held at fair value through Profit and Loss	-	0.07
Total	**844.38**	**1,024.47**

*Includes interest received from subsidiary ₹796.47 Lakhs (March 31, 2020: ₹1,024.40 Lakhs)

NOTE 15 - EMPLOYEE BENEFITS EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	215.92	244.36
Contributions to provident and other funds	12.42	13.51
Gratuity Cost (Refer Note 22)	2.06	3.66
Employee stock option expense (Refer Note 24.6)	(6.14)	40.90
Employee stock purchase Scheme	-	12.17
Staff welfare expenses	0.53	1.13
Total	**224.79**	**315.73**

NOTE 16 - DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation on Computers (Refer Note 6)	0.50	1.61
Depreciation on Server (Refer Note 6)	0.64	0.64
Total	**1.14**	**2.25**

NOTE 17 - OTHER EXPENSES

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent *	12.18	8.23
Repairs and maintenance	5.11	4.35
Insurance	2.99	3.04
Rates & taxes	46.29	8.27
Audit fees (Refer Note 17(a) below)	14.80	17.65
Professional charges	72.04	43.52
Sitting fee	66.84	42.89
Postage & courier	0.03	3.32
Printing & stationery	0.30	15.39
Communication cost	0.08	0.10
Travelling & conveyance expenses	0.01	8.81
Expenditure on Corporate social responsibility (Refer Note no. 17 (b))	2.81	628.39
Advertisement and Publicity	1.75	1.62
Bank Charges	0.03	0.05
Miscellaneous expenses	4.50	2.43
Total	**229.76**	**788.06**

*Represents rental charges paid to subsidiary

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

NOTE. 17(A) DETAILS OF PAYMENTS TO AUDITOR

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(i) Payments to the auditors comprises (including goods and service tax)		
Audit services (including limited review)	11.08	13.58
Tax audit	1.18	1.00
Other services	1.77	1.50
Reimbursement of expenses	0.77	1.57
Total	**14.80**	**17.65**

NOTE 17 (B) - CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

i) Gross amount required to be spent by the Company during the financial year ended March 31, 2021 is ₹2.71 lakhs (March 31, 2020: ₹217.16 lakhs).

ii) **Amount spent during the year 2020-21 on :**

(₹ in lakhs)

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	2.81	-	2.81

Amount spent during the year 2019-20 on :

(₹ in lakhs)

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	628.39	-	628.39

Note: Amount spent during the year ended March 31, 2021 and March 31, 2020 are in excess of the gross amount required to be spent by the Company as per the provisions of section 135 of the Companies Act, 2013. The excess amount spent pertains to unspent balances carried forward from earlier years.

NOTE 18 - EARNING PER SHARE

Basic Earnings Per Equity Share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Nominal value of equity share (₹)	10.00	10.00
Profit after tax - (A)	293.46	882.07
Weighted average number of shares outstanding (B)	1,216.26	1,214.39
Basic earnings per share (₹) - (A/B)	0.24	0.73

Diluted Earnings Per Equity Share

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Nominal value of equity share (₹)	10.00	10.00
Profit after tax - (A)	293.46	882.07
Weighted average number of shares outstanding (B)	1,216.88	1,216.14
Diluted earnings per share (₹) - (A/B)	0.24	0.73

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted Average Number of Shares used as denominator		
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	1,216.26	1,214.39
Adjustments for calculation of diluted earnings per share:		
Options	0.62	1.75
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	1,216.88	1,216.14

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

NOTE 19 - LEASING ARRANGEMENTS

Payments recognized as expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent	12.18	8.23

Effective April 01, 2019, the Company has assessed the applicability of the Ind-AS 116 "Leases" to its leasing arrangements, and concluded that the leasing arrangements are eligible for recognition exemptions granted therein which company taken. Hence, there is no impact on account of Ind AS 116 on the financial statements for the year ended March 31, 2021.

NOTE 20 - CURRENT TAX AND DEFERRED TAX

Income Tax recognised in Statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current Tax:		
In respect of current year	98.70	132.96
In respect of prior years	(4.07)	3.45
Deferred Tax:		
In respect of current year	0.60	(0.05)
Total income tax expense recognised in the Statement of profit and loss	**95.23**	**136.36**

NOTE 20.1 - MOVEMENT IN DEFERRED TAX BALANCES

(₹ in lakhs)

Particulars	For the year ended March 31, 2021			
	Opening Balance	Recognised in statement of profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Depreciation	0.17	(0.01)	-	0.16
	0.17	(0.01)	-	0.16
Tax effect of items constituting deferred tax assets				
Employee Benefits	3.15	(0.59)	-	2.56
	3.15	(0.59)	-	2.56
Net deferred tax Asset / (Liabilities)	**3.32**	**(0.60)**	**-**	**2.72**

(₹ in lakhs)

Particulars	For the year ended March 31, 2020			
	Opening Balance	Recognised in statement of profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Depreciation	(0.39)	0.56	-	0.17
	(0.39)	0.56	-	0.17
Tax effect of items constituting deferred tax assets				
Employee Benefits	3.36	(0.51)	0.30	3.15
	3.36	(0.51)	0.30	3.15
Net deferred tax Asset / (Liabilities)	**2.97**	**0.05**	**0.30**	**3.32**

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

NOTE 20.2 - THE RECONCILIATION BETWEEN THE INCOME TAX EXPENSE AND AMOUNTS COMPUTED BY APPLYING THE INDIAN STATUTORY INCOME TAX RATE TO PROFIT BEFORE TAXES IS AS FOLLOWS:

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before tax	**388.69**	1,018.43
Enacted income tax rate in India	**25.17%**	25.17%
Computed expected tax expense	**97.83**	256.32
Exempt Income	**-**	(276.85)
Disallowance of Corporate Social Responsibility expenditure	**0.71**	158.15
Effect on account of deductions under chapter VI-A	**-**	(8.06)
Disallowance u/s 14A	**-**	2.77
Effect on account of prior period tax expense	**(4.07)**	3.45
Recognised in other comprehensive income	**-**	0.30
Others	**0.76**	0.28
Income tax expense recognised in Statement of profit and loss	**95.23**	**136.36**

NOTE 21 - SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. being a Core Investment Company as prescribed by RBI and holding company of Ujjivan Small Finance Bank Limited, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".

NOTE 22 - EMPLOYEES BENEFIT PLANS

Post Employment Benefit Plans

Defined contribution plans

The Company makes the provident fund contributions for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any contractual obligations.

Gratuity

The Gratuity scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the period of service at the time of seperation and paid as lumpsum. There is a vesting period of 5 years.

(i) Risk Exposure

The Company exposed to the following risks that affect the liabilities and cash flows,

1. Interest rates risk : the defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. Demographic risks: this is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

Actuarial Risk:
It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

(ii) Amount recognised in the Balance Sheet and the movements in the net benefit obligation over the year are as follows:

(₹ in Lakhs)

	Components of Employer expense		
	Service Cost	**March 31, 2021**	**March 31, 2020**
1	Current service Cost	1.83	3.54
2	Plan Amendment	-	-
3	Past service cost	-	-
4	Curtailment Cost/(Credit)	-	-
5	Settlement Cost/(Credit)	-	-
6	**Total Service Cost**	**1.83**	**3.54**
	Net Interest Cost		
7	Interest Expense on Defined Benefit Obligation (DBO)	1.08	0.77
8	Interest (Income on Plan Asset)	(1.02)	(0.65)
9	Interest (income)on reimbursement rights	-	-
10	Interest expense on effect of (asset ceiling)	-	-
11	**Total Net Interest**	**0.06**	**0.12**
12	Immediate Recognition of (Gain)/Losses- Other Long Term Benefits	-	-
13	Cost of Termination Benefits/Acquisitions/Transfers	-	-
14	Administrative Expenses/Taxes/Insurance Cost/Exchange Rate cost	0.17	-
15	Amount not recognised as asset	-	-
	Defined Benefits cost included in P&L	**2.06**	**3.66**

(iii) Remeasurement effects

(₹ in Lakhs)

	Remeasurement effects recognized in other comprehensive income (OCI)	**March 31, 2021**	**March 31, 2020**
1	Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	0.11	-
2	Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	1.35	0.23
3	Actuarial (Gain)/ Losses due to Experience on DBO	(0.04)	1.72
4	Return on Plan Assets (Greater) / Less than Discount rate	(1.43)	(0.75)
5	Return on reimbursement rights (excluding interest income)	-	-
6	Changes in asset ceiling /onerous liability (excluding interest Income)	-	-
7	**Total actuarial (gain)/loss included in OCI**	**(0.01)**	**1.20**
8	Total cost recognised in P&L and OCI (Defined Benefit Cost)		
9	Cost Recognised in P&L	2.06	3.66
10	Remeasurement Effect Recognised in OCI	(0.01)	1.20
11	**Total Defined Benefit Cost***	**2.05**	**4.86**

*Includes Rs. 1.26 lakhs for the year ended March 31, 2020 towards employee transferred to Ujjivan Small Finance Bank Limited, subsidiary of the Company.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

(iv) The net liability disclosed above related to funded plans are as follows:

(₹ in Lakhs)

	Net Asset/(Liability) Recognised in Balance Sheet –	**March 31, 2021**	**March 31, 2020**
1	Present value of Funded Obligation*	9.34	18.20
2	Fair Value of Plan Assets	19.45	13.42
3	Funded status [(Deficit)]	10.11	(4.78)
4	Outstanding unpaid Gratuity	11.94	-
5	Amount not Recognised as an Asset	-	-
6	**Net Liability**	**(1.83)**	**(4.78)**
7	**Recognised in balance sheet***	**(1.83)**	**(4.78)**

*Includes Rs. 1.26 lakhs for the year ended March 31, 2020 towards employee transferred to Ujjivan Small Finance Bank Limited, subsidiary of the Company which have been transferred during the year.

(v) The amount recognized in the balance sheet and the movement in the net defined benefit obligation

(₹ in Lakhs)

	Change in DBO over the period ending on	**March 31, 2021**	**March 31, 2020**
1	Present value of DBO at beginning of the year	18.20	11.94
2	Interest Cost	1.08	0.77
3	Current Service Cost	1.83	3.54
4	Prior Service Costs	-	-
5	Settlements	-	-
6	Benefits Payouts from plan	-	-
7	Benefit payments from employer	-	-
8	Acquisitions/Divestures/Transfer	(1.26)	-
9	Actuarial (Gains)/Loss	1.42	1.95
10	**Present Value Of DBO at the ending period***	**21.27**	**18.20**

*Includes Rs. 1.26 lakhs for the year ended March 31, 2020 towards employee transferred to Ujjivan Small Finance Bank Limited, subsidiary of the Company which have been transferred during the year.

(vi) Reconciliation of Opening & Closing of Plan Assets

(₹ in Lakhs)

	Particulars	**March 31, 2021**	**March 31, 2020**
1	Fair Value of Plan Assets at end of prior year	13.42	8.02
2	Difference in opening Value	0.41	-
3	Employer Contribution	5.00	4.00
4	Expected Interest income of assets	1.02	0.65
4a	Employer direct benefit payments	-	-
4b	Plan Participant's contributions	-	-
5	Transfer In / Acquisitions	-	-
6	Transfer Out / Divestures	(1.26)	
	Equitable interest transfer out details	-	
7	Benefits Payouts from employer	-	-
7a	Benefits Payouts from plan	-	-
8	Settlements By Fund Manager	-	-
9	Admin expenses /Taxes paid from plan assets	(0.17)	-
10	Effect of Change in Exchange rates	-	-
11	Insurance premiums for risk benefits	-	-
12	Actuarial gain/(Loss)	1.03	0.75
13	Fair Value of assets at the End	19.45	13.42
14	**Actual Return on Plan Assets**	**2.05**	**1.40**

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

(vii) Expected Contributions to the plan for the next annual reporting period.

(₹ in Lakhs)

	Information on the maturity profile of the liabilities given below	March 31, 2021	March 31, 2020
1	Weighted average duration of the DBO	5.78	6.11
2	Projected Benefit Obligation	21.27	18.20
3	Accumulated Benefits Obligation	6.54	15.45

(viii) Five Year Payouts

(₹ in Lakhs)

1 Five Year Payouts	March 31, 2021	
	Discounted values / Present value	Undiscounted values/ Actual value
Year (I)	3.38	3.54
Year (II)	2.79	3.11
Year (III)	2.30	2.73
Year (IV)	1.90	2.40
Year (V)	1.52	2.04
Next 5 Year Payouts (6-10Yrs)	3.59	5.74
Payouts Above Ten Years	5.79	14.71
Vested benefit Obligation as on March 31, 2021	18.74	

(ix) Major Categories of Plan Asset are as follows as a percentage of the fair value Assets Distribution

As at		March 31, 2021	March 31, 2020
1	Govt Securities (Central & State)	0.00%	0.00%
2	High quality Corporate Bonds	0.00%	0.00%
3	Equity shares of Listed Co's	0.00%	0.00%
4	Property	0.00%	0.00%
5	Special deposits	0.00%	0.00%
6	Others (other investments, bank balance etc.)	0.00%	0.00%
7	Assets under Insurance Schemes	100.00%	100.00%
	Total	100.00%	100.00%

(x) Key Assumptions

One of the principal assumptions is the discount rate, which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Actuarial Assumptions:

Salary Escalation:

In projecting the salary increases there are three factors to consider - first is inflation level leading to a general change in salary level. The other two are career progression of the employees & productivity gains for the organization. Where appropriate the salary increases, a periodic salary experience study with the client's data will be conducted as an input for the client, when setting the assumption.

Demographic Assumptions:

For Attrition / Withdrawal

Withdrawal rates, both at early durations of service and near retirement date, not only have a significant impact on estimates of 'liability' and 'contributions' (more than of mortality in service) but are most difficult to estimate. The past may not be a guide to the future. Even if the past experience can be statistically analyzed and produce some meaningful rates, the future experience of withdrawals will depend on general economic conditions as also the particular conditions affecting the given employer's business. Furthermore, withdrawal rates differ significantly from scheme to scheme and within a scheme from year to year. We examine these rates and any other information available and use best possible judgment to cater to the long term nature of the actuarial estimates being is carrying out.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

The financial and demographic assumptions employed for the calculations as at the end of previous year and current year are as follows:

Assumption		March 31, 2021	March 31, 2020
1	Discount rate	6.40%	6.44%
2	Salary Escalation	9.00%	9.00%
3	Attrition rate	24.29%	28.57%
4	Expected return on assets	6.40%	6.44%
5	Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	

Demographic Assumptions:		March 31, 2021	March 31, 2020
1	Disability:	5% of mortality rate rates	5% of mortality rate rates
2	Attrition rate:	24.29%	28.57%
3	Retirement age:	60	60

(xi) Sensitivity Analysis - March 31, 2021

(₹ in Lakhs)

		% increase / (decrease) in DBO	Liability	Increase In DBO
1	Discount rate +100 basis points	(5.60%)	20.08	(1.19)
2	Discount rate -100 basis points	6.34%	22.62	1.35
3	Salary growth +100 basis points	3.54%	22.03	0.76
4	Salary growth -100 basis points	(3.40%)	20.55	(0.72)
5	Attrition rate +100 basis points	(0.53%)	21.16	(0.11)
6	Attrition rate-100 basis points	0.51%	21.38	0.11
7	Mortality rate 10% up	0.01%	21.28	0.01

(xii) Sensitivity Analysis - March 31, 2020

(₹ in Lakhs)

		% increase / (decrease) in DBO	Liability	Increase In DBO
1	Discount rate +100 basis points	(1.56%)	16.68	(0.27)
2	Discount rate -100 basis points	1.70%	17.23	0.29
3	Salary growth +100 basis points	1.09%	17.13	0.18
4	Salary growth -100 basis points	(1.07%)	16.76	(0.18)
5	Attrition rate +100 basis points	(0.24%)	16.90	(0.04)
6	Attrition rate-100 basis points	0.24%	16.98	0.04
7	Mortality rate 10% up	(0.01%)	16.95	(0.00)

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant acturial assumptions the same method has been applied as and when calculating the defined benefit liability recognised in the balance sheet. The method and types of assumptions used in preparing the sensitivity analysis did not change compare to the prior period.

NOTE 23(A) - CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders. The capital structure of the Company consists of equity only. The Management of the Company reviews the capital structure of the Company on a annual basis.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor and market confidence and to sustain future development and growth of its business.

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

NOTE 23(B) - FAIR VALUE MEASUREMENTS

Categories of financial instruments

(₹ in lakhs)

Financial assets	As at March 31, 2021	As at March 31, 2020
Financial asset		
Measured at amortised cost		
(a) Cash and bank balances	12,388.77	12,987.38
Financial liabilities		
Measured at amortised cost		
(a) Other financial liabilities (including trade payables)	21.50	12.07

The carrying amounts of trade payables, other receivables, cash and cash equivalent including other current bank balances and other liabilities are considered to be the same as their fair values, due to current and short term nature of such balances.

For financial assets and liabilities that are measured at amortised cost, the carrying amounts approximate their fair values. All the financial assets and liabilities are level 3 instruments.

NOTE 23 (C) - FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's risk management is carried out by finance department under policies laid down by the Management. The Company's activities expose it to liquidity risk. Finance department monitors the risk exposures on a periodical basis and reports to the Board of Directors on the risks that it monitors and policies implemented to mitigate risk exposures.

1. Foreign currency risk

The company undertakes no transaction in foreign currency; consequently no exposure to exchange fluctuation.

2. Interest rate risk

The Company's interest bearing financial assets are term deposits which earn interest at fixed bank deposit rate. Accordingly, the Company's income and operating cash flows are substantially insensitive of changes in market interest rates. The Company has made substantial portion of term deposit maturing within twelve months to minimise the interest rate risk. The Company has not availed any borrowings.

3. Credit risk

The Company maintains exposure in cash and cash equivalents, term deposits with banks and investments in marketable debt investments including mutual funds. The Company has a portfolio of investment with counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience.

4. Liquidity risk

Liquidity risk is the risk that the Company could be unable to meet its short term financial demands.

Liquidity analysis for non derivative financial liabilities-

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

March 31, 2021

(₹ in lakhs)

Financial Liabilities	Due within (years)		Total	Carrying amount
	Less than 1 year	More than 1 year		
Trade payables	21.50	-	21.50	21.50
Other financial liability (Non interest bearing)	-	-	-	-
Total	**21.50**	**-**	**21.50**	**21.50**

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

March 31, 2020

(₹ in lakhs)

Financial Liabilities	Due within (years)		Total	Carrying amount
	Less than 1 year	More than 1 year		
Trade payables	12.07	-	12.07	12.07
Other financial liability (Non interest bearing)	-	-	-	-
Total	12.07	-	12.07	12.07

The Management considers that the carrying amount of financial assets and financial liabilities recognised in these financial statements approximate their fair values.

Mitigating Liquidity Risk

The Company maintains sufficient liquid assets to meet for working capital requirements or expansion requirements in the form of term deposits with bank and marketable mutual funds which can be liquidated on demand. The Company's financial liabilities, consisting mainly of accrued expenses and other liabilities which are due within the next twelve months from the reporting date. The Company has sufficient funds to meet all maturing obligations.

5. Price Risk

Investments in Subsidiary are carried at cost, and carry no impact of price risk. There are no investments in mutual funds as at March 31, 2021 and March 31, 2020.

NOTE 24 - SHARE-BASED PAYMENTS

24.1 Employee Share Option Plan ('ESOP') of the Company

24.1.1 Details of the employee share option plan of the Company

The Company has share option scheme for employees of the Company and its subsidiary i.e. Ujjivan Small Finance Bank Limited ('USFB'), active scheme being ESOP 2015.

ESOP 2015

Out of 5,515,880 Options granted, 806,074 options has been exercised, 2,094,864 options are lapsed and 2,043,410 vested options are yet to be exercised and 5,71,532 options are yet to be vested.

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

Year	Options Granted	Year 1	Year 2	Year 3
ESOP 2015 (Tranche 1)	14,69,800	34%	33%	33%
ESOP 2015 (Tranche 2)	16,96,850	33%	33%	34%
ESOP 2015 (Tranche 3)	23,37,670	34%	33%	33%
ESOP 2015 (Tranche 4)	11,560	34%	33%	33%
Total	**55,15,880**			

The following share-based payment arrangements were in existence during the current and prior years:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
ESOP 2015	14,69,800	03-11-2015	03-11-2019	146.35	-
		03-11-2015	03-11-2020	146.35	84.00
		03-11-2015	03-11-2021	146.35	95.00
ESOP 2015 (Additional Grant Scheme 1)	16,96,850	14-09-2016	14-09-2020	417.15	109.00
		14-09-2016	14-09-2021	417.15	134.00
		14-09-2016	14-09-2022	417.15	161.00
ESOP 2015 (Additional Grant Scheme 2)	23,37,670	27-06-2018	27-06-2022	385.05	110.00
		27-06-2018	27-06-2023	385.05	132.00
		27-06-2018	27-06-2024	385.05	155.00
ESOP 2015 (Additional Grant Scheme 3)	11,560	23-01-2019	23-01-2022	290.60	83.00
		23-01-2019	23-01-2023	290.60	100.00
		23-01-2019	23-01-2024	290.60	117.00

Notes to the Standalone Financial Statements
for the year ended March 31, 2021

24.2 Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year ended March 31, 2021 and March 31, 2020 is Nil. Options were priced using Black and Scholes Model ('Model'). Vested ESOPs can be exercised within three years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date.The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. While the Company has been listed since 2016, the period of listing up to the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies have been considered for the purposes of valuation.

Inputs into the model

Particulars	ESOP 2015			ESOP 2015 (Additional Grant Scheme 1)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	186.59	186.59	186.59	417.15	417.15	417.15
Exercise price	146.35	146.35	146.35	417.15	417.15	417.15
Expected volatility	30.90%	32.60%	35.20%	29.70%	30%	31.80%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Risk-free interest rate	7.4%	7.5%	7.6%	6.8%	6.8%	6.9%

Inputs into the model

Particulars	ESOP 2015 (Additional Grant Scheme 2)			ESOP 2015 (Additional Grant Scheme 3)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	385.05	385.05	385.05	290.6	290.6	290.6
Exercise price	385.05	385.05	385.05	290.6	290.6	290.6
Expected volatility	32.80%	31.30%	31.60%	32.80%	31.30%	31.60%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Dividend yield	-			-		
Risk-free interest rate	7.6%	7.8%	7.9%	7.6%	7.8%	7.9%

24.3 Movements in share options

During the year 2020-21

Particulars (Nos.)	Options granted and outstanding as at beginning of period	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the period end
ESOP 2015	3,28,529	-	52,760	(1,06,585)	1,69,184
ESOP 2015 (Additional Grant Scheme 1)	11,60,320	-	-	(4,46,581)	7,13,739
ESOP 2015 (Additional Grant Scheme 2)	19,05,439	-	-	(1,73,420)	17,32,019
ESOP 2015 (Additional Grant Scheme 3)	11,560	-	-	(11,560)	-
Total	**34,05,848**	**-**	**52,760**	**(7,38,146)**	**26,14,942**
Weighted average exercise price	372.64	-	146.35	368.52	378.37

During the year 2019-20

Particulars (Nos.)	Options granted and outstanding as at beginning of period	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the period end
ESOP 2007	3,550	-	3,550	-	-
ESOP 2008	4,190	-	4,190	-	-
ESOP 2010	92,854	-	76,052	(16,802)	-
ESOP 2010 for FY 11-12	1,20,090	-	82,328	(37,762)	-
ESOP 2015	6,97,777	-	2,70,408	(98,840)	3,28,529
ESOP 2015 (Additional Grant Scheme 1)	13,04,680	-	-	(1,44,360)	11,60,320
ESOP 2015 (Additional Grant Scheme 2)	21,57,160	-	1	(2,51,720)	19,05,439
ESOP 2015 (Additional Grant Scheme 3)	11,560.00	-	-	-	11,560
Total	**43,91,861**	**-**	**4,36,529**	**(5,49,484)**	**34,05,848**
Weighted average exercise price	339.51	-	108.75	317.45	372.64

24.4 Share options exercised during the year

For the share options exercised during the year ended March 31, 2021 weighted average share price is ₹221.89 (For the year ending March 31, 2020: ₹307.25)

24.5 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 ₹378.37 (as at March 31, 2020: ₹372.64), and a weighted average remaining contractual life of 0.92 year (as at March 31, 2020: 1.35 years).

24.6 Expense arising from share based payment transaction recognized in profit or loss statement as employee benefit expense are as follows:

(₹ in lakhs)

For the period/ year ended	March 31, 2021	March 31, 2020
Employee benefit expense	-2.59	13.61

24.7 ESOP arrangement with subsidiary

With effect from February 1, 2017 entity is demerged into Ujjivan Small Finance Bank Limited (USFB) resulting in the transfer of options from the employees of the Company to the employees of USFB (Subsidiary of the Company). As per Ind AS 102 Share-based Payment, stock options have to be fair valued on the grant date and expense has to recognised over the vesting period. Pursuant to management decision, Impact of Ind AS 102 on account of options granted to the employees of subsidiary is treated as deemed investment in subsidiary in the Company's books.

During the year March 31, 2020, the USFB has approved an ESOP scheme and an Employee Share Purchase Scheme ('ESPS') for employees of USFB and its holding company, i.e., Ujjivan FInancial Services Limited, being ESOP 2019 and ESPS 2019. Under ESOP 2019, total 473,240 options were granted to the employees of the holding company to be vested over a period of 5 years and total 211,200 shares were purchased under ESPS 2019 scheme. As per Ind AS 102 Share-based Payment, the fair value cost of the options for the period expired out of the vesting period and shares purchased were recognised in the statement of profit and loss and reimbursed to the subsidiary entity, i.e., USFB. As on March 31, 2021, out of 473,240 options granted, 282,176 options are lapsed, 38,213 options were vested yet to be exercised and 152,851 options were unvested.

NOTE 25 - RELATED PARTY DISCLOSURE

Terms and Conditions of transactions with related parties:

The transactions with related parties are made in the ordinary course of business and the same is at arm's length. Outstanding balances at the year end are unsecured and interest free other than fixed deposits and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment for receivables.

A. List of Related Parties are Given below:

Key Management Personnel	Mr. Ittira Davis Poonollil, Managing Director and CEO (upto March 12, 2021) Mr. Deepak Khetan (Chief Financial Officer) (up to August 02, 2019) Mr. Barun Kumar Agarwal (Chief Financial Officer) (From August 03, 2019) Mr. Sanjeev Barnwal (Company Secretary) Mr. Abhijit Sen, Director Mr. Kuttalam Rajagopalan Ramamoorthy, Director Mr. Jayanta Kumar Basu, Director (upto January 20, 2021) Mr. Amit Gupta, Director (up to August 02, 2019) Ms. Vandana Viswanathan, Director (up to September 22, 2019) Mr. Narayan Anand (From May 01, 2019) Ms. Mona Kachhwaha (From September 22, 2019) Mr. Samit Ghosh (From April 1, 2020) Mr. Sunil Patel (From February 11, 2021) Mr. Rajesh Jogi (From February 11, 2021)
Subsidiary of Company	Ujjivan Small Finance Bank Limited
Enterprise in which relatives of KMP are members	Parinaam Foundation

Notes to the Standalone Financial Statements
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B. Transactions with related parties during the year

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Remuneration:		
Key Managerial Remuneration		
- Salary	197.74	205.99
- Perquisite - ESOP/ESPS	-	12.60
Sitting fee paid to Directors	66.84	42.89
Ujjivan Small Finance Bank Limited:		
Investment in Others* (Deemed Investment)	333.58	1,012.52
Placement of fixed deposit	12,540.80	13,430.00
Maturity of fixed deposit	16,045.80	12,945.00
Interest income recognised	796.47	1,024.40
Reimbursement of expenses on behalf of related party	2.83	8.77
Reimbursement of expenses to related party		
- ESOP perquisite tax	10.36	213.91
- Other expenses	14.04	10.20
- ESOP/ESPS 2019 expense	(3.60)	39.46
Dividend income	-	1,100.00
Donation to Parinaam Foundation	0.28	-

*Deemed investment on account of ESOP issued to employees of subsidiary

C. Outstanding balance with related parties

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Term deposit balance with Ujjivan Small Finance Bank Limited	9,205.34	12,890.90
Receivable / (Payable) to Ujjivan Small Finance Bank Limited	24.33	(0.52)

D. Key managerial personnel remuneration bifurcation

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Short-term benefits	185.80	198.69
Other long-term benefits	11.94	7.30
Share-based payments	-	12.60
Total	**197.74**	**218.59**

NOTE 26 - DISCLOSURE OF DETAILS AS REQUIRED UNDER CLAUSE NO. 30 OF MASTER DIRECTION - CORE INVESTMENT COMPANIES (RESERVE BANK) DIRECTION, 2016 (AS LAST UPDATED ON OCTOBER 05, 2020).

26.1 Disclosure as required under Annexure V of Master Direction - Core Investment Companies (Reserve Bank,) Direction, 2016 (as last updated on October 05, 2020).

A Components of ANW and other related information

Particulars	March 31, 2021	March 31, 2020
i) ANW as a % of Risk Weighted Assets	219.08%	100.18%
ii) Unrealized appreciation in the book value of quoted investments (₹ in Lakhs)	1,83,514.69	-
iii) Diminution in the aggregate book value of quoted investments (₹ in Lakhs)	-	-
iv) Leverage Ratio	0.04%	0.09%

B Investment in other CICs

a)	Total amount representing any direct or indirect capital contribution made by one CIC in another CIC (including name of CICs)	Not Applicable
b)	Number of CICs with their names wherein the direct or indirect capital contribution exceeds 10% of Owned Funds	Not Applicable
c)	Number of CICs with their names wherein the direct or indirect capital contribution is less than 10% of Owned Funds	Not Applicable

Notes to the Standalone Financial Statements
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C Off Balance Sheet Exposure

Particulars	March 31, 2021	March 31, 2020
i) Off balance sheet exposure	Nil	Nil
ii) Financial Guarantee as a % of total off-balance sheet exposure	Nil	Nil
iii) Non-Financial Guarantee as a% of total off-balance sheet exposure	Nil	Nil
iv) Off balance sheet exposure to overseas subsidiaries	Nil	Nil
v) Letter of Comfort issued to any subsidiary	Nil	Nil

D Investments

Particulars	March 31, 2021	March 31, 2020
1. Value of Investments	1,67,964.56	1,67,630.98
(i) Gross Value of Investments		
(a) In India	1,67,964.56	1,67,630.98
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	1,67,964.56	1,67,630.98
(b) Outside India.	-	-
2. Movement of provisions held towards depreciation on investments.		
(i) Opening balance	-	-
(ii) Add : Provisions made during the year	-	-
(iii) Less : Write-off / write-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

E ALM - Maturity pattern of Assets and Liabilities

(₹ in lakhs)

Particulars	Liabilities	Assets	
	Borrowings from Banks and others	Advances	Investments
1 to 7 days	-	-	-
8 to 14 days	-	-	-
15 to 30/31 days	-	-	-
Over 1 month to 2 months	-	-	-
Over 2 months to 3 months	-	-	-
Over 3 months up to 6 months	-	-	-
Over 6 months to 1 year	-	-	-
Over 1 year to 3 years	-	-	-
Over 3 years to 5 years	-	-	-
Over 5 years (March 31, 2020: 167,630.98 lakhs)	-	-	1,67,964.56
Total	**-**	**-**	**1,67,964.56**

F Business Ratios

Particulars	March 31, 2021	March 31, 2020
Return on Equity (RoE) (%)	0.17%	0.50%
Return on Assets (RoA) (%)	0.16%	0.49%
Net profit per employee (₹ in Lakhs)	58.69	176.41

G Provisions and Contingencies

Provisions and Contingencies shall be presented as under:

Break up of 'Provisions and Contingencies' shown under the Profit and Loss Account	March 31, 2021	March 31, 2020
Provisions for depreciation on Investment	Nil	Nil
Provision towards NPA	Nil	Nil
Provision made towards Income tax	Nil	Nil
Other Provision and Contingencies (with details)	Nil	Nil
Provision for Standard Assets	Nil	Nil

Notes to the Standalone Financial Statements

for the year ended March 31, 2021

H Concentration of NPAs

Particulars	(₹ in Lakhs)	Exposure as a % of total assets
Total Exposure to top five NPA accounts	-	-

I Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)

The Company doesn't have any overseas assets.

J Disclosure on provisioning in the Balance Sheet

Provisions as per CIC Guidelines - As the Company is not engaged in the business of financing, it has not provided any loans/ advances and therefore related compliance in relation to classification as standard asset, sub standard assets, doubtful and loss assets are not applicable.

Exposure to real estate sector, both direct and indirect - NIL

Note 27 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

Note 28 Consequent to the outbreak of COVID-19 pandemic, on March 24, 2020, the Indian government announced lockdown across the country to contain the spread of the virus. Subsequently, the lockdown has been lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. The Company is a CIC–NBFC and its activities are limited to its investment which significantly comprises of Investment made in subsidiary, Ujjivan Small Finance Bank Limited (the Bank). Numerous government and companies, including our subsidiary, have introduced a variety of measures to contain the spread of virus. The slowdown during the year has led to a decrease in loan originations and in collection efforts efficiency. It is expected that the slowdown may lead to a rise in the number of customer defaults and consequently an increase in provisions against the same. The extent to which the COVID-19 pandemic, including the current second wave that has significantly increased the number of cases in India, will continue to impact the Bank's results will depend on future developments, which are incapable of assessment at this point in time, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank. Management has made an assessment that there is no material impact of COVID-19 on the Company which is required to be recognised in the standalone financial statements. The Company has adequate liquidity and resources to service its obligations in the near future. Further, the impact of COVID-19 pandemic on the subsidiary's financial statements will depend on the future developments which are uncertain. Accordingly, no adjustments have been made to the standalone financial statements.

Note 29 Previous year figures have been reclassified / re-grouped, wherever necessary, to confirm with current year classification / grouping.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

INDEPENDENT AUDITOR'S REPORT

To the Members of Ujjivan Financial Services Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Ujjivan Financial Services Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group as at March 31, 2021, of consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

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 Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 39 to the consolidated financial statements, which describes that the impact of COVID-19 Pandemic on the subsidiary's financial statements will depend on the future developments which are uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

We have no reportable key audit matters on the Holding Company's financial statements.

The following Key Audit Matter were included in the audit report dated May 18, 2021, containing an unmodified audit opinion on the financial statements of Ujjivan Small Finance Bank Limited, a subsidiary of the Holding Company issued and is reproduced as under:

Key Audit Matter	How the Key Audit Matter was addressed in our audit
Recognition and measurement of impairment relating to financial assets (designated at amortised cost and fair value through other comprehensive income) and those involving significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on ECL model, which is a forward-looking expected loss model. The Group's impairment allowance is computed based on estimates including the historical default and loss ratios. The Group leverages the assets classification and risk estimations under Internal Rating Based (IRB) Approach towards calculation of Capital charge for Credit Risk (IRB) for ECL computation. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant factors are: • Portfolio Segmentation • Asset staging criteria	• Reviewed the Company's accounting policies for estimation of expected credit loss on loans approved by the Board and evaluated the appropriateness of the same with the principles of Ind-AS 109- 'Financial Instruments'. • Evaluating management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19 and other macro-economic factors. • Evaluated the reasonableness of management's process of ECL estimation and related assumption. • Understood the process of ECL computation and tested design and operating effectiveness of key controls around data extraction and validation.

Key Audit Matter	How the Key Audit Matter was addressed in our audit
• Calculation of probability of default / Loss given default/Credit conversion factor basis the portfolio segmentation. • Consideration of probability of forward looking macro-economic factors like Covid-19 impact on credit quality of the asset and the ECL computation. The Group's has Board approved policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underling inputs to ECL model. The Group's has wide range of products in retail segment and loans of Financial Institutional Group (FIG). There is significant data input required for the computation of ECL for homogenous product in retail segment and basis model and internal grading system in FIG. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the ECL computation. During the financial year ended March 31, 2021, RBI issued various circulars related to the Covid -19 Regulatory Packages which has covered the moratorium, restructuring and other benefits to ease the repayment terms for affected customers due to Pandemic. Additionally, the Group has considered the impact of judgment, on identification of NPA and provision thereof, which was vacated as per Honorable Supreme Court Order on March 23, 2021 and the RBI circular dated April 07, 2021 in that connection. We have identified the measurement of ECL as a key audit matter in view of the significant judgement and assumptions involved.	• Involved specialists to review the methodology of the computation of staging of loans, estimation of probability of default, its calibration, and estimation of loss given default. • Reconciled total financial assets considered for ECL estimation with the books of accounts to ensure completeness. Performed substantive procedures for testing of ECL model and computation of ECL amount included but not limited to the following: • Performed procedures over segmentation of financial assets related to the advances as per their various products and models and risk characteristics. • Reviewed the assumptions used for and computation of probability of default, loss given default, discounting factors, credit conversion factor for different class of financial assets as per their nature and risk assessment for sample class of assets. • Tested the appropriate staging of assets basis their days past due and other loss indicators considering the various Covid – 19 Regulatory Packages related to moratorium, restructuring as per RBI circular dated August 06, 2020, MSME restructuring etc. on sample basis. • Verified the ratings for a sample of loans of Financial Institutional Group (FIG) to test the accuracy of input for calculation of ECL. • Understood the assessment performed for forward looking macro-economic factor. • Reviewed the appropriate staging of assets as per Honorable Supreme Court Order on March 23, 2021 and the RBI circular dated April 07, 2021 in that connection. • Tested the mathematical accuracy, assumption and underlying computation of the ECL model. • Assessed the adequacy and appropriateness of disclosures for compliance with the Indian Accounting Standards.

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

The Holding Company's Board of Directors is responsible for the other information. The other information included the Director's report, but does not include the consolidated financial statements and our Auditor's Report thereon, which we obtained prior to the date of this Auditor's Report, and Annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

   c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies, incorporated in India are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

   f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

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

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 27 to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Group did not have any derivative contract as at March 31, 2021 – Refer Note 40 to the consolidated financial statements in respect of such items as it relates to the Group.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company incorporated in India.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to the information and explanations given to us and based on our examination of the records of the Group, the Group has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAGF3523

Bengaluru
May 28, 2021

Annexure A to the Independent Auditor's Report on even date on the Consolidated Financial Statements of Ujjivan Financial Services Limited

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors 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 consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAGF3523

Bengaluru
May 28, 2021

Annexure B to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Ujjivan Financial Services Limited

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Ujjivan financial Services Limited on the consolidated Financial Statements for the year ended March 31, 2021]

Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to consolidated financial statements of Ujjivan financial Services Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to consolidated financial statements criteria established by the respective companies 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 ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing 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 consolidated 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 internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by us in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary company, which are companies incorporated in India.

Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated 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 consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company, which are companies incorporated in India, have, in all material respects, internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company, which are company incorporated in India, is based on the corresponding reports of the auditor of such companies incorporated in India.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao
Partner
Membership No. 113292
UDIN: 21113292AAAAGF3523

Bengaluru
May 28, 2021

Consolidated Balance Sheet

as at March 31, 2021

(₹ in lakhs)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
FINANCIAL ASSETS			
Cash and cash equivalents	3	**1,93,393.45**	1,33,985.82
Bank balances other than above	4	**68,155.67**	456.66
Loans	5	**13,84,741.42**	13,93,373.30
Investments	6	**2,55,170.64**	2,42,920.30
Other financial assets	7	**3,274.70**	3,068.80
Non Financial Assets			
Current tax assets (net)	8	**4,772.40**	352.01
Deferred tax assets (net)	28	**34,083.93**	8,920.54
Property, plant and equipment	9	**17,340.54**	20,247.28
Right of use asset	10	**44,176.23**	51,897.13
Capital work-in-progress	9A	**478.72**	2,062.61
Other intangible assets	10A	**10,256.77**	7,742.10
Other non financial assets	11	**4,826.33**	6,081.06
Total Assets		**20,20,670.80**	**18,71,107.61**
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
Payables	12		
(a) Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises		**-**	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		**5,160.55**	6,405.39
Borrowings (other than debt securities)	13	**3,24,717.75**	3,95,261.60
Deposits	14	**13,04,537.42**	10,65,558.82
Lease liability	10	**50,664.97**	59,547.99
Other financial liabilities	15	**31,460.42**	19,267.66
Non Financial Liabilities			
Current tax liabilities	16	**-**	15.31
Provisions	17	**5,320.28**	4,678.39
Other non financial liabilities	18	**3,777.05**	3,290.29
Total Liabilities		**17,25,638.44**	**15,54,025.45**
Equity			
Equity share capital	19	**12,165.60**	12,160.32
Other equity	19A	**2,53,711.95**	2,71,802.11
Total Equity Attributable to Owners of the Company		**2,65,877.55**	**2,83,962.43**
Non-controlling interests	19A	**29,154.81**	33,119.73
Total Liabilities and Equity		**20,20,670.80**	**18,71,107.61**

The above consolidated balance sheet should be read in conjunction with the accompanying notes

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in lakhs)

Particulars	Note No.	Year ended March 31, 2021	Year ended March 31, 2020
REVENUE FROM OPERATIONS			
Interest income	20A	**2,96,778.73**	2,81,363.99
Revenue from contracts with customers	20B	**4,860.32**	4,472.37
Net gain/(loss) on derecognition of financial instruments at amortised cost	20C	**4,959.04**	139.92
Total Revenue from Operations (I)		**3,06,598.09**	**2,85,976.28**
Other income (II)	21	**11,501.46**	10,961.47
Total Income (I+II)		**3,18,099.55**	**2,96,937.75**
EXPENSES			
Finance cost	22	**1,12,095.09**	1,11,491.69
Impairment losses on financial instruments	23	**1,16,519.02**	17,446.33
Employee benefits	24	**75,909.98**	73,470.91
Depreciation and amortisation	25	**16,990.34**	16,599.34
Other expenses	26	**28,517.88**	36,338.57
Total expenses		**3,50,032.31**	**2,55,346.84**
Profit/(loss) before tax		**(31,932.76)**	41,590.91
Taxes expense:			
- Current tax	28	**17,199.29**	11,572.18
- In respect of earlier years		**(4.07)**	3.45
- Deferred tax		**(25,217.27)**	149.41
Total tax expense		**(8,022.06)**	**11,725.04**
Profit/(loss) for the year		**(23,910.70)**	29,865.87
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		**206.55**	(375.76)
Remeasurement of investments at Fair Value		**7.70**	-
(ii) Deferred tax on remeasurements of the defined benefit liabilities / (asset)		**(53.93)**	94.57
Other Comprehensive Income/(loss)		**160.32**	**(281.19)**
Total Comprehensive Income for the year (comprising profit / (loss) and Other Comprehensive Income for the year)		**(23,750.38)**	**29,584.68**
Profit/(loss) for the year attributable to:			
Owners		**(19,876.25)**	28,229.44
Non- controlling interest		**(4,034.45)**	1,636.43
Total Comprehensive Income/(loss) for the year attributable to			
Owners		**(19,742.69)**	27,954.77
Non- controlling interest		**(4,007.69)**	1,629.91
Earnings per Equity Share			
Basic	31	**(16.34)**	23.25
Diluted		**(16.34)**	23.21

The above statement of consolidated profit and loss should be read in conjunction with the accompanying notes

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	Amount
Balance at April 1, 2019	12,116.67
Changes in equity share capital during the year	
(a) Additions during the year	43.65
Balance at March 31, 2020	**12,160.32**
Changes in equity share capital during the year	
(a) Additions during the year	5.28
Balance at March 31, 2021	**12,165.60**

OTHER EQUITY

(₹ in Lakhs)

Particulars	Attributable to Owners of Ujjivan Financial Services Limited						Total Reserves & Surplus	Non-Controlling Interests	Total
	Share Application Money Pending Allotment	Reserves and Surplus							
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account			
Balance at April 1, 2019	24.30	16,247.98	1,10,120.99	46,001.33	-	3,256.85	1,75,651.55	-	1,75,651.55
Transition Date Impact	-	-	-	(4,120.41)	-	-	(4,120.41)	-	(4,120.41)
Add : Profit for the year				28,229.44			28,229.44	1,636.43	29,865.87
Add : Other Comprehensive Income / (Loss) for the year				(274.67)			(274.67)	(6.52)	(281.19)
Total comprehensive income for the year				23,834.36			23,834.36	1,629.91	25,464.27
Appropriation to statutory reserve	-	6,596.64	-	(6,596.64)	-	-	-	-	-
Add: Employee stock option plan expense for the year	-	-	-	-	-	3,168.06	3,168.06	-	3,168.06
Less: Grants exercised during the year	-	-	-	-	-	(98.50)	(98.50)	-	(98.50)
Less: Transferred to General Reserve for vested options lapsed during the year	-	-	-	-	302.67	(302.67)	-	-	-
Transaction with owners in their capacity as owners									
Consideration received on dilution of stake in subsidiary	-	-	-	-	-	-	-	1,01,001.91	1,01,001.91
Gain on dilution of stake in subsidiary	-	-	-	69,512.09	-	-	69,512.09	(69,512.09)	-
Add : Share application money received	458.57	-	-	-	-	-	458.57	-	458.57
Less : Shares allotted during the year	(43.65)	-	-	-	-	-	(43.65)	-	(43.65)
Less: Premium on shares allotted during the year	(431.07)	-	-	-	-	-	(431.07)	-	(431.07)
Add : Premium on shares issued during the year on stock options	-	-	529.57	-	-	-	529.57	-	529.57
Less: Dividend distributed during the year	-	-	-	(546.22)	-	-	(546.22)	-	(546.22)
Less: Dividend distribution tax	-	-	-	(232.55)	-	-	(232.55)	-	(232.55)
As at March 31, 2020	**8.15**	**22,844.62**	**1,10,650.56**	**1,31,972.37**	**302.67**	**6,023.74**	**2,71,802.11**	**33,119.73**	**3,04,921.84**
Balance at April 1, 2020	8.15	22,844.62	1,10,650.56	1,31,972.37	302.67	6,023.74	2,71,802.11	33,119.73	3,04,921.84
Transition Date Impact	-	-	-	-	-	-	-	-	-
Add : Loss for the year				(19,876.25)			(19,876.25)	(4,034.45)	(23,910.70)

Consolidated Statement of Changes in Equity

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	Attributable to Owners of Ujjivan Financial Services Limited						Total Reserves & Surplus	Non-Controlling Interests	Total
	Share Application Money Pending Allotment	Reserves and Surplus							
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account			
Add : Other Comprehensive Income for the year				133.56			133.56	26.75	160.32
Total comprehensive income / (Loss) for the year				(19,742.69)			(19,742.69)	(4,007.70)	(23,750.38)
Appropriation to statutory reserve	-	59.00	-	(59.00)	-	-	-	-	-
Add: Employee stock option plan expense for the year	-	-	-	-	-	2,561.38	2,561.38	10.70	2,572.08
Less: Grants exercised during the year	-	-	-	-	-	(46.91)	(46.91)	-	(46.91)
Less: Transferred to General Reserve for vested options lapsed during the year	-	-	-	-	729.74	(729.74)	-	-	-
Transaction with owners in their capacity as owners									
Consideration received on dilution of stake in subsidiary	-	-	-	-	-	-	-	-	-
Gain on dilution of stake in subsidiary	-	-	-	-	-	-	-	32.08	32.08
Add : Share application money received	69.33	-	-	-	-	-	69.33	-	69.33
Less : Shares allotted during the year	(5.28)	-	-	-	-	-	(5.28)	-	(5.28)
Less: Premium on shares allotted during the year	(72.07)	-	-	-	-	-	(72.07)	-	(72.07)
Add : Premium on shares issued during the year on stock options	-	-	118.99	-	-	-	118.99	-	118.99
Less: Dividend distributed during the year	-	-	-	(972.91)	-	-	(972.91)	-	(972.91)
Less: Dividend distribution tax	-	-	-	-	-	-	-	-	-
As at March 31, 2021	**0.13**	**22,903.62**	**1,10,769.55**	**1,11,197.77**	**1,032.41**	**7,808.47**	**2,53,711.95**	**29,154.81**	**2,82,866.76**

The above statement of consolidated statement of change in Equity should be read in conjunction with the accompanying notes.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Consolidated Statement of Cash Flow

for the year ended March 31, 2021

(₹ in lakhs)

Particulars		Note No.	As at March 31, 2021	As at March 31, 2020
A.	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Net Profit/(loss) before tax		(31,932.76)	41,590.91
	Adjustments for :			
	Depreciation and amortisation expenses	25	16,998.04	16,599.34
	Loss on sale of Fixed Asset	21	(926.67)	(128.04)
	Profit on Sale of Mutual Funds	21	-	(0.07)
	Fixed Assets Written off (including claims written off)		-	8.80
	Share Based Payments	24	2,572.08	3,977.63
	Provision for Advances & Investment	23	1,16,519.02	17,446.33
	Interest income	21	(47.91)	-
	Operating cash flows before Working Capital changes		**1,03,181.80**	**79,494.90**
	Adjustments for :			
	Financial Assets / Liabilities			
	(Increase)/Decrease in Loans	5	(1,07,884.77)	(3,17,749.37)
	(Increase)/Decrease in Other Bank Balances	4	(64,587.43)	1,385.37
	(Increase)/Decrease in Other Financial Assets	7	(432.70)	(746.38)
	Increase/ (Decrease) in Trade Payable	12	(1,244.84)	1,973.84
	Increase/ (Decrease) in Other Financial Liabilities	15	12,073.86	(794.92)
	Non Financial Assets / Liabilities			
	(Increase)/Decrease in Other Assets	11	1,205.12	(167.34)
	Increase/ (Decrease) in Provisions	17	848.44	911.89
	Increase/ (Decrease) in Other Liabilities	18	666.81	588.25
	Cash generated from / (used in) Operations		**(56,173.71)**	**(2,35,103.76)**
	Net Tax (paid)/Refunds received		(21,630.90)	(11,313.22)
	Net Cash generated from/(used) in Operating Activities	**(A)**	**(77,804.61)**	**(2,46,416.98)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Sale / (Purchase) of Investments (Net)	6	(3,047.62)	(88,156.40)
	Proceeds from sale of Fixed Assets	9	(13,550.30)	61.29
	Purchase of Fixed Assets including WIP	9,10A	(4,884.51)	(20,605.40)
	Interest on fixed deposits received	21	3.73	-
	Net Cash generated from / (used) in Investing Activities	**(B)**	**(21,478.70)**	**(1,08,700.51)**

Consolidated Statement of Cash Flow

for the year ended March 31, 2021

(₹ in lakhs)

Particulars		Note No.	As at March 31, 2021	As at March 31, 2020
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from share application money (Net)		112.11	458.58
	Debt Securities Repaid during the year		-	(10,000.00)
	Redemption of Subordinated Liabilities		-	(5,000.00)
	Increase in Deposits (Net)	14	2,38,978.60	3,39,640.67
	Consideration received on dilution of stake in subsidiary		-	1,00,192.34
	Dividend Paid		(972.91)	(546.22)
	Dividend Tax Paid		-	(232.55)
	Payment of Lease Liability	10	(8,883.01)	4,746.01
	Increase/(Decrease) in Borrowings (Net)	13	(70,543.85)	(48,038.89)
	Net Cash generated from/(used) in Financing Activities	**(C)**	**1,58,690.94**	**3,81,219.94**
	Net Increase/(Decrease) in Cash and Cash Equivalents	**(A+B+C)**	**59,407.63**	**26,102.45**
	Cash and Cash Equivalents at the beginning of the year	3	1,33,985.82	1,07,883.37
	Cash and Cash Equivalents at the end of the year	3	**1,93,393.45**	**1,33,985.82**

Notes:

1 The above Cash Flow Statement has been prepared as per AS 7 Statement of cashflow specified under Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014.

2 The above statement of consolidated cash flow statement should be read in conjunction with the accompanying notes.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

NOTE 1: BACKGROUND

Ujjivan Financial Services Private Limited was originally incorporated as on December 28, 2004 at Bengaluru, Karnataka, India as a private limited company under the Companies Act, 1956. Subsequently, it was converted into a public limited company and the name was changed to Ujjivan Financial Services Limited ("the Company"). A fresh certificate of incorporation consequent upon conversion to a public limited company was issued by the Registrar of Companies, Bangalore, Karnataka ("ROC") on November 26, 2015. The Company was registered with Reserve Bank of India ("the RBI") as NBFC-MFI under Non-Banking Financial Company Micro Finance Institutions (NBFC-MFIs) directions on September 05, 2013. The Company received approval from the RBI to set up a Small Finance Bank. Pursuant to the same, the Company executed an agreement to transfer its Business undertaking to its wholly owned subsidiary Ujjivan Small Finance Bank Limited ("the Bank"). The Bank commenced operations w.e.f February 1, 2017, on which date the Company ceased to operate as a Micro finance company. Pursuant to this change, the Company surrendered its NBFC - MFI license and received approval and certificate of registration as NBFC-ND-SI-CIC (Core Investment Company) from the RBI on October 10, 2017.

The Consolidated Financial Statements relates to the Holding Company and its subsidiary company (collectively referred to as "the Group").

Refer Note 37 for details of the Group.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements ("financial statements"). These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and presentation

These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, 2013 and Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015], Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Companies Act 2013 ("the Act").

(i) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities that are measured at fair value, and
- defined benefit plans - plan assets are measured at fair value.
- employee stock options plan

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. The Financial assets and liabilities are presented in ascending order of their liquidity. Fair value for measurement and/or disclosure purposes in these Ind AS financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36. The Ind AS financial statements are presented in Indian Rupees rounded off to the nearest lakhs unless otherwise stated.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiary are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Balance Sheet respectively.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

2.3 Foreign currency translation and transactions

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupees (INR), which is the Group's functional and presentation currency.

2.4 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiary where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to statement of profit and loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity. The benefit of dividend distribution tax paid by the subsidiary for which the set off has been availed by the Parent Group has been recognized in equity.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

2.5 Leases

Transition to Ind AS 116

Ministry of Corporate Affairs (MCA) through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases, which replaces the existing lease standard, Ind AS 17 leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Group has adopted Ind AS 116, effective annual reporting period beginning from April 01, 2019 and applied the standard to its leases retrospectively (Modified Retrospective Approach), with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 01, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 01, 2019.

Group as a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognizes right of use assets and lease liabilities for most leases i.e. these leases are on balance sheet. On transition, the Group has applied the following practical expedients:

- Applied discount rate to the leases individually based on the borrowing rate (Zero Coupon Rate + Spread) as on transition date for borrowings of similar tenure.
- Applied the exemption not to recognise right-of-use-assets and liabilities for leases with less than 12 months of lease term on the date of transition.
- Excluded the initial direct costs from the measurement of the right-of-use-asset at the date of transition.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

2.6 Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.7 Cash and cash equivalents

Cash and Cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked / restricted for specific purposes.

2.8 Financial assets

All financial assets are recognised and derecognised where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI);
- all other debt instruments and equity investments are subsequently measured at FVTPL.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

- However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset- by-asset basis:
- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset. For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI). For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how Group's financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option. These assets are measured at fair value, with any gains/ losses arising on remeasurement recognised in profit or loss.

2.8.1 Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

2.8.2 Impairment

ECL has been estimated on the loan commitments and investments measured at AC (Amortised Cost) & FVOCI (Fair Value through Other Comprehensive Income) portfolio of the Bank. The portfolios have been divided into 3 stages based on the Staging rules defined subsequently. ECL has been separately estimated for each stage.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

The Loan portfolio of the Bank has 3 segments: Micro-Finance Institutions (MFI), Micro and Small Enterprises (MSE) and Housing. These segments have been further sub-segmented based on a combination on the product type and risk perspective. Bank also has an Investment portfolio which includes Domestic Bonds (G-secs and Treasury Bills). Staging rules set have been applied to the product categories to bucket them into either Stage 1, Stage 2 or Stage 3.

Stages	Days Past Due	ECL
Stage 1	Upto 30 Days	12- Month ECL
Stage 2	30- 90 Days	Lifetime ECL
Stage 3	90+ Days	Lifetime ECL

The primary risk components applied for estimation of ECL are Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). ECL is estimated as a multiple of PD, LGD and EAD for each of the product sub categories. i. The PD provides an estimate of the likelihood that a borrower will be unable to meet his debt obligations. PD may be applied at a rating grade for corporate borrowers or for a pool of accounts showing similar behavioural and risk characteristics like Retail Segment or small businesses (MSE/MFI). ii. The EAD is the total receivables that the Bank is exposed to at the time of an account's default. iii. LGD is usually shown as the percentage of EAD that the Bank might lose in case the borrower defaults. It depends, among others, on the type and amount of collateral, collection mechanism existing in the Bank and the expected proceeds from a work out (e.g. recovery from sale of collaterals/securities or otherwise) of the assets.

2.8.3 Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default (see below) includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

2.8.4 Definition of default

All accounts greater than 90 days past due are considered as default accounts.

2.8.5 Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

2.8.6 Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated- credit impaired. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the borrower is in past due status under the new terms. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

2.8.7 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

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2.8.8 Write-off
Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

2.8.9 Presentation of allowance for ECL in the statement of financial position
Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

2.8.10 Financial liabilities and equity
Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

2.8.11 Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

2.8.12 Financial liabilities
Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'Amortised cost'.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Income from other financial instruments at FVTPL' line item in the profit or loss account.

Amortised cost
Financial liabilities other than those measured at FVTPL, including deposits and borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.8.13 Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.8.14 Undrawn loan commitments are commitments
under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

2.8.15 Financial instruments
Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value Through Profit or Loss (FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

2.9 Interest Income
Interest income for all financial instruments are calculated at gross carrying amount (except for those classified as held for trading or those measured or designated as at FVTPL) are recognised in 'Interest income' as 'Interest on deposits with banks' and 'Interest on loans' in the statement of profit or loss using the effective interest method (EIR). Interest income is recognised on Net carrying value (gross value less ECL provision) on Stage 3 credit impaired financial assets. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.10 Fee and commission Income (Includes Revenue from Contracts with Customers)
Fee and commission income include fees other than those that are an integral part of EIR.

The fees included in this part of the group statement of profit or loss include ATM services, savings bank services etc. The commission income includes commission received on sale of insurance policies. In both the cases, the revenue is recognised at a point in time at completion of service to the customers.

2.11 Dividend Income
Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.12 Property, plant and equipment (including Capital Work In Progress)
Items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure

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that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Asset	Useful life as per schedule II (years)
Computer	3
Furniture	10
Office Equipment	5
Motor Vehicle	8
Server	6

The rates of depreciation adopted by the Group are consistent with those specified in Schedule II to the Companies Act, 2013.

The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

Leasehold Improvements are depreciated over the primary lease period.

2.13 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. Estimated useful life of the intangible assets are as follows:

Asset	Useful life as per schedule II (years)
Software	6

The rate of amortisation adopted by the Group are consistent with those specified in Schedule II to the Companies Act, 2013.

2.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss. When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Provisions

Provisions for legal claims and discounts/incentives are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.17 Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

2.18 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.19 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the period in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related

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obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet since the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Group operates the following post-employment schemes

(a) Defined benefit plans, and

(b) Defined contribution plans

Defined Benefit Obligations - Gratuity

The Group has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans- Provident Fund

Provident fund

The Group makes Provident Fund contributions to publicly administered funds as per local regulations. The Group has no further obligations once the contributions have been paid and such contributions are charged to profit and loss when they are due.

(v) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Share Based Payments transactions of the Group

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 35.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity -settled employee benefits reserve.

(vii) 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.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

2.20 Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Dividends

Provision is made for the amount of any dividend declared including dividend distribution tax, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Holding Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.23 Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors have appointed the Managing Director and CEO who assess the financial performance and position of the Group, and makes strategic decisions. Refer Note 30 for Segment Information.

2.24 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.25 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Defined Benefit Obligations- Gratuity (Refer Note 29)

Expected Credit Loss (Refer Note 33)

Estimation of fair value of Employee's Share Based Payments (Refer Note 35)

Estimation of Provision for Taxes (Refer Note 28)

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

NOTE 3.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on Hand	18,234.77	19,820.18
Balances with Reserve Bank of India		
(a) In Current Accounts	24,689.17	19,966.58
(b) In Reverse Repo	90,011.77	82,709.06
Total Balances with RBI	**1,14,700.94**	**1,02,675.64**
Balances with Other Banks		
(a) In Current Accounts (Refer note below)	2,255.82	1,488.68
	2,255.82	**1,488.68**
Money at Call and Short Notice		
(a) With Banks	58,201.92	10,001.32
(b) With Other Institutions	-	-
	58,201.92	10,001.32
Total	**1,93,393.45**	**1,33,985.82**

Note:
Balances with Banks includes unclaimed dividend which are restricted balances as at March 31, 2021 ₹ 9.06 Lakhs (March 31, 2020: ₹ 7.17 Lakhs)

NOTE 4 - BANK BALANCES OTHER THAN ABOVE

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with Other Banks		
(a) Bank Deposit with more than 3 months but less than 12 months maturity	68,155.67	456.66
Subtotal	68,155.67	456.66
Total	**68,155.67**	**456.66**
Balances in India	68,155.67	456.66
Balances outside India	-	-
Total	**68,155.67**	**456.66**

The Bank earns interest on fixed deposits at fixed rate.

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NOTE 5 - LOANS

(₹ in lakhs)

Particulars	As at March 31, 2021							As at March 31, 2020						
	Amortised Cost	Fair Value			Others	Total		Amortised Cost	Fair Value			Others	Total	
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal				Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal		
Bills Purchased and Bills Discounted	-	-	-	-	-	-		-	-	-	-	-	-	
Cash Credits, Overdrafts, Loans repayable on Demand	1,11,974.40	-	-	-	-	1,11,974.40		1,26,480.23	-	-	-	-	1,26,480.23	
Term Loans	14,08,180.69	-	-	-	-	14,08,180.69		12,93,228.38	-	-	-	-	12,93,228.38	
Total (Gross)	**15,20,155.09**	-	-	-	-	**15,20,155.09**		**14,19,708.61**	-	-	-	-	**14,19,708.61**	
Less: Impairment loss allowance	(1,35,413.67)	-	-	-	-	(1,35,413.67)		(26,335.31)	-	-	-	-	(26,335.31)	
Total (Net)	**13,84,741.42**	-	-	-	-	**13,84,741.42**		**13,93,373.30**	-	-	-	-	**13,93,373.30**	
Secured by Tangible Assets	4,09,469.95	-	-	-	-	4,09,469.95		3,07,538.27	-	-	-	-	3,07,538.27	
Covered by Bank/ Government Guarantees	-	-	-	-	-	-		-	-	-	-	-	-	
Unsecured	11,10,685.14	-	-	-	-	11,10,685.14		11,12,170.33	-	-	-	-	11,12,170.33	
Total (Gross)	**15,20,155.09**	-	-	-	-	**15,20,155.09**		**14,19,708.61**	-	-	-	-	**14,19,708.61**	
Less: Impairment loss allowance	(1,35,413.67)	-	-	-	-	(1,35,413.67)		(26,335.31)	-	-	-	-	(26,335.31)	
Total (Net)	**13,84,741.42**	-	-	-	-	**13,84,741.42**		**13,93,373.30**	-	-	-	-	**13,93,373.30**	
Loans in India														
Priority Sectors	-	-	-	-	-	-		-	-	-	-	-	-	
Public Sectors	-	-	-	-	-	-		-	-	-	-	-	-	
Banks	-	-	-	-	-	-		-	-	-	-	-	-	
Others	15,20,155.09	-	-	-	-	15,20,155.09		14,19,708.61	-	-	-	-	14,19,708.61	
Total (Gross)	**15,20,155.09**	-	-	-	-	**15,20,155.09**		**14,19,708.61**	-	-	-	-	**14,19,708.61**	
Less: Impairment loss allowance	(1,35,413.67)	-	-	-	-	(1,35,413.67)		(26,335.31)	-	-	-	-	(26,335.31)	
Total (Net)	**13,84,741.42**	-	-	-	-	**13,84,741.42**		**13,93,373.30**	-	-	-	-	**13,93,373.30**	
Loans outside India														
Banks	-	-	-	-	-	-		-	-	-	-	-	-	
Others	-	-	-	-	-	-		-	-	-	-	-	-	
Total (Gross)	-	-	-	-	-	-		-	-	-	-	-	-	
Less: Impairment loss allowance	-	-	-	-	-	-		-	-	-	-	-	-	
Total (Net)	-	-	-	-	-	-		-	-	-	-	-	-	
Total	**13,84,741.42**	-	-	-	-	**13,84,741.42**		**13,93,373.30**	-	-	-	-	**13,93,373.30**	

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

NOTE 6 - INVESTMENTS

(₹ in lakhs)

Particulars	As at March 31, 2021							As at March 31, 2020						
	Amortised Cost	Fair Value				Others	Total	Amortised Cost	Fair Value				Others	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal				Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal		
Government securities	2,23,845.25	21,630.04	-	-	21,630.04	-	2,45,475.29	2,42,957.68	-	-	-	-	-	2,42,957.68
Other approved securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments	-	17.72	-	-	17.72	-	17.72	-	10.00	-	-	10.00	-	10.00
Mutual fund units	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others (specify)	-	9,727.36	-	-	9,727.36	-	9,727.36	-	-	-	-	-	-	-
Total (Gross)	**2,23,845.25**	**31,375.12**	**-**	**-**	**31,375.12**	**-**	**2,55,220.37**	**2,42,957.68**	**10.00**	**-**	**-**	**10.00**	**-**	**2,42,967.68**
(i) Investments outside India	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(ii) Investments in India	2,23,845.25	31,375.12	-	-	31,375.12	-	2,55,220.37	2,42,957.68	10.00	-	-	10.00	-	2,42,967.68
Less: Impairment loss allowance	(43.62)	(6.11)	-	-	(6.11)	-	(49.73)	(47.38)	-	-	-	-	-	(47.38)
Total (Net)	**2,23,801.63**	**31,369.01**	**-**	**-**	**31,369.01**	**-**	**2,55,170.64**	**2,42,910.30**	**10.00**	**-**	**-**	**10.00**	**-**	**2,42,920.30**

NOTE 7 - FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Assets		
Security Deposits	3,041.18	2,776.58
Net Investments in Sub-lease	41.35	48.63
Other Deposits	192.17	243.59
Total	**3,274.70**	**3,068.80**

NOTE 8 - CURRENT TAX ASSETS (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax Assets	4,772.40	352.01
Total	**4,772.40**	**352.01**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	As at March 31, 2021							As at March 31, 2020						
	Property	Computers	Motor Vehicle	Office Equipment	Equipment, Furniture and Fittings	Leasehold Improvements	Total	Property	Computers	Motor Vehicle	Office Equipment	Equipment, Furniture and Fittings	Leasehold Improvements	Total
At cost at the beginning of the year	**-**	11,225.27	88.86	5,988.56	3,842.02	10,898.21	32,042.92	-	9,764.76	88.86	5,031.97	3,267.31	9,336.47	27,489.37
Additions	-	1,579.68	-	203.41	67.35	288.49	2,138.93	-	1,533.10	-	999.38	612.45	1,574.83	4,719.76
Disposals	-	40.88	-	109.25	15.89	51.93	217.95	-	(72.59)	-	(42.79)	(37.74)	(13.09)	(166.21)
At cost at the end of the year	**-**	**12,764.07**	**88.86**	**6,082.72**	**3,893.48**	**11,134.77**	**33,963.90**	**-**	**11,225.27**	**88.86**	**5,988.56**	**3,842.02**	**10,898.21**	**32,042.92**
Accumulated depreciation	-	6,005.91	29.63	2,137.63	1,215.46	2,407.01	11,795.64	-	3,698.98	17.25	1,069.40	833.61	1,155.47	6,774.71
Depreciation for the year	-	2,133.11	12.38	1,133.70	306.25	1,341.96	4,927.40	-	2,351.59	12.38	1,092.17	391.98	1,259.08	5,107.20
Disposals	-	30.77	-	54.85	4.17	9.89	99.68	-	(44.66)	-	(23.94)	(10.13)	(7.54)	(86.27)
Accumulated depreciation and impairment as at the end of the year	**-**	**8,108.25**	**42.01**	**3,216.48**	**1,517.54**	**3,739.08**	**16,623.36**	**-**	**6,005.91**	**29.63**	**2,137.63**	**1,215.46**	**2,407.01**	**11,795.64**
Net carrying amount as at the end of the year	**-**	**4,655.82**	**46.85**	**2,866.24**	**2,375.94**	**7,395.69**	**17,340.54**	**-**	**5,219.36**	**59.23**	**3,850.93**	**2,626.56**	**8,491.20**	**20,247.28**

NOTE 9A - CAPITAL WORK IN PROGRESS INCLUDING ADVANCES FOR CAPITAL ASSETS

As at March 31, 2021	478.72
As at March 31, 2020	2,062.61

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

NOTE 10 - RIGHT OF USE ASSET

Particulars	Assets under Lease	As at March 31, 2021	Assets under Lease	As at March 31, 2020
At the beginning of the year	**61,231.72**	**61,231.72**	**49,244.86**	**49,244.86**
Additions	4,837.72	**4,837.72**	12,840.17	12,840.17
Reassessment/Modifications	(3,249.46)	**(3,249.46)**	(853.31)	(853.31)
Total cost	62,819.98	62,819.98	61,231.72	61,231.72
Accumulated amortisation and impairment:				
Accumulated depreciation and impairment as at the beginning of the year	(9,334.59)	**(9,334.59)**	-	-
Amortisation during the year	(9,309.16)	**(9,309.16)**	(9,334.59)	(9,334.59)
Total amortisation and impairment	(18,643.75)	(18,643.75)	(9,334.59)	(9,334.59)
Net carrying amount	**44,176.23**	**44,176.23**	**51,897.13**	**51,897.13**

Lease Liability

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
At the beginning of the year	**59,547.99**	**54,801.98**
Additions	**3,218.65**	12,553.32
Interest cost	**5,083.07**	5,255.76
Reassessment/Modifications	**(4,253.04)**	(999.99)
Total cost	63,596.67	71,611.07
Payment of lease rentals:		
Payment during the year	**(12,931.70)**	(12,063.08)
Total amortisation and impairment	(12,931.70)	(12,063.08)
Net carrying amount	**50,664.97**	**59,547.99**

NOTE 10A - OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Software	Other Intangible assets	Total	Software	Other Intangible assets	Total
At cost at the beginning of the year (At deemed cost as at April 1, 2017)	13,140.90	-	13,140.90	10,766.24	-	10,766.24
Additions	**5,268.45**	-	**5,268.45**	2,374.66	-	2,374.66
Disposals	-	-	-	-	-	-
Total cost	18,409.35	-	18,409.35	13,140.90	-	13,140.90
Accumulated amortisation and impairment:						
Accumulated depreciation and impairment as at the beginning of the year	**5,398.80**	-	**5,398.80**	3,241.25	-	3,241.25
Amortisation during the year	**2,753.78**	-	**2,753.78**	2,157.55	-	2,157.55
Disposals	-	-	-	-	-	-
Total amortisation and impairment	**8,152.58**	**-**	**8,152.58**	**5,398.80**	**-**	**5,398.80**
Net carrying amount	**10,256.77**	**-**	**10,256.77**	**7,742.10**	**-**	**7,742.10**

NOTE 11 - NON FINANCIAL ASSETS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Financial Assets		
Prepaid expenses	**1,930.83**	3,367.85
Balance with Government Authorities	**1,412.57**	1,595.38
Others	**1,482.93**	1,117.83
Total	**4,826.33**	**6,081.06**

NOTE 12 - TRADE PAYABLES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Trade Payables		
- Outstanding dues of micro enterprises and small enterprises	-	-
- Outstanding dues of creditors other than micro enterprises and small enterprises	**5,160.55**	6,405.39
Total	**5,160.55**	**6,405.39**

The Group has not paid any interest in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, additionally there are no interest amounts due as at March 31, 2021 (March 31, 2020 Rs. Nil)

NOTE 13 - BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	At Amortised Cost	At Fair Value Through Profit and Loss	Total	At Amortised Cost	At Fair Value Through Profit and Loss	Total
Term loans						
(i) From banks	**13,800.00**	**-**	**13,800.00**	38,200.00	-	38,200.00
(ii) From other parties	**3,10,917.75**	**-**	**3,10,917.75**	3,14,376.01	-	3,14,376.01
Term money						
(i) From banks	**-**		**-**	42,685.59		42,685.59
Total	**3,24,717.75**	**-**	**3,24,717.75**	**3,95,261.60**	**-**	**3,95,261.60**
Borrowings in India	**3,24,717.75**	**-**	**3,24,717.75**	3,95,261.60	-	3,95,261.60
Borrowings outside India	**-**	**-**	**-**	-	-	-
Total	**3,24,717.75**	**-**	**3,24,717.75**	**3,95,261.60**	**-**	**3,95,261.60**

(i) Out of the the above loans, the following loans are secured by hypothecation of advances

Particulars	March 31, 2021	March 31, 2020
Term loans	**16,119.00**	32,813.00

The borrowings have not been guaranteed by directors or others.

There has been no default in repayment of principal and interest.

Secured by hypothecation of advances

(₹ in lakhs)

Rate of Interest	Maturity	Installments	Amount Outstanding as on March 31, 2021
Borrowings from Others - (a)			
Repayable in Monthly Installments			
Repayable in Half Yearly Installments			
Interest Rate - 10.75%	< 1 Year	4	**1,544.00**
	2 Year	1	**400.00**
Interest Rate - 11.50%	< 1 Year	1	**375.00**
Repayable in Bullet			
Interest Rate - 5.15% (Repo)	< 1 Year	2	**13,800.00**
Total secured			**16,119.00**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

Unsecured

(₹ in lakhs)

Rate of Interest	Maturity	Installments	Amount Outstanding as on March 31, 2021
Borrowings from Banks - (b)			
Repayable in Bullet			
Interest Rate - 5.15%	< 1 Year	1	60,000.00
Interest Rate - 5.25%	< 1 Year	1	50,000.00
			1,10,000.00
Borrowings from Others - (c)			
Repayable in Monthly Installments			
Interest Rate - 9.55%	< 1 Year	5	4,040.00
Interest Rate - 4.15%	< 1 Year	12	1,368.00
	2 Year	7	808.00
Interest Rate - 9.98%	< 1 Year	5	6,060.00
			12,276.00
Repayable in Quarterly Installments			
Interest Rate - 8.15%	< 1 Year	4	2,664.00
	2 Year	3	2,006.00
Interest Rate - 9.00%	< 1 Year	2	10,000.00
			14,670.00
Repayable in Half Yearly Installments			
Interest Rate - 5.75%	< 1 Year	2	40,000.00
	2 Year	1	20,000.00
Interest Rate - 9.15%	< 1 Year	2	5,250.00
	2 Year	2	1,500.00
	3 Year	1	750.00
Interest Rate - 9.25%	< 1 Year	4	20,000.00
	2 Year	4	20,000.00
	3 Year	4	20,000.00
Interest Rate - 9.30%	< 1 Year	2	9,500.00
	2 Year	2	2,000.00
	3 Year	1	1,000.00
Interest Rate - 9.60%	< 1 Year	2	6,000.00
	2 Year	2	6,000.00
	3 Year	1	3,000.00
Interest Rate - 8.90%	< 1 Year	1	16,667.00
Total			**1,71,667.00**
Total Unsecured			**3,08,613.00**
Total Borrowings as on March 31, 2021*			**3,24,732.00**

Terms of repayment for borrowings:
For Year Ended March 31, 2020
Secured by hypothecation of advances

(₹ in lakhs)

Rate of Interest	Maturity	Installments	Amount Outstanding as on March 31, 2020
Borrowings from Others - (a)			
Repayable in Monthly Installments			
Repayable in Half Yearly Installments			
Interest Rate - 10.75%	< 1 Year	4	1,544.00
	2 Year	4	1,544.00
	3 Year	1	400.00
Interest Rate - 11.50%	< 1 Year	2	750.00
	2 Year	1	375.00
Repayable in Bullet			
Interest Rate - 5.15% (Repo)	< 1 Year	4	28,200.00
Total secured			**32,813.00**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

Unsecured

(₹ in lakhs)

Rate of Interest	Maturity	Installments	Amount Outstanding as on March 31, 2020
Borrowings from Banks - (b)			
Repayable in Quarterly Installments			
Interest Rate - 9.30%	< 1 Year	2	10,000.00
Total			**10,000.00**
Repayable in Bullet			
Interest Rate - 6.20%	< 1 Year	1	2,500.00
Interest Rate - 6.25%	< 1 Year	2	14,000.00
Interest Rate - 6.50%	< 1 Year	2	11,185.59
Interest Rate - 6.30%	< 1 Year	1	10,000.00
Interest Rate - 6.75%	< 1 Year	1	5,000.00
			42,685.59
Borrowings from Others - (c)			
Repayable in Monthly Installments			
Interest Rate - 9.55%	< 1 Year	12	10,080.00
	2 Year	5	4,040.00
Interest Rate - 4.15%	< 1 Year	12	1,368.00
	2 Year	12	1,368.00
	3 Year	7	808.00
Interest Rate - 9.98%	< 1 Year	12	15,120.00
	2 Year	5	6,060.00
			38,844.00
Repayable in Quarterly Installments			
Interest Rate - 8.15%	< 1 Year	4	2,664.00
	2 Year	4	2,664.00
	3 Year	4	2,006.00
Interest Rate - 9.00%	< 1 Year	2	10,000.00
	2 Year	3	15,000.00
			32,334.00
Repayable in Half Yearly Installments			
Interest Rate - 8.35%	< 1 Year	3	7,650.00
Interest Rate - 8.75%	< 1 Year	6	35,000.00
Interest Rate - 8.85%	< 1 Year	1	1,000.00
Interest Rate - 9.15%	< 1 Year	2	9,000.00
	2 Year	2	5,250.00
	3 Year	2	1,500.00
	4 Year	1	750.00
Interest Rate - 9.25%	< 1 Year	4	20,000.00
	2 Year	4	20,000.00
	3 Year	4	20,000.00
	4 Year	4	20,000.00
Interest Rate - 9.30%	< 1 Year	2	15,000.00
	2 Year	2	9,500.00
	3 Year	2	2,000.00
	4 Year	1	1,000.00
Interest Rate - 9.60%	< 1 Year	2	6,000.00
	2 Year	2	6,000.00
	3 Year	2	6,000.00
	4 Year	1	3,000.00
Interest Rate - 8.90%	< 1 Year	2	33,333.00
	2 Year	1	16,667.00
Total			**2,38,650.00**
Total Unsecured			**3,62,513.59**
Total Borrowings as on March 31, 2020*			**3,95,326.59**

* The difference in total borrowings as per "Borrowing Repayment Schedule and as per Note No. 13 "Borrowings (Other than Debt Securities)" is on account of deferment of processing fee paid on borrowings as per Ind AS 109.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

NOTE 14 - DEPOSITS

(₹ in lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	At Amortised Cost	At Fair Value through Profit and Loss	Total	At Amortised Cost	At Fair Value through Profit and Loss	Total
Demand Deposits						
(i) From Banks	1,947.65	-	1,947.65	806.44	-	806.44
(ii) From Others	42,340.07	-	42,340.07	22,038.11	-	22,038.11
(iii) Public Deposits	-		-	-		-
Savings deposits	2,25,664.94	-	2,25,664.94	1,23,099.21	-	1,23,099.21
Term deposits						
(i) From Banks	4,15,349.85	-	4,15,349.85	3,60,362.17	-	3,60,362.17
(ii) From Others	5,78,520.94	-	5,78,520.94	4,74,602.37	-	4,74,602.37
(iii) Certificate of Deposits	40,713.97	-	40,713.97	84,650.53	-	84,650.53
Total	**13,04,537.42**	**-**	**13,04,537.42**	**10,65,558.82**	**-**	**10,65,558.82**
Deposits of branches in India	13,04,537.42	-	13,04,537.42	10,65,558.82	-	10,65,558.82
Deposits of branches outside India	-	-	-	-	-	-
Total	**13,04,537.42**	**-**	**13,04,537.42**	**10,65,558.82**	**-**	**10,65,558.82**
Deposits -non-interest bearing	44,287.72	-	44,287.72	22,844.54	-	22,844.54
Deposits - interest bearing	12,60,249.70	-	12,60,249.70	10,42,714.28	-	10,42,714.28
Total	**13,04,537.42**	**-**	**13,04,537.42**	**10,65,558.82**	**-**	**10,65,558.82**

The deposits have not been guaranteed by directors or others.

There has been no default in repayment of deposits and interest thereon.

The deposit rates of the Bank as on March 31, 2021 are as follows:

- Savings Deposits Interest Rates : 4% to 7% -Savings Deposits Interest Rates : 4% to 7% (Previous year : 4%)
- Fixed Deposits Interest Rates : 3.05% to 6.75% (Previous year : 5.5% to 8.1%)
- Recurring Deposits Interest Rates : 5.20% to 6.75% (Previous year : 6.5% to 8.0%)

NOTE 15 - OTHER FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Financial Liabilities		
Payable to Related Parties	-	-
Interest accrued on deposits and borrowings	11,563.51	14,193.11
Bills Payable	19,644.21	4,811.34
Others	252.70	263.21
Total	**31,460.42**	**19,267.66**

NOTE 16 - CURRENT TAX LIABILITIES (NET)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current Tax Liabilities	-	15.31
Total	**-**	**15.31**

NOTE 17 - PROVISIONS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Provisions for Employee Benefits		
Provision For Gratuity	1,023.18	1,502.47
Provision For Leave Encashment	4,297.10	3,175.92
Total	**5,320.28**	**4,678.39**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

NOTE 18 - OTHER NON FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Non Financial Liabilities		
Unclaimed dividend	9.06	7.17
Employee benefits payable	1,816.92	1,439.09
Statutory remittances	1,623.69	1,527.60
Others	327.38	316.43
Total	**3,777.05**	**3,290.29**

NOTE 19 - EQUITY SHARE CAPITAL

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Equity share capital		
Authorised Share capital :		
125,000,000 (March 31, 2020: 125,000,000) Equity Shares of ₹ 10 each	12,500.00	12,500.00
Issued and subscribed capital comprises:		
121,655,986 (March 31, 2020: 121,603,226) Equity Shares of ₹10 each	12,165.60	12,160.32
Total issued, subscribed and fully paid-up share capital	**12,165.60**	**12,160.32**

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year:

Equity Share Capital

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares (In lakhs)	Amount (₹ in Lakhs)	Number of shares (In lakhs)	Amount (₹ in Lakhs)
Balance as at the beginning of the year	1,216.03	12,160.32	1,211.67	12,116.67
Add: Shares issued during the year - Stock options	0.53	5.28	4.36	43.65
Balance outstanding as at the end of the year	**1,216.56**	**12,165.60**	**1,216.03**	**12,160.32**

(ii) Rights, preferences and restrictions attached to shares:

The Company has only one class of equity shares with voting rights (one vote per share). The distribution of dividend is in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

As the Company has not issued any bonus shares and do not have any securities that are convertible into equity shares, the said disclosures pursuant to Schedule III requirements are not applicable.

(iii) Details of shares held by each shareholder holding more than 5% Equity Shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares (In lakhs)	% holding in the class of shares	Number of shares (In lakhs)	% holding in the class of shares
Ardisia Limited	120.66	9.92%	120.66	9.92%
Alena Private Limited	84.54	6.95%	101.83	8.37%
NewQuest Asia Investments II Limited	62.87	5.17%	62.87	5.17%

(iv) Information relating to Employee stock option plan (ESOP) including details of options issued, exercised and lapsed during the year and options outstanding at the end of the reporting year is set out in note 35.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

NOTE 19A - OTHER EQUITY

(₹ in lakhs)

Particulars	Attributable to Owners of Ujjivan Financial Services Limited								
	Share Application Money Pending Allotment	Reserves and Surplus					Total Reserves & Surplus	Non-Controlling Interests	Total
		Statutory Reserve*	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account			
Balance at April 1, 2019	24.30	16,247.98	1,10,120.99	46,001.33	-	3,256.85	1,75,651.55	-	1,75,651.55
Transition Date Impact	-	-	-	(4,120.41)	-	-	(4,120.41)	-	(4,120.41)
Add : Profit for the year				28,229.44			28,229.44	1,636.43	29,865.87
Add : Other Comprehensive Income / (Loss) for the year				(274.67)			(274.67)	(6.52)	(281.19)
Total comprehensive income for the year				23,834.36			23,834.36	1,629.91	25,464.27
Appropriation to statutory reserve	-	6,596.64	-	(6,596.64)	-	-	-	-	-
Add: Employee stock option plan expense for the year	-	-	-	-	-	3,168.06	3,168.06	-	3,168.06
Less: Grants exercised during the year	-	-	-	-	-	(98.50)	(98.50)	-	(98.50)
Less: Transferred to General Reserve for vested options lapsed during the year	-	-	-	-	302.67	(302.67)	-	-	-
Transaction with owners in their capacity as owners									
Consideration received on dilution of stake in subsidiary	-	-	-	-	-	-	-	1,01,001.91	1,01,001.91
Gain on dilution of stake in subsidiary	-	-	-	69,512.09	-	-	69,512.09	(69,512.09)	-
Add : Share application money received	458.57	-	-	-	-	-	458.57	-	458.57
Less : Shares allotted during the year	(43.65)	-	-	-	-	-	(43.65)	-	(43.65)
Less: Premium on shares allotted during the year	(431.07)	-	-	-	-	-	(431.07)	-	(431.07)
Add : Premium on shares issued during the year on stock options	-	-	529.57	-	-	-	529.57	-	529.57
Less: Dividend distributed during the year	-	-	-	(546.22)	-	-	(546.22)	-	(546.22)
Less: Dividend distribution tax	-	-	-	(232.55)	-	-	(232.55)	-	(232.55)
As at March 31, 2020	**8.15**	**22,844.62**	**1,10,650.56**	**1,31,972.37**	**302.67**	**6,023.74**	**2,71,802.11**	**33,119.73**	**3,04,921.84**
Balance at April 1, 2020	8.15	22,844.62	1,10,650.56	1,31,972.37	302.67	6,023.74	2,71,802.11	33,119.73	3,04,921.84
Transition Date Impact	-	-	-	-	-	-	-	-	-
Add : Loss for the year				(19,876.25)			(19,876.25)	(4,034.45)	(23,910.70)
Add : Other Comprehensive Income for the year				133.56			133.56	26.75	160.32
Total comprehensive income / (Loss) for the year				(19,742.69)			(19,742.69)	(4,007.70)	(23,750.38)
Appropriation to statutory reserve	-	59.00	-	(59.00)	-	-	-	-	-
Add: Employee stock option plan expense for the year	-	-	-	-	-	2,561.38	2,561.38	10.70	2,572.08
Less: Grants exercised during the year	-	-	-	-	-	(46.91)	(46.91)	-	(46.91)
Less: Transferred to General Reserve for vested options lapsed during the year	-	-	-	-	729.74	(729.74)	-	-	-

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

(₹ in lakhs)

Particulars	Attributable to Owners of Ujjivan Financial Services Limited								
	Share Application Money Pending Allotment	Reserves and Surplus					Total Reserves & Surplus	Non-Controlling Interests	Total
		Statutory Reserve*	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account			
Transaction with owners in their capacity as owners									
Consideration received on dilution of stake in subsidiary	-	-	-	-	-	-	-	-	-
Gain on dilution of stake in subsidiary	-	-	-	-	-	-	-	32.08	32.08
Add : Share application money received	69.33	-	-	-	-	-	69.33	-	69.33
Less : Shares allotted during the year	(5.28)	-	-	-	-	-	(5.28)	-	(5.28)
Less: Premium on shares allotted during the year	(72.07)	-	-	-	-	-	(72.07)	-	(72.07)
Add : Premium on shares issued during the year on stock options	-	-	118.99	-	-	-	118.99	-	118.99
Less: Dividend distributed during the year	-	-	-	(972.91)	-	-	(972.91)	-	(972.91)
Less: Dividend distribution tax	-	-	-	-	-	-	-	-	-
As at March 31, 2021	**0.13**	**22,903.62**	**1,10,769.55**	**1,11,197.77**	**1,032.41**	**7,808.47**	**2,53,711.95**	**29,154.81**	**2,82,866.76**

*** Statutory Reserve :**
The Holding Company has to transfer 20% of the profit after tax and the subsidiary has to transfer 25% of the profit after tax to the statutory reserves in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934. The same will be utilised in accordance with the provisions of the Reserve Bank of India Act, 1934.

Securities Premium Reserve :
Securities Premium Reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act, 2013.

Shares options outstanding account :
The share options outstanding account is used to recognise the grant date fair value of options issued to employees under the Company's Employees stock option plan.

NOTE 20A - INTEREST INCOME

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on deposits with banks	**3,318.96**	772.58
Interest on loans	**2,75,952.87**	2,66,560.53
Interest income from investments	**17,297.61**	13,869.83
Other interest income	**209.29**	161.05
Total	**2,96,778.73**	**2,81,363.99**

Note 1: Investment includes central government securities, treasury bills, money market instruments, units and debentures.
Note 2: The entire interest income has been accrued at Effective Interest Rate on assets measured at amortised cost.

NOTE 20B - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company has recognised the following amounts relating to revenue in the statement of profit or loss:

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Revenue from contracts with customers	**1,985.13**	2,033.37
(b) Revenue from other sources	**2,875.19**	2,439.00
Total revenue	**4,860.32**	**4,472.37**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

(i) Disaggregation of revenue from contracts with customers

(₹ in lakhs)

Particulars	Insurance charges	Other commissions and charges	Total
For the year ended March 31, 2021			
Revenue from external customers	1,985.13	2,875.19	4,860.32
	1,985.13	**2,875.19**	**4,860.32**
Timing of revenue recognition			
- At a point in time	1,985.13	2,875.19	4,860.32
- Over time	-	-	-
	1,985.13	**2,875.19**	**4,860.32**
For the year ended March 31, 2020			
Revenue from external customers	2,033.37	2,439.00	4,472.37
	2,033.37	**2,439.00**	**4,472.37**
Timing of revenue recognition			
- At a point in time	2,033.37	2,439.00	4,472.37
- Over time	-	-	-
	2,033.37	**2,439.00**	**4,472.37**

(ii) Performance obligations

The Group provides group and individual insurance policies to its customers for which the Group is entitled to a commission from the insurance company. The performance obligation of the Group is sale of insurance policy, which is fulfilled at a point in time. Also, the Group charges its customers for the savings bank, ATM and other services. The performance obligation of the Group is fulfilled at a point in time as the service is completed.

There are no material unsatisfied performance obligations or reconciling items between the amounts recognised as revenue and contract price as at March 31, 2021 and March 31, 2020.

NOTE 20C - NET GAIN/LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit on sale of investments -Central Govt Securities	4,959.04	139.92
Total	**4,959.04**	**139.92**

NOTE 21 - OTHER INCOME

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net gain/(loss) on derecognition of property, plant and equipment	926.67	128.04
Profit on sale of current investments	-	0.07
Others		
(i) PSLC Income	5,785.45	4,530.36
(ii) Gain on sale of Mutual Fund	635.58	413.38
(iii) Others	4,153.76	5,889.62
Total	**11,501.46**	**10,961.47**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

NOTE 22 - FINANCE COST

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest on Lease liability	5,083.07	5,255.76
Interest on debt securities	-	259.43
Interest on borrowings	29,754.92	33,420.60
Interest on deposits	77,257.10	72,173.71
Interest on subordinated loans	-	382.19
Total	**1,12,095.09**	**1,11,491.69**

Finance cost is towards financial liabilities measured at Amortised Cost at their effective interest rate.

NOTE 23 - IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
On Advances	1,16,516.66	17,429.14
On Investments	2.36	17.19
Total	**1,16,519.02**	**17,446.33**

NOTE 24 - EMPLOYEE BENEFITS

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages including bonus	65,126.82	61,440.86
Contributions to provident and other funds	4,389.84	4,257.78
Gratuity	1,230.25	1,126.80
Employee Share Based Payments	2,572.08	3,977.63
Staff Welfare	2,590.99	2,667.84
Total	**75,909.98**	**73,470.91**

NOTE 25 - DEPRECIATION AND AMORTISATION EXPENSE

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on fixed assets (refer note 9)	4,927.40	5,107.20
Amortisation on software (refer note 10A)	2,753.78	2,157.55
Depreciation on Right to use asset (refer note 10)	9,309.16	9,334.59
Total	**16,990.34**	**16,599.34**

NOTE 26 - OTHER EXPENSES

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rent	(1,202.93)	641.40
Taxes and energy costs	1,633.02	1,790.01
Repairs and maintenance	6,243.32	5,959.89
Corporate Social Responsibility (Refer note (ii) below)	556.20	753.06
Communication costs	2,407.85	2,445.68
Postage & courier	665.65	974.06
Printing and stationery	1,312.40	2,557.65
Advertisement and publicity	511.18	2,032.36
Director's fees, allowances and expenses	201.88	171.27
Auditor's fees and expenses (Refer note (i) below)	108.82	104.35
Legal and Professional charges	1,271.72	1,594.87
Travelling & conveyance expenses	3,148.58	5,195.43
Insurance	1,071.29	701.19
Other expenditure	10,588.90	11,417.35
Total	**28,517.88**	**36,338.57**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

NOTE 26(I) - DETAILS OF PAYMENTS TO AUDITOR

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Audit services	51.96	50.64
Tax audit	3.12	2.09
Other services	52.96	46.19
Reimbursement of expenses and levies	0.78	5.43
Total	**108.82**	**104.35**

NOTE 26(II) - CORPORATE SOCIAL RESPONSIBILITY

i) Gross amount required to be spent by the company during the financial year ended March 31, 2021 is Rs 498.38 lakhs(March 31, 2020: Rs. 402.16 lakhs).

ii) **Amount spent during the year 2020-21 on :**

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	556.20	-	556.20

Amount spent during the year 2019-20 on :

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	753.06	-	753.06

NOTE 27 - CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Claims not acknowledged as debts	2,458.25	55.33
Guarantees given on behalf of constituents - in India	25.00	475.00
Capital commitments not provided (Including DEAF)	1,572.72	1,563.32
Total	**4,055.97**	**2,093.65**

The Claims against the Bank not acknowledged as debts, amounting to ₹ 2,458.25 lakhs comprises of the following:

1 During the year ended March 31, 2017, the Bank had received demand order from Service Tax authorities against show cause notices. The order pertains to applicability of Service Tax on Securitization. The amount of service tax demand aggregated to ₹ 42 Lakhs (plus penalty and interest, as applicable) (Previous year : ₹ 42 Lakhs).

2 The Bank received an Intimation Order proposing an adjustment for delay in deposit of employee PF contribution u/s 36 (1)(va) for an amount of ₹ 442 Lakhs (Tax impact being ₹ 129 Lakhs).

3 The Bank received notice on March 16, 2021, regarding non-remittance of statutory Provident Fund (PF) dues on the applicable wage components from February 2017 till March 2019 amounting to ₹ 2,270 Lakhs. Bank have filed the initial responses to PF commissioner and contented that said notice doesn't have a stand based on definition of basic wages under EPF ACT, and various case laws. However, due to ongoing pandemic the hearing have been adjourned until further notice. Since the possibility of liability is remote and Bank may challenge the same before appropriate authority, therefore no provision has been made in the books.

4 Other legal cases against the bank ₹ 17 Lakh. (Previous year : ₹ 13 Lakh)

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

NOTE 28 - CURRENT TAX AND DEFERRED TAX

Income Tax recognised in Statement of profit and loss

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current Tax:		
In respect of current year	17,199.29	11,572.18
In respect of prior years	(4.07)	3.45
Deferred Tax:		
Charged through Profit and Loss	(25,217.27)	149.41
Charged through Other Comprehensive Income	53.93	(94.27)
Total income tax expense recognised in the Statement of profit and loss	**(7,968.13)**	**11,630.77**

Movement in deferred tax balances

(₹ in lakhs)

Particulars	For the year ended March 31, 2021			
	Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Depreciation and Amortisation	(1,013.08)	(7.23)	-	(1,020.31)
	(1,013.08)	(7.23)	-	(1,020.31)
Tax effect of items constituting deferred tax assets				
Provision for employee benefits	605.70	1,804.39	(53.93)	2,356.17
ECL provision on advances and investments	2,600.92	25,685.12	-	28,286.04
Deduction U/s 80JJAA of Income Tax Act, 1956	1,291.63	(821.32)	-	470.31
Deferred income	3,057.42	(1,458.33)	-	1,599.09
Others	2,377.95	14.68	-	2,392.63
	9,933.62	25,224.54	(53.93)	35,104.24
Net Tax Asset / (Liabilities)	**8,920.54**	**25,217.27**	**(53.93)**	**34,083.93**

(₹ in lakhs)

Particulars	For the year ended March 31, 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Depreciation and Amortisation	(1,615.32)	602.24	-	(1,013.08)
	(1,615.32)	602.24	-	(1,013.08)
Tax effect of items constituting deferred tax assets				
Provision for Employee benefits	528.43	(17.30)	94.27	605.70
ECL provision on advances and investments	4,207.49	(1,606.57)	-	2,600.92
Deduction U/s 80JJAA of Income Tax Act, 1956	1,144.18	147.45	-	1,291.63
Deferred income	2,681.63	375.79	-	3,057.42
Others	643.18	1,734.77	-	2,377.95
	9,204.91	634.14	94.27	9,933.62
Net Tax Asset / (Liabilities)	**7,589.59**	**1,236.38**	**94.27**	**8,920.54**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

NOTE 29 - EMPLOYEES BENEFIT PLANS

Post Employment Benefit Plans

Defined contribution plans- Provident Fund

The Group makes the provident fund contributions for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any contractual obligations.

Defined Benefit Obligations (DBO)- Gratuity

The Gratuity scheme is a final salary defined benefit plan, that provides for a lump sum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the period of service at the time of separation and paid as lump sum. There is a vesting period of 5 years.

(i) Risk Exposure

The design entails the following risks that affect the liabilities and cash flows

1. Interest rates risk : the defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
2. Demographic risks: this is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.
3. Salary inflation risk: higher than expected increases in salary will increase the defined benefit obligation.
4. Asset Liability Mismatch. This will come into play unless the funds are invested with a term of the assets replicating the term of the liability.

Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.

Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative Risk/Regulatory Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation And the same will have to be recognized immediately in the year when any such amendment is effective.

Amount recognised in the statement of profit and loss in respect of gratuity cost (defined benefit plan) is as follows:

Notes to the Consolidated Financial Statements
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(ii) Amount recognised in the Balance Sheet and the movements in the net benefit obligation over the year are as follows:

Components of Employer expense

(₹ in lakhs)

	Service Cost	March 31, 2021	March 31, 2020
1	Current service Cost	1,181.80	1,101.32
	Total Service Cost	**1,181.80**	**1,101.32**
	Net Interest Cost		
2	Interest Expense on DBO	279.94	194.70
3	Interest (Income on Plan Asset)	(231.66)	(169.22)
	Total Net Interest	**48.28**	**25.48**
4	Administrative Expenses/Taxes/Insurance Cost/Exchange Rate cost	0.17	-
	Defined Benefits cost included in P&L	**1,230.25**	**1,126.80**

(iii) Remeasurement effects

(₹ in lakhs)

	Remeasurement effects recognized in other comprehensive income (OCI)	March 31, 2021	March 31, 2020
1	Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	49.62	(33.45)
2	Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(19.34)	395.90
3	Actuarial (Gain)/ Losses due to Experience on DBO	(86.83)	(78.66)
4	Return on Plan Assets (Greater) / Less than Discount rate	(150.00)	91.96
	Total actuarial (gain)/loss included in OCI	**(206.55)**	**375.76**
	Total cost recognised in P&L and OCI (Defined Benefit Cost)		
5	Cost Recognised in P&L	1,230.25	1,126.80
6	Remeasurement Effect Recognised in OCI;	(206.55)	375.76
	Total Defined Benefit Cost	**1,023.70**	**1,502.56**

(iv) The net liability disclosed above related to funded plans are as follows:

(₹ in lakhs)

	Net Asset/(Liability) Recognised in Balance Sheet –	March 31, 2021	March 31, 2020
1	Present value of Funded Obligation	5,624.72	18.20
2	Fair Value of Plan Assets	4,613.48	2,961.25
3	Present value of Unfunded obligation	-	4,445.52
	Funded status [Surplus/(Deficit)]	**(1,011.24)**	**(1,502.47)**
4	Outstanding unpaid Gratuity	11.94	-
	Net Liability	**(1,023.18)**	**(1,502.47)**
	Recognised in balance sheet	**(1,023.18)**	**(1,502.47)**

(v) The amount recognized in the balance sheet and the movement in the net defined benefit obligation

(₹ in lakhs)

	Change in DBO over the year ending on	March 31, 2021	March 31, 2020
1	Present value of DBO at beginning (opening)	4,463.72	3,116.32
2	Interest Cost	279.94	194.70
3	Current Service Cost	1,181.80	1,101.32
4	Benefits Payouts from plan	(230.97)	(232.41)
5	Acquisitions/Divestures/Transfer	(1.26)	-
6	Actuarial (Gains)/Loss	(56.57)	283.79
7	Outstanding unpaid Gratuity	(11.94)	-
	Present Value Of DBO at the ending year	**5,624.72**	**4,463.72**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

(vi) Reconciliation of Opening & Closing of Plan Assets

(₹ in lakhs)

	Particulars	March 31, 2021	March 31, 2020
1	Fair Value of Plan Assets at end of prior year	2,961.25	2,331.07
2	Difference in opening Value	0.40	0.35
3	Employer Contribution	1,502.96	785.34
4	Expected Interest income of assets	231.66	169.22
5	Transfer Out / Divestures	(1.26)	-
6	Benefits Payouts from plan	(230.97)	(232.41)
7	Admin expenses /Taxes paid from plan assets	(0.17)	-
8	Actuarial gain/(Loss)	149.60	(92.32)
9	Fair Value of assets at the End	4,613.48	2,961.25
10	**Actual Return on Plan Assets**	**381.26**	**77.26**

The Group has started funding the liability through the medium of an insurance Group. Regular assessment is made by the insurance co. of the increase in liability under certain assumptions and contributions are being made to maintain the fund and subject to credit risk of the insurance Group & asset liability mismatch risk of the investments the Group will be able to meet the past service liability on the valuation date that fall due during the next 10 years.

(vii) Expected Contributions to the plan for the next annual reporting period.

(₹ in lakhs)

	Information on the maturity profile of the liabilities given below	March 31, 2021	March 31, 2020
1	Weighted average duration of the DBO	9.61	10.26
2	Projected Benefit Obligation	5,636.65	4,463.73
3	Accumulated Benefits Obligation	2,303.35	2,526.61

(viii) Five Year Pay-outs

(₹ in lakhs)

Particulars	March 31, 2021	
	Discounted values / Present value	Undiscounted values/ Actual value
Year (I)	522.07	545.90
Year (II)	403.40	449.95
Year (III)	332.50	394.55
Year (IV)	276.63	348.90
Year (V)	225.25	302.65
Next 5 Year Payouts (6-10Yrs)	707.22	1,126.98
Payouts Above Ten Years	3,169.59	9,083.42
Vested benefit Obligation as on March 31, 2021	3,926.19	

(ix) Major Categories of Plan Asset

As a percentage of the fair value

Assets Distribution

(₹ in lakhs)

	As at	March 31, 2021	March 31, 2020
		Percentages	
1	Govt Securities(Central & State)	-	-
2	High quality Corporate Bonds	-	-
3	Equity shares of Listed Co's	-	-
4	Property	-	-
5	Special deposits	-	-
6	Others (other investments, bank balance etc.)	-	-
7	Assets under Insurance Schemes	100%	100%
	Total	**100%**	**100%**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

(x) Key Assumptions

One of the principal assumptions is the discount rate, which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Actuarial Assumptions:

Salary Escalation:

In projecting the salary increases there are three factors to consider - first is inflation level leading to a general change in salary level. The other two are career progression of the employees & productivity gains for the organization. Where appropriate the salary increases, a periodic salary experience study with the client's data will be conducted as an input for the client, when setting the assumption.

Demographic Assumptions:

For Attrition / Withdrawal

Withdrawal rates, both at early durations of service and near retirement date, not only have a significant impact on estimates of 'liability' and 'contributions' (more than of mortality in service) but are most difficult to estimate. The past may not be a guide to the future. Even if the past experience can be statistically analyzed and produce some meaningful rates, the future experience of withdrawals will depend on general economic conditions as also the particular conditions affecting the given employer's business. Furthermore, withdrawal rates differ significantly from scheme to scheme and within a scheme from year to year. We examine these rates and any other information available and use best possible judgment to cater to the long term nature of the actuarial estimates being is carrying out.

The financial and demographic assumptions employed for the calculations as at the end of previous period and current period are as follows:

	Assumption	March 31, 2021	March 31, 2020
1	Discount rate	6.40% - 6.44%	6.40%
2	Expected return on assets	6.40%	6.40%
3	Salary Escalation	9.00%	9.00%
4	Attrition Rate	19.69% - 24.29%	20.84%
5	Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	

	Demographic Assumptions	March 31, 2021	March 31, 2020
1	Disability:	5% of mortality rate rates	5% of mortality rate rates
2	Attrition rate:	19.69% - 24.29%	20.84%
3	Retirement age:	60 years	60 years

Sensitivity Analysis

		% increase in DBO	Liability	Increase In DBO
1	Discount rate +100 basis points	(8.45%)	5,149.43	(475.30)
2	Discount rate -100 basis points	10.47%	6,213.70	588.97
3	Salary growth +100 basis points	9.11%	6,137.20	512.47
4	Salary growth -100 basis points	(7.59%)	5,197.87	(426.85)
5	Attrition rate +100 basis points	(2.18%)	5,502.11	(122.62)
6	Attrition rate-100 basis points	2.90%	5,787.75	163.02
7	Mortality rate 10% up	(0.15%)	5,633.43	8.71

Notes to the Consolidated Financial Statements
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NOTE 30 - SEGMENT INFORMATION

30.1 (i) Products and services from which reportable segments derive their revenues

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. The Company's CODM is the Managing Director and CEO of the Holding Company.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of products, and in respect of the 'Banking' operations, the information is further analysed based on the different categories of customers. The CODM has chosen to organise the group around differences in products and services.

The following operating segments namely Micro Finance, Rural Finance, Housing loans, Micro and Small Enterprise loans, Personal Loans, Vehicle Loans and Institutional Loans are aggregated as 'Banking' into a single operating segment taking into account the following factors:

- these operating segments have similar long-term gross profit margins;
- these operating segments operate in similar regulatory environment;
- the type or class of customer for their products and services; and
- the methods used to distribute the products to the customers are the same.

Specifically, the Company's reportable segment under Ind AS 108 is as follows:

Banking Segment provides loans to customers and raises deposits from loan customers. Revenues of the Banking segment are derived from interest earned on retail loans and processing fees earned. Expenses of this segment primarily comprise interest expense on deposits & Borrowings, infrastructure and premises expenses for operating the branch network, personnel costs, credit costs, other direct overheads and allocated expenses.

Others include NBFC Operations of the Group.

30.2 Segment revenues and results

(₹ in lakhs)

The following is an analysis of the Company's revenue and results by reportable segment.	For the year ended March 31, 2021		
	Banking	Others	Total
Total segment revenue	3,18,051.64	47.91	3,18,099.55
Inter-Segmental revenue	-	-	-
Revenue from external customers	3,18,051.64	47.91	3,18,099.55
	3,18,051.64	**47.91**	**3,18,099.55**

(₹ in lakhs)

Segment results	For the year ended March 31, 2021		
	Banking	Others	Total
Profit before income tax	(31,524.98)	(407.78)	(31,932.76)

(₹ in lakhs)

The following is an analysis of the Company's revenue and results by reportable segment.	For the year ended March 31, 2020		
	Banking	Others	Total
Total segment revenue	2,96,937.75	-	2,96,937.75
Inter-Segmental revenue	-	-	-
Revenue from external customers	2,96,937.75	-	2,96,937.75
	2,96,937.75	**-**	**2,96,937.75**

(₹ in lakhs)

Segment results	For the year ended March 31, 2020		
	Banking	Others	Total
Profit before income tax	42,696.88	(1,105.97)	41,590.91

Notes to the Consolidated Financial Statements
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30.3 Segment assets and liabilities

(₹ in lakhs)

Segment assets	For the year ended March 31, 2021		
	Banking	Others	Total
Cash and Bank Balance	2,58,378.29	3,170.83	2,61,549.12
Loans	13,84,741.42	-	13,84,741.42
Investments	2,55,170.64	-	2,55,170.64
Fixed Assets	72,249.98	2.28	72,252.26
Others	46,887.45	69.91	46,957.36
Total Assets	**20,17,427.78**	**3,243.02**	**20,20,670.80**

(₹ in lakhs)

Segment liabilities	For the year ended March 31, 2021		
	Banking	Others	Total
Segment liabilities	17,25,499.48	138.96	17,25,638.44
Total liabilities	**17,25,499.49**	**138.96**	**17,25,638.44**

(₹ in lakhs)

Segment assets	As at March 31, 2020		
	Banking	Others	Total
Cash and Bank Balance	1,34,346.00	96.48	1,34,442.48
Loans	13,93,373.30	-	13,93,373.30
Investments	2,42,920.30	-	2,42,920.30
Fixed Assets	81,945.71	3.41	81,949.12
Others	18,310.67	111.74	18,422.41
Total Assets	**18,70,895.98**	**211.63**	**18,71,107.61**

(₹ in lakhs)

Segment liabilities	As at March 31, 2020		
	Banking	Others	Total
Segment liabilities	15,53,880.95	144.50	15,54,025.45
Total liabilities	**15,53,880.95**	**144.50**	**15,54,025.45**

30.4 Geographical information

The entity is domiciled in India and operates only in India. Hence, no geographical information is required.

30.5 Information about major customers

No single customers contributed 10% or more to the Group's revenue for both FY 2020-21 and FY 2019-20.

NOTE 31 - EARNING PER SHARE

Basic Earnings/ (Loss) Per Equity Share

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Nominal value of equity share (₹)	10	10
Profit after tax - (A) (₹ in lakhs)	(19,876.25)	28,229.44
Weighted average number of shares outstanding (B) (in Lakhs)	1,216.26	1,214.39
Basic earnings per share (₹) - (A/B)	(16.34)	23.25

Diluted Earnings/ (Loss) Per Equity Share

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Nominal value of equity share (₹)	10	10
Profit after tax - (A) (₹ in lakhs)	(19,876.25)	28,229.44
Weighted average number of shares outstanding (B) (in Lakhs)	1,216.26	1,216.14
Diluted earnings per share (₹) - (A/B)	(16.34)	23.21

Notes to the Consolidated Financial Statements
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Weighted Average Number of Shares used as denominator

(₹ in lakhs)

Particulars	March 31, 2021 No. of Shares (in lakhs)	March 31, 2020 No. of Shares (in lakhs)
Weighted Average number of equity shares used as the denominator in calculating basic earnings per share	1,216.26	1,214.39
Adjustments for calculation of diluted earnings per share:		
Options	-	1.75
Weighted Average number of equity shares used as the denominator in calculating diluted earnings per share	**1,216.26**	**1,216.14**

NOTE 32 - LEASING ARRANGEMENTS

Payments recognized as expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rent	(1,202.93)	641.40

The above rent includes low value lease expense.

NOTE 33 - FINANCIAL INSTRUMENTS

33.1 Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders. The capital structure of the Company consists of equity only. The Management of the Company reviews the capital structure of the Group on a annual basis. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group's Material Subsidiary or the Bank is subject to the capital adequacy requirements of the Reserve Bank of India (RBI), which are primarily based on the capital adequacy accord reached by the Basel Committee of the Bank of International Settlements (Basel Committee). Under RBI's capital adequacy guidelines, the Subsidiary is required to maintain a minimum ratio of total capital to risk adjusted assets as determined by a specified formula, at least half of which must be Tier 1 capital, which is generally shareholders' equity.

Following is Group's Material Component's Capital as provided internally to key management personnel.

	March 31, 2021	March 31, 2020
Capital Adequacy	21.65%	28.82%
CET 1 Capital	18.67%	26.16%
Tier I Capital	20.40%	28.01%
Tier II Capital	1.25%	0.80%

The Group has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by RBI.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

33.2 Financial instruments by category

(₹ In Lakhs)

	March 31, 2021			March 31, 2020		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Investments	-	31,369.01	2,23,801.63	-	10.00	2,42,910.30
Cash & Cash equivalents and Other Bank balances	-	-	2,61,549.12	-	-	1,34,442.48
Loans	-	-	13,84,741.42	-	-	13,93,373.30
Other Financial Assets	-	-	3,274.70	-	-	3,068.80
Total Financial Assets	**-**	**31,369.01**	**18,73,366.87**	**-**	**10.00**	**17,73,794.88**
Financial liabilities						
Trade Payable	-	-	5,160.55	-	-	6,405.39
Borrowings	-	-	3,24,717.75	-	-	3,95,261.60
Deposits	-	-	13,04,537.42	-	-	10,65,558.82
Lease Liability	-	-	50,664.97	-	-	59,547.99
Others	-	-	31,460.42	-	-	19,267.66
Total Financial liabilities	**-**	**-**	**17,16,541.11**	**-**	**-**	**15,46,041.46**

33.3 Financial risk management

The Group is exposed to credit risk, market risk and liquidity risk. The following notes explains the sources of risks which the Group is exposed to and how it manages the risks in the financial statements. UFSL is not exposed to market risk and credit risk, and hence the disclosures pertain only to the significant component i.e., USFB (Bank). Both UFSL and USFB are exposed to liquidity risk. Consequently, Management has used the 'bank' wherever the disclosure pertain to the significant component and used the word group where it pertain to the consolidated financial statements.

33.4 Market risk

Market Risk is the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market process, in particular, changes in interest rates, exchange rates and equity and commodity prices. In line with the regulatory requirements, the Bank has in place a Board approved Market Risk Management and ALM policy in place. The Policy provides the framework for computation of security valuation, modified duration and PV01.

33.5 Interest rate risk

The major market risk facing the Bank is Interest Rate Risk in the Banking Book (IRBB) as the Bank currently does not have exposure to Equity, Commodity or Foreign Exchange. IRBB is measured using both the Traditional Gap approach and Duration Gap approach to calculate the impact of change in interest rates on both profit and equity. The Interest Rate in the Banking Book (IRBB) is managed by bringing the impact of change in interest rates on the profit and equity to the notice of Asset Liability Management Committee (ALCO) on a monthly basis and recommending necessary business measures to reduce the volatility in both profit and equity. The directives of ALCO regarding the same are then intimated to the relevant stakeholders.

33.5.1 Exposure to interest rate risk

The interest rate risk in banking book is measured using both the Traditional Gap approach and Duration Gap approach to calculate the impact of change in interest rates on both profit and equity which is given in tables below for the period of March-2021 and March-2020 respectively.

Traditional Gap Approach- March 31, 2021

(₹ In Lakhs)

Particulars	1-28 days	29d-3m	3-6m	6m-1y	Total
Risk Sensitive Assets	2,45,278.33	1,63,904.29	2,29,790.53	4,47,161.77	10,86,134.92
Risk Sensitive Liabilities	1,60,338.19	2,53,411.47	2,30,598.65	5,80,965.70	12,25,314.01
Gap	84,940.14	(89,507.18)	(808.12)	(1,33,803.93)	(1,39,179.09)
Remaining maturity in days	351.00	304.00	230.00	95.00	980.00
Earnings at risk (EaR) for 2% increase in interest rates	1,633.64	(1,490.97)	(10.18)	(696.51)	(564.02)

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Traditional Gap Approach- March 31, 2020

(₹ In Lakhs)

Particulars	1-28 days	29d-3m	3-6m	6m-1y	Total
Risk Sensitive Assets	1,29,915.37	1,29,806.48	2,67,476.08	4,76,460.81	10,03,658.74
Risk Sensitive Liabilities	1,00,028.15	1,74,269.01	2,14,054.20	4,44,578.96	9,32,930.32
Gap	29,887.22	(44,462.53)	53,421.88	31,881.85	70,728.42
Remaining maturity in days	351.00	304.00	230.00	95.00	980.00
Earnings at risk (EaR) for 2% increase in interest rates	574.82	(740.64)	673.26	165.96	673.40

Duration Gap approach

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Equity (i.e., Net Worth)	3,21,166.04	2,83,352.12
Computation of Aggregate Risk Sensitive Liabilities	16,95,323.76	15,10,274.28
Computation of Aggregate Risk Sensitive Assets	19,50,645.51	17,54,017.44
Weighted Avg Modified Duration of Risk Sensitive Liabilities across all currencies	0.87	1.02
Weighted Avg Modified Duration of Risk Sensitive Assets across all currencies	1.88	1.53
Modified Duration Gap	1.13	0.65
Change in MVE as % of equity for 200bps change in interest rate	(13.67%)	(8.06%)

33.6 Credit risk

Credit risk in the Bank arises due to default by borrowers on their contractual obligations which results to financial losses. Credit Risk is a major risk in the Bank and the Bank's asset base primarily comprises of microfinance loans; a small but increasing loan portfolio to affordable housing and MSE finance, Financial institutions Group. During the year, the Bank also has launched various products which include Gold Loan, KCC, MSE-Navanirman Loan, etc. Credit Risk in the Bank stems from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, settlement and other financial transactions. The essence of credit risk management pivots around the early assessment of stress, either at a portfolio or an account level, and taking appropriate measures.

33.6.1 Credit risk management

Credit risk in the Bank is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit function. Board approved credit policies and procedures mitigate the Bank's prime risk i.e. default risk. An independent Credit Risk vertical undertaken policy reviews, process reviews and portfolio monitoring as second line of defense. There is a Credit Risk Management Committee(CRMC) in the Bank for the review of the policies, process and products on an ongoing basis, with approval secured from the Board as and when required. There is a robust Credit Risk Management set-up in the Bank at various levels.

1. There are Credit teams to ensure implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information/loan closure documents, as the case may be, and highlight early warning signals and industry developments enabling pro-active field risk management.

2. The credit teams of each vertical do the independent credit assessment in line with the credit policy of the Bank. There are defined processes for credit assessment of each product in the Bank. The credit sanction is done through a delegation matrix where credit sanctioning powers are defined for various levels. All big ticket loans i.e. Rs.75 lakhs & above in Housing and Rs. 2 Crs & above in MSE, are approved by the Credit Approval Committee. All loans to financial institutions are also approved by this Committee.

3. Portfolio analysis and reporting is used to identify and manage credit quality and concentration risks.

4. Credit risk monitoring for the Bank is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. Portfolio monitoring aims towards managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states.

33.6.2 Significant increase in credit risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank measures the loss allowance based on lifetime PD rather than point in time PD. Pending the adoption of scoring models to assess the change in credit status at an account level and at portfolio level, the Bank has adopted SICR (Significant Increase in Credit risk) criteria based on Days Past Due (DPD).The following table lists the staging criteria used in the Bank:

Staging Criterion

Stage-1: 0 – 30 days past due

Stage-2: 31 – 90 days past due

Stage-3: 90+ days past due

Stage 2 follows the rebuttable presumption of Ind AS 109, that credit risk has increased significantly since initial recognition no later than when contractual payments are more than 30 days past due.

33.6.3 Incorporation of forward-looking information

In order to capture the business cycle dependency on the Bank's default rates, the Bank had attempted to model its historical default rates as a function to any macroeconomic variable which can statistically explain a relationship. This typically entails using various forms/types of regression to ascertain if that relationship is statistically significant. If found significant, the historical ECL can then be converted into a forward looking estimate, by incorporating the relationship aspect. The dataset for studying and identifying relationships were populated on quarterly basis. The dataset included the Bank's own trend in defaults over the quarters and various macro-economic variables; the data for which is publicly available with International Monetary Fund and Reserve Bank of India.

The Bank undertook various statistical analysis to identify relationships with default rates. The results were found to be statistically insignificant for the following reasons: 1) Historically, the business model of the Bank has only been affected with increase in default rates due to events such as floods, area specific disturbances and local political intervention. These events are stray events which had not affected the Bank as a whole. Secondly, the customer segment catered by the Bank is largely the unbanked and underbanked population of India. These customers undertake their activities mostly on cash basis and are often excluded in the financial ecosystem as their contribution to the taxable income is quite low. Therefore, the default behaviour of this customer segment can tend to exhibit none to very low relationship to the more formal macro economic indicators . 2) The Bank, like all other companies engaged in microfinance business faced an extra-ordinary situation due to the demonetization of large value currency notes in November 2016 and pandemic Covid-19. Many of the Bank's customers were unable to repay their loan dues from November 2016 onwards due to currency shortage initially, major livelihood disruption and local political agitations. Similar to demonetization, customers across all segment are impacted by Covid-19. The default rates witnessed a huge spike in the next 3-4 months post the event. Although the Bank has made substantial efforts to recover its dues, a majority of the current borrowers in the Bank who are in default are those who stopped paying post this event. This causes a skewness in the data set which largely undermines the ability to build any credible statistical relationship. Since the above mentioned statistical models could not yield any significant results, the Bank has adopted the management overlay approach to define its default cyclicality. Under this approach, the Bank has attempted to calculate its forward looking PD estimates by the use of a scalar. After careful consideration and analysis, the Bank is of the opinion that an event in the likes of Demonetization and pandemic can be deemed as a Black Swann event; and its occurrence in the future is highly unlikely. As explained above, the business model of the Bank is mostly subject to risks emanating from local events in its normal course. One-time events such as Demonetization or Covid-19 is the only example which had caused a Bank wide impact. Furthermore, the newer advances made post demonetization or Covid-19 have exhibited regular repayment track record similar to the track record maintained by the Bank prior to such Black Swan events. Given the above considerations, the Bank has assigned a lower probability for a downturn scenario to accommodate for any business swings cause by events whose economic impact can be to the likes of demonetization or Covid-19.

The Bank has assigned a lower probability of scenario occurrence for downturn scenario and higher probability for upturn scenario respectively. The weighted average scalar is incrementally added to the historical PD term structure.

The scalar has been used to compute forward looking estimates of PD only for the microfinance portfolio of the Bank. Since the other business verticals are of relatively new vintage, a significant portion of the historical default data emanates from microfinance loans. The PD term structures for other loan portfolios are a reflection of the historical default behaviour or benchmarked to RBI dynamic provisioning norms. The forward looking PD estimates are factored in the ECL calculations.

33.6.4 Measurement of ECL

The key inputs used for measuring ECL are:

Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon (12 Month). It is estimated as at a point in time. To compute Expected Credit Loss (ECL) the portfolio is segregated into 3 stages viz. Stage 1, Stage 2 and Stage 3 on the basis of Days Past Dues. The Bank uses 12 month PD for the stage 1 borrowers and lifetime PD for stage 2 and 3 to compute the ECL. The Bank has used different PD computation techniques for each portfolio.

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Loss given default (LGD):LGD is an estimation of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from eligible collateral. The Bank has computed LGD for Microfinance loans using empirical data and for other portfolios the same has been benchmarked to FIRB (Foundation Internal Rating Based) guidelines and Loan Loss Provisioning paper as given by Reserve Bank of India.

Exposure at default (EAD): EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Probability of Default : MSE Loans
The PD analysis tracked the migration behaviour of a static pool of loans active at the end of each quarter (cohorts) across different buckets- Current, 1-30 DPD, 31-90 DPD, 90+ DPD for the 12-month period (performance period).The metrics tracked the active loans of each cohort to understand the performance of the loan accounts. This practice of studying the migration behaviour of loans is known as the Roll Rate Analysis.

Probability of Default : Housing Loans
The Bank has computed PD using historical data through migration analysis. Prior to Covid-19, it was found that the PD estimates were not in cognizance to the inherent risk characteristics exhibited in the industry wide Secured Housing portfolio. Therefore, the Bank adapted the directions of Loan Loss Provisioning RBI paper for estimating its PD until such time the internal data represents the true reflection of the risk characteristics. Post 1 year of Covid-19, the Bank has computed PD for housing portfolio and observed that DR for FY 2020-21 is higher than RBI suggested PD. The Bank has taken an average of RBI suggested PD, DR of FY 2019-20 and DR FY 2020-21 for as PD for Housing Loan for FY 2020-21.

Probability of Default : Microbanking Loans
Micro-Banking Loans cover about 85% of the Bank's loan portfolio. Given the average ticket size and tenor of each loan in this segment, and the resultant large number of individual borrowers in this portfolio, the portfolio was segregated into 14 pools based on homogeneity of borrowers using loan product, occupation and geography as parameters; the borrowers in each pool are homogeneous while each pool is heterogeneous. The Microbanking pools were then analyzed to arrive at the default rates for each of the pools. To arrive at pool-wise PD, 'Vintage Analysis' was done.

Probability of Default : Personal Loans, Two Wheeler Loans, Staff Loans, Agri Loans and FIG Loans
Bank has computed default rate (DR) based on migration analysis for Personal loans. The DR are higher than RBI suggested PD. For ECL computation, the Bank has taken an average of RBI suggested PDs, DR of FY 2019-20 and DR of FY 2020-21. PD for Two Wheeler Loans were taken from Loan Loss Provisioning RBI paper on account of vintage in the Bank . PD for FIG loans was taken as per CRISIL Default Study paper based on the rating of the corporate. Agri Loans PD was arrived at as the average of comparable pools from the Microbanking segment where the borrower was engaged in Agriculture, given the similar characteristics with these pools. Minimum PD of 0.03% was recommended for Staff Loans Gold Loan and MSE Navanirmal Loan (as it is secured by Central Government Guarantee).

Loss Given Default : Micro-Banking Loans
LGD was calculated using monthly NPA data and recovery from the same. Recovery data was mapped to the subsequent months from the respective default month. The recovery made over a period of time was discounted to reflect the present value of recovery. Marginal Recovery rates were computed for each month. Subsequently, the cumulated recovery rates were calculated. Loss Given Default was computed as 1 minus recovery rate. This exercise has been undertaken for every microfinance pool.

Loss Given Default : MSE Loans, Secured Housing Loans, Personal Loans, Two Wheeler Loans, Staff Loans and Agri Loans
LGD for all other loan portfolios, except Microbanking are benchmarked to RBI guidelines. The benchmarking of LGD is an acceptable approach under the FIRB approach to capital calculation.

Exposure at Default :
EAD is the total outstanding balance at the reporting date including principal and accrued interests at the reporting date. For Stage 3 assets, arrear interests are added. Future interest receivables up to the date of default i.e. 90DPD has been computed for Stage 1 and Stage 2 assets to reflect actual EAD. Undrawn commitments, if any, are duly converted into its Credit Equivalent Amount using Credit Conversion Factors(CCF) as prescribed in RBI guidelines.

Expected Credit Loss :
The Bank measures ECL as the product of PD, LGD and EAD estimates for its Ind AS 109 specified financial obligations

Notes to the Consolidated Financial Statements
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33.6.5 Groupings based on shared risks characteristics
Microfinance loans constitute the majority of the portfolio. The Bank has performed segmentation on the Microbanking Loans portfolio based on the below mentioned characteristics:

- Individual loans/group Loans
- Geography(by state)
- Intended purpose of the Loan

The borrowers with homogeneous characteristic were placed in one pool and each pool exhibits heterogeneity. MSE loans were bifurcated into two segments i.e. Secured MSE and Unsecured MSE based on the similar risk characteristics exhibited for the purpose of ECL computation. All other loan portfolios were not bifurcated into groups because of low incidence of default and recent vintage of portfolio.

The Bank uses external benchmark information for portfolios with limited historical data. The table below depicts the portfolios for which external benchmark information represents a significant input into measurement of ECL.

Particulars	External benchmark PD	External benchmark LGD	Additional Details
MSE Loans	Not Applicable	Secured MSE - 50% Unsecured MSE - 65%	RBI IRB circular issued in December 2011
Secured Housing Loans	1.43%	50%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Staff Loans	0.03% (Min reqd PD)	65%	Loan Loss Provisioning RBI paper - Clause 6.1.6
Personal Loans	3.52%	65%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Two Wheeler Loans	3.52%	50%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Financial Institution Group Loans	According to the Credit rating of the borrower	65%	CRISIL Default Study Paper
Debt Securities	0.03% (Min reqd PD)	65%	RBI IRB circular issued in December 2011

Changes done in the wake of COVID-19 Pandemic
1. Microfinance Lending: Covid-19 has severely impacted the microfinance segment. Unlike other natural calamities, Covid-19 has hit total portfolio of the Bank. The Bank is closely monitoring state wise performance of its microbanking customers. States plays a pivotal role in pool creation which is used for ECL computation of MB books. Roll forward rates for each states have been computed using collection efficiency of each states. This reflects stress prevailing in a particular geography / state. PDs of pools have been marked-up according to the roll forward rates of respective states mapped to a pool.

2. Housing Loan, Personal Loan and Vehicle Loan: Prior to Covid-19, the Bank used to consider RBI suggested PDs for ECL computation for these portfolios. Post Covid, the Bank has computed Default Rates (DR) for these portfolios. The Bank has considered average of RBI suggested PD, DR of FY 2019-20 and DR of FY 2020-21 and has computed an alternative PD. If the alternative PD as computed is higher than RBI suggested PD, the Bank has used the alternative PD for ECL computation. For FY 2020-21 Alternative PD for Housing Loan and Personal Loans are higher than RBI suggested PDs. Therefore, Bank has used alternative PDs for these portfolios.

3. Covid Restructuring: The Bank is closely monitoring repayment performance of its Covid 19 restructured books. Considering the stress prevailing in Stage 1 and Stage 2 Microbanking borrowers, the Bank has treated them as Stage 2 and Stage 3 respectively for ECL computation. Staging for MSE and Housing restructured borrowers have been moved to the next bucket for ECL computation. "

33.6.6 Credit Risk Concentrations
An analysis of the Bank's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent advances. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Notes to the Consolidated Financial Statements

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(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Loans and advances to customers at amortised cost		
Concentration by sector		
Microbanking Loans	10,64,711.59	10,78,263.89
Secured Housing Loans	2,04,992.46	1,52,338.64
Personal Loans	13,815.37	7,849.38
MSE Loans		
MSE Loans	1,28,653.64	97,871.70
Other Loans		
Agri Loans	22,033.83	15,058.19
Staff Loans	2,175.32	1,093.51
Two Wheeler Loans	7,411.91	1,287.91
Financial Institution Group Loans (includes Agri Corporate Loan)	64,847.91	55,254.03
Advances against Deposits	5,285.35	6,312.23
Gold Loan	69.51	-
Gross Advances as per Ind-AS	**15,13,996.89**	**14,15,329.48**
Ind-AS adjustment	6,158.20	4,379.13
Gross Advances as per Ind-AS	**15,20,155.09**	**14,19,708.61**

*includes Agri Corporate Loan

(₹ in lakhs)

Concentration by region (at State level)	March 31, 2021	March 31, 2020
Tamil Nadu	2,40,094.29	2,23,956.08
Karnataka	2,18,002.60	2,16,772.72
West Bengal	2,02,076.42	1,95,332.67
Maharashtra	1,47,118.89	1,30,260.84
Gujarat	1,25,079.24	1,10,643.16
Bihar	92,205.53	87,599.29
Haryana	72,177.37	69,789.64
Assam	35,413.29	39,874.79
Rajasthan	64,243.87	56,922.25
Uttar Pradesh	67,470.20	52,455.02
Punjab	37,125.23	39,239.08
Orissa	40,252.94	36,466.09
Jharkhand	31,011.85	29,560.35
Kerala	24,458.71	25,185.00
New Delhi	44,881.27	29,970.70
Madhya Pradesh	22,686.21	22,158.33
Tripura	17,197.84	16,537.28
Pondicherry	10,783.08	11,132.93
Chhattisgarh	8,132.38	8,211.15
Uttrakhand	6,674.72	6,017.80
Meghalaya	1,726.62	2,010.00
Chandigarh	2,442.02	2,476.00
Himachal Pradesh	1,641.94	1,739.00
Goa	1,100.40	1,019.31
Total	**15,13,996.89**	**14,15,329.48**
Ind-AS Adjustment*	6,158.20	4,379.13
Gross Advances as per Ind-AS	**15,20,155.09**	**14,19,708.61**

*To arrive at Gross Advance as per Ind AS, adjustments are made on account of Fair valuation of staff loan, Interest accrual on NPA, Reversal of processing fees, Actual writte off of NPA Interest and accrued Interest on Advances.

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(₹ in lakhs)

	March 31, 2021	March 31, 2020
Loan commitments		
Concentration by sector		
Microbanking Loans	147.98	-
Secured Housing Loans	5,383.80	3,718.96
Personal Loans	-	-
MSE Loans		
Secured MSE Loans	6,274.48	2,053.94
Unsecured MSE Loans	-	-
Other Loans		
Staff Loans	-	-
Two Wheeler Loans	-	-
Financial Institution Group Loans	6,000.00	-
Advances against Deposits	4,209.09	6,137.78
Total	**22,015.35**	**11,910.68**
Concentration by region (at State level)		
Maharashtra	1,480.04	1,756.36
Tamil Nadu	1,510.60	753.63
Karnataka	3,784.66	1,004.73
Rajasthan	490.22	630.77
Gujarat	528.89	495.10
Uttar Pradesh	457.63	598.89
West Bengal	2,356.95	2,382.07
Madhya Pradesh	113.61	85.79
Bihar	728.16	586.13
Uttarakhand	57.81	70.85
New Delhi	7,338.01	1,177.13
Pondicherry	14.00	45.85
Kerala	85.12	23.49
Haryana	492.25	413.12
Jharkhand	165.00	149.02
Orissa	870.06	320.07
Assam	132.98	113.59
Punjab	548.86	659.81
Tripura	787.66	608.16
Chhattisgarh	24.92	9.62
Chandigarh	47.04	26.10
GOA	0.86	0.40
Himachal Pradesh	0.02	
Total	**22,015.35**	**11,910.68**

(₹ in lakhs)

	March 31, 2021	March 31, 2020
Debt investment securities at amortised cost		
Concentration by sector		
Government Securities- Amortised Cost	2,23,845.26	2,42,957.68
Government Securities- FVOCI	21,630.04	-
Other- FVOCI	9,727.35	-
Total	**2,55,202.65**	**2,42,957.68**

*FVOCI- Fair value through other Comprehensive Income

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33.6.7 An analysis of the Bank's credit risk exposure per class of financial asset and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. For financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

(₹ in Lakhs)

	March 31, 2021				
Particulars	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**POCI**	**Total**
Loans and advances to customers at amortised cost	12,90,646.20	92,025.10	1,31,325.58	-	**15,13,996.88**
Total gross carrying amount	13,67,698.37	96,183.52	1,39,996.57	-	**16,03,878.46**
Loss allowance	(38,712.29)	(3,238.71)	(93,462.68)	-	**(1,35,413.68)**
Carrying amount	13,28,986.08	92,944.81	46,533.89	-	**14,68,464.78**

Note: Gross Carrying Amount includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors

(₹ in Lakhs)

	March 31, 2020				
Particulars	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**POCI**	**Total**
Loans and advances to customers at amortised cost	12,07,684.73	1,90,294.75	17,560.84	-	**14,15,540.32**
Total gross carrying amount	12,81,604.50	1,94,914.05	18,894.23	-	**14,95,412.78**
Loss allowance	(12,039.28)	(3,547.04)	(11,867.62)	-	**(27,453.94)**
Carrying amount	12,69,565.22	1,91,367.01	7,026.62	-	**14,67,958.85**

(₹ in Lakhs)

	March 31, 2021		
Particulars	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**
Loan commitments			
Total amount committed	21,949.70	65.65	-
Loss allowance	(89.72)	(1.45)	-

(₹ in Lakhs)

	March 31, 2020		
Particulars	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**
Loan commitments			
Total amount committed	10,162.15	1,734.23	14.29
Loss allowance	(7.15)	(5.58)	(1.57)

(₹ in Lakhs)

	March 31, 2021				
Particulars	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**POCI**	**Total**
Debt investment securities at amortised cost	2,55,202.49	-	-	-	**2,55,202.49**
Total gross carrying amount	2,55,202.49	-	-	-	**2,55,202.49**
Loss allowance	(49.73)	-	-	-	**(49.73)**
Carrying amount	2,55,152.76	-	-	-	**2,55,152.76**

(₹ in Lakhs)

	March 31, 2020				
Particulars	**Stage 1 12-month ECL**	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**POCI**	**Total**
Debt investment securities at amortised cost	2,42,957.68	-	-	-	**2,42,957.68**
Total gross carrying amount	2,42,957.68	-	-	-	**2,42,957.68**
Loss allowance	(47.35)	-	-	-	**(47.35)**
Carrying amount	2,42,910.33	-	-	-	**2,42,910.33**

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This table summarises the loss allowance as of the March-2021 and March-2020 by class of exposure/asset.

(₹ in lakhs)

Particulars	**March 31, 2021**	**March 31, 2020**
Loss allowance by classes		
Loans and advances to customers at amortised cost (excl. ECL on Undrawn)	**1,35,322.51**	27,439.64
Debt investment securities at amortised cost	**49.73**	47.35
Loan commitments	**91.17**	14.29

33.6.8 The tables below analyse the movement of the loss allowance during the year per class of assets.

(₹ in Lakhs)

Loss allowance – Loans and advances to customers at amortised cost	**Stage 1 EAD**	**Stage 1 12-month ECL**	**Stage 2 EAD**	**Stage 2 Lifetime ECL**	**Stage 3 EAD**	**Stage 3 Lifetime ECL**
Loss allowance as at March 31, 2021	13,67,698.37	38,712.29	96,183.52	3,238.71	1,39,996.56	93,462.68
Loss allowance as at March 31, 2020	12,81,604.50	12,039.28	1,94,914.05	3,547.04	18,894.23	11,867.62
Movement	86,093.87	26,673.01	(98,730.53)	(308.33)	1,21,102.33	81,595.06

(₹ in Lakhs)

Loss allowance – Loans and advances to customers at amortised cost	**Stage 1 EAD**	**Stage 1 12-month ECL**	**Stage 2 EAD**	**Stage 2 Lifetime ECL**	**Stage 3 EAD**	**Stage 3 Lifetime ECL**
Loss allowance as at March 31, 2020	12,81,604.50	12,039.28	1,94,914.05	3,547.04	18,894.23	11,867.62
Loss allowance as at March 31, 2019	11,62,198.63	8,560.55	2,773.65	37.28	10,741.30	6,824.39
Movement	1,19,405.87	3,478.73	1,92,140.40	3,509.76	8,152.93	5,043.23

(₹ in Lakhs)

Loss allowance – Loan commitments	**Stage 1 EAD**	**Stage 1 12-month ECL**	**Stage 2 EAD**	**Stage 2 Lifetime ECL**	**Stage 3 EAD**	**Stage 3 Lifetime ECL**
Loss allowance as at March 31, 2021	7,490.62	89.72	60.82	1.45	-	-
Loss allowance as at March 31, 2020	804.87	7.15	346.85	5.58	2.86	1.57
Movement	6,685.75	82.57	(286.03)	(4.13)	(2.86)	(1.57)

(₹ in Lakhs)

Loss allowance – Loan commitments	**Stage 1 EAD**	**Stage 1 12-month ECL**	**Stage 2 EAD**	**Stage 2 Lifetime ECL**	**Stage 3 EAD**	**Stage 3 Lifetime ECL**
Loss allowance as at March 31, 2020	804.87	7.15	346.85	5.58	2.86	1.57
Loss allowance as at March 31, 2019	2,107.00	922.56	-	-	-	-
Movement	(1,302.13)	(915.41)	346.85	5.58	2.86	1.57

(₹ in Lakhs)

Loss allowance – Debt investment securities at amortised cost	**Stage 1 EAD**	**Stage 1 12-month ECL**	**Stage 2 EAD**	**Stage 2 Lifetime ECL**	**Stage 3 EAD**	**Stage 3 Lifetime ECL**
Loss allowance as at March 31, 2021	2,55,202.49	49.73	-	-	-	-
Loss allowance as at March 31, 2020	2,42,957.68	47.35	-	-	-	-
Movement	12,244.81	2.38	-	-	-	-

(₹ in Lakhs)

Loss allowance – Debt investment securities at amortised cost	**Stage 1 EAD**	**Stage 1 12-month ECL**	**Stage 2 EAD**	**Stage 2 Lifetime ECL**	**Stage 3 EAD**	**Stage 3 Lifetime ECL**
Loss allowance as at March 31, 2020	2,42,957.68	47.35	-	-	-	-
Loss allowance as at March 31, 2019	1,54,801.28	30.19	-	-	-	-
Movement	88,156.40	17.16	-	-	-	-

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33.6.9 Write - offs

The contractual amount outstanding on financial assets that were written off during the FY 2020-21 was 7,438.00 (in lakhs) and for FY 2019-20 was Rs 6,516.00 (in lakhs) and are still subject to enforcement activity.

A. The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

(₹ in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	Gross carrying	Loss allowance	Gross carrying	Loss allowance
Loans and advances to customers (Other than Corporate)				
0-30 days	13,01,179.33	38,626.03	12,36,944.22	11,950.88
31-90 days	96,183.52	3,238.71	1,83,568.33	3,372.91
More than 90 days	1,39,550.59	93,239.69	18,894.23	11,867.62
Total	**15,36,913.44**	**1,35,104.43**	**14,39,406.78**	**27,191.41**

B. Modified financial assets

As a result of the Bank's forbearance activities financial assets might be modified. The following tables refer to modified financial assets where modification does not result in derecognition.

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Financial assets (with loss allowance based on lifetime ECL) modified during the year		
Gross carrying amount before modification	80,422.95	3,802.41
Loss allowance before modification	4,510.54	46.57
Net amortised cost before modification	75,912.41	3,755.84
Net modification gain	(17,389.26)	(2,765.61)
Net amortised cost after modification	58,523.15	990.24

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Financial assets modified since initial recognition at a time when loss allowance was based on lifetime ECL		
Gross carrying amount of financial assets for which loss allowance has changed in the period from lifetime to 12-month ECL cost after modification	-	-

C. Collateral held as security and other credit enhancements

The Bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Particulars	Type of Collateral held
In deposits account	Unsecured Loan
MSE Loans	Hypothecation of Stocks, Book Debt, Mortgage of the Land and Building
Personal Loans	Unsecured Loan
Home Loans	Mortgage of the Land/Building/Flat
Two Wheeler Loans	Hypothecation of the vehicle
Financial Institution Group	Book debts and Cash Collateral

Mortgage lending

The Bank holds residential properties as collateral for the affordable loans it grants to its customers. The Bank monitors its exposure to retail mortgage lending using the Loan-to-Value ratio ('LTV ratio'), which is calculated as the ratio of the gross amount of the loan or the amount committed for loan commitments to the value of the collateral. The table below shows the ECL bifurcation of secured assets on the basis of various LTV ranges.

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(₹ in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Mortgage lending LTV ratio				
Upto 35%	90,822.27	6,285.29	76,920.00	1,792.00
35% to 50%	67,202.98	2,006.88	55,502.00	1,225.00
50% to 65%	75,892.84	2,458.49	62,394.00	1,660.00
>65%	1,11,677.43	3,071.54	54,936.00	1,629.00
Total	**3,45,595.52**	**13,822.20**	**2,49,752.00**	**6,306.00**

(₹ in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	Amount committed	Loss allowance	Amount committed	Loss allowance
Loan commitments – Mortgage lending LTV ratio*				
Upto 35%	6,724.60	48.52	931.35	11.04
35% to 50%	1,269.13	10.30	155.61	2.00
50% to 65%	521.30	3.95	45.26	0.99
>65%	1,298.13	7.37	22.36	0.27
Total	**9,813.16**	**70.14**	**1,154.58**	**14.30**

*excluding Loan commitments in the form Loan against deposit/Overdraft Against Deposit as they are not in the nature of mortgage but merely a pledge.

(₹ in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	Amount committed	Loss allowance	Amount committed	Loss allowance
Credit impaired – mortgage lending LTV ratio				
Upto 35%	10,841.12	5,067.46	4,367.96	2,853.77
35% to 50%	2,210.59	1,024.74	813.95	447.67
50% to 65%	2,863.08	1,328.18	1,492.89	821.09
>65%	4,006.12	1,845.83	1,573.06	865.18
Total	**19,920.91**	**9,266.21**	**8,247.86**	**4,987.71**

Personal lending

The Bank's personal lending portfolio consists of unsecured loans.

Investment securities

The Bank holds investment securities measured at amortised cost . The investment securities held by the Bank are sovereign bonds, which are not collateralised.

Assets obtained by taking possession of collateral

The Bank currently has not obtained any assets by taking possession of any collateral however it has prompted its borrowers into repaying the loan along with the dues. Therefore the below table is not applicable.

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Property	-	-
Debt securities	-	-
Other	-	-
Total assets obtained by taking possession of collateral	-	-

The fair value of assets held as collateral

Asset type	March 31, 2021	March 31, 2020
Assets pledged as collateral under securities borrowing and reverse repo agreements	1,27,119.65	82,700.00
Customer deposits held as collateral for irrevocable commitments under import letters of credit (not requiring segregation/derecognition)	-	-
Derivative financial instruments	-	-
Total	**1,27,119.65**	**82,700.00**

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D. Offsetting financial assets and financial liabilities

The Bank has not recognised any financial asset or liability on a net basis.

33.7 Comparison Between Ind AS 109 Provision and IRCAP norms

(₹ in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	13,67,698.37	38,712.29	13,28,986.08	30,854.98	7,857.31
	Stage 2	96,183.52	3,238.71	92,944.81	-	3,238.71
	Stage 3	25,133.72	18,447.64	6,686.08	-	18,447.64
Subtotal		**14,89,015.61**	**60,398.64**	**14,28,616.97**	**30,854.98**	**29,543.66**
Non-Performing Assets (NPA)						
Sub standard	Stage 3	1,14,862.85	75,015.04	39,847.81	59,536.27	15,478.77
Doubtful Assets	Stage 3	-	-	-	4,736.03	(4,736.03)
Loss	Stage 3	-	-	-	329.06	(329.06)
Subtotal for NPA		**1,14,862.85**	**75,015.04**	**39,847.81**	**64,601.36**	**10,413.68**
Other items such as guarantees, loan commitments, etc. which are in scope of Ind AS 109 but not covered under current Income Recognition, Assets Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	**Stage 1**	**13,67,698.37**	**38,712.29**	**13,28,986.08**	**30,854.98**	**7,857.31**
	Stage 2	**96,183.52**	**3,238.71**	**92,944.81**	**-**	**3,238.71**
	Stage 3	**1,39,996.57**	**93,462.68**	**46,533.89**	**64,601.36**	**28,861.32**
	Total	**16,03,878.46**	**1,35,413.68**	**14,68,464.78**	**95,456.34**	**39,957.34**

Note: Gross Carrying Amount includes Gross Advances, Accrued but not due Interest, Undrawn commitment after applying Credit Conversion Factors

33.8 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

33.8.1 Exposure to liquidity risk

The Group manages and measures liquidity risk as per its ALM policy and the ALCO (Asset Liability Management Committee of the Group) is responsible for managing the liquidity risk. The Group not only measures its current liquidity position on an ongoing basis but also forecasts how liquidity position may emerge under different assumptions. The liquidity position is tracked through maturity or cash flow mismatches across buckets spanning all maturities but the focus is on examining the short term gaps in the first four buckets with maturity up to 30 days.

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The table below shows the maturity pattern as on March 31, 2021, of the Bank's non-derivative financial liabilities:

(₹ In Lakhs)

Non-derivative financial liabilities	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Trade Payable	-	-	-	5,139.05	-	-	-	-	-	-	-	5,139.05
Lease Liability	-	-	-	885.80	885.80	885.80	2,682.64	4,806.17	17,700.38	17,095.69	9,441.46	54,383.74
Borrowing	765.14	-	52,827.24	-	-	16,417.45	43,326.78	70,588.68	78,787.94	5,231.88	-	3,31,034.95
Deposits	5,381.80	32,042.04	23,941.61	36,798.28	63,089.84	1,01,890.86	2,04,483.77	5,07,124.61	3,97,921.79	4,247.55	902.97	13,90,877.70
Other Financial Liabilities	117.87	714.20	920.55	1,885.84	2,946.63	2,357.30	7,071.91	3,732.41	-	-	174.52	19,921.23
Total	**6,264.81**	**32,756.24**	**77,689.40**	**44,708.97**	**1,43,064.69**	**1,21,551.41**	**2,57,565.10**	**5,86,251.87**	**4,94,410.11**	**26,575.12**	**10,518.95**	**18,01,356.67**

The table below shows the maturity pattern as on March 31, 2021, of the Bank's non-derivative financial assets:

(₹ In Lakhs)

Non-derivative financial assets	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Cash in Hand & Balance with RBI	1,08,287.34	38,647.89	230.59	533.92	1,111.34	2,564.79	4,478.68	10,421.66	4,705.49	141.49	26.53	1,71,149.72
Balances with Other Central Banks	2,155.67	-	-	-	-	-	-	40.90		-	-	2,196.57
Balances With Other Banks, Financial Institutions And Money At Call And Short Notice	-	20,009.59	-	-	-	-	-	67,417.29	-	-	-	87,426.88
Loans	1,070.53	19,031.72	35,961.66	52,055.14	1,00,705.44	97,401.91	2,70,404.34	4,21,560.07	4,38,527.86	2,20,497.28	3,20,109.05	19,77,325.00
Investments	-	-	-	-	2,500.00	-	10,000.00	30,575.97	13,436.66	15,714.81	3,06,081.24	3,78,308.68
Other Financial Assets	-	-	-	88.46	-	-	-	-	-	-	3,186.23	3,274.69
Total	**1,11,513.54**	**77,689.20**	**36,192.25**	**52,677.52**	**1,04,316.78**	**99,966.70**	**2,84,883.02**	**5,29,974.99**	**4,56,710.91**	**2,36,353.58**	**6,29,403.05**	**26,19,681.54**

The table below shows the maturity pattern as on March 31, 2021, of the Bank's undrawn loan commitments:

(₹ In Lakhs)

Particulars	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Undrawn Loan Commitments	-	1.26	40.31	220.67	464.13	679.04	847.51	1,996.92	17,765.33	-	-	22,015.17

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The table below shows the maturity pattern as on March 31, 2020, of the Bank's non-derivative financial liabilities:

(₹ In Lakhs)

Non-derivative financial liabilities	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Trade Payable	-	-	-	6,393.32	-	-	-	-	-	-	-	6,393.32
Lease Liability	-	-	-	1,100.48	-	1,100.48	3,312.40	6,640.37	24,015.31	22,262.41	19,029.35	78,561.28
Borrowing	-	13,728.79	10,425.60	14,188.36	2,909.45	25,006.13	43,751.83	1,50,642.82	1,51,300.23	26,362.30	-	4,38,315.51
Deposits	3,689.09	22,354.61	15,126.63	28,537.76	41,475.22	1,07,570.66	1,85,738.78	3,33,106.68	4,10,318.09	2,200.25	428.41	11,50,546.18
Other Financial Liabilities	28.87	191.28	296.25	461.92	721.70	577.36	1,732.08	914.14	0.01	-	150.94	5,074.55
Total	**3,717.96**	**36,274.68**	**25,848.48**	**50,681.84**	**46,206.85**	**1,34,254.63**	**2,34,535.09**	**4,91,304.01**	**5,85,633.64**	**50,824.96**	**19,608.70**	**16,78,890.84**

The table below shows the maturity pattern as on March 31, 2020, of the Bank's non-derivative financial assets:

(₹ In Lakhs)

Non-derivative financial assets	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Cash in Hand & Balance with RBI	21,627.15	93,153.19	199.42	501.02	353.34	2,785.00	2,095.89	6,261.59	6,860.36	64.63	8.49	1,33,910.08
Balances With Other Banks, Financial Institutions And Money At Call And Short Notice	-	-	-	-	-	-	-	-	456.66	-	-	456.66
Loans	1,185.49	2,994.28	3,441.23	4,118.77	11,589.69	1,55,389.86	3,19,734.51	5,16,449.17	4,94,883.30	89,658.14	2,37,110.60	18,36,555.04
Investments	-	1,499.79	5,994.51	30,863.66	13,908.21	4,316.60	8,198.93	41,152.67	14,780.74	34,225.08	1,52,706.24	3,07,646.43
Other Financial Assets	-	-	-	20.29	-	-	48.63	-	-	-	3,000.62	3,069.54
Total	**22,812.64**	**97,647.26**	**9,635.16**	**35,503.74**	**25,851.24**	**1,62,491.46**	**3,30,077.96**	**5,63,863.43**	**5,16,981.06**	**1,23,947.85**	**3,92,825.95**	**22,81,637.75**

The table below shows the maturity pattern as on March 31, 2020, of the Bank's undrawn loan commitments:

(₹ In Lakhs)

Particulars	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Undrawn Loan Commitments	16.26	54.84	196.37	84.14	268.69	948.96	972.99	3,531.08	5,825.99	-	-	11,899.32

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NOTE 34 - FAIR VALUE MEASUREMENTS

(i) Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosure are required in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in lakhs)

Assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2021	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	2,23,801.63	-	-	2,23,801.63
Cash and Cash equivalents	-	-	2,61,549.12	2,61,549.12
Loans	-	-	13,84,741.42	13,84,741.42
Other Financial Assets	-	-	3,274.70	3,274.70
Total Financial Assets	**2,23,801.63**	**-**	**16,49,565.24**	**18,73,366.87**
Financial Liabilities				
Trade Payable	-	-	5,160.55	5,160.55
Borrowings	-	-	3,24,717.75	3,24,717.75
Deposits	-	-	13,04,537.42	13,04,537.42
Lease Liability	-	-	50,664.97	50,664.97
Others	-	-	31,460.42	31,460.42
Total Financial Liabilities	**-**	**-**	**17,16,541.11**	**17,16,541.11**

(₹ in lakhs)

Assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	2,42,910.30	-	-	2,42,910.30
Cash and Cash equivalents	-	-	1,34,442.48	1,34,442.48
Loans	-	-	13,93,373.30	13,93,373.30
Other Financial Assets	-	-	3,068.80	3,068.80
Total Financial Assets	**2,42,910.30**	**-**	**15,30,884.58**	**17,73,794.88**
Financial Liabilities				
Trade Payables	-	-	6,405.39	6,405.39
Borrowings	-	-	3,95,261.60	3,95,261.60
Deposits	-	-	10,65,558.82	10,65,558.82
Lease Liability	-	-	59,547.99	59,547.99
Others	-	-	19,267.66	19,267.66
Total Financial Liabilities	**-**	**-**	**15,46,041.46**	**15,46,041.46**

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

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(ii) Valuation technique used to determine fair value

The management believes that the amortised cost represents the fair values except for loans under financing activity. Since these loans are long term and mature over a period more than one year, the cash flow on such loans have been discounted using the current rate of interest.

(iii) Fair value of the financial assets and liabilities measured at amortised cost

(₹ in Lakhs)

	March 31, 2021		March 31, 2020	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Investments	2,23,801.63	2,50,272.97	2,42,920.30	2,41,952.69
Cash and Cash equivalents	2,61,549.12	2,61,549.12	1,34,442.48	1,34,442.48
Loans	13,84,741.42	13,74,119.68	13,93,373.30	13,83,495.32
Other Financial Assets	3,274.70	3,274.69	3,068.80	3,069.55
Total Financial assets	**18,73,366.87**	**18,89,216.47**	**17,73,804.88**	**17,62,960.04**
Financial Liabilities				
Trade Payables	5,160.55	5,160.55	6,405.39	6,405.39
Borrowings	3,24,717.75	3,24,717.75	3,95,261.60	3,95,261.60
Deposits	13,04,537.42	13,04,311.73	10,65,558.82	10,65,558.82
Lease Liability	50,664.97	50,664.97	59,547.99	59,547.99
Others	31,460.42	31,460.42	19,267.66	19,267.66
Total Financial Liabilities	**17,16,541.11**	**17,16,315.42**	**15,46,041.46**	**15,46,041.46**

The carrying amounts of cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

NOTE 35 - SHARE-BASED PAYMENTS

35.1 Employee share option plan of Ujjivan Financial Services Limited

35.1.1 Details of the employee share option plan

The Ujjivan Financial Services Limited, holding company has share option scheme for employees of the Group, active scheme being ESOP 2015.

ESOP 2015

Out of pool of 5,561,188 options, total 5,515,880 options were granted under ESOP 2015 scheme and as on March 31, 2021, out of 5,515,880 options granted, 806,074 options has been exercised, 2,094,864 options are lapsed and 2,043,410 vested options are left to be exercised. Further, 571,532 options are yet to be vested.

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

Year	Options Granted	Year 1	Year 2	Year 3
ESOP 2015 (Tranche 1)	14,69,800	34%	33%	33%
ESOP 2015 (Tranche 2)	16,96,850	33%	33%	34%
ESOP 2015 (Tranche 3)	23,37,670	34%	33%	33%
ESOP 2015 (Tranche 4)	11,560	34%	33%	33%
Total	55,15,880			

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The following share-based payment arrangements were in existence during the current and prior years:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
ESOP 2015	14,69,800	03-11-2015	03-11-2019	146.35	-
		03-11-2015	03-11-2020	146.35	84.00
		03-11-2015	03-11-2021	146.35	95.00
ESOP 2015 (Additional Grant Scheme 1)	16,96,850	14-09-2016	14-09-2020	417.15	109.00
		14-09-2016	14-09-2021	417.15	134.00
		14-09-2016	14-09-2022	417.15	161.00
ESOP 2015 (Additional Grant Scheme 2)	23,37,670	27-06-2018	27-06-2022	385.05	110.00
		27-06-2018	27-06-2023	385.05	132.00
		27-06-2018	27-06-2024	385.05	155.00
ESOP 2015 (Additional Grant Scheme 3)	11,560	23-01-2019	23-01-2022	290.60	83.00
		23-01-2019	23-01-2023	290.60	100.00
		23-01-2019	23-01-2024	290.60	117.00

35.1.2 Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year ended March 31, 2021 and March 31, 2020 is Nil. Options were priced using Black and Scholes Model. Vested ESOPs can be exercised within three years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date.The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. While the Company has been listed since 2016, the period of listing up to the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies have been considered for the purposes of valuation.

Inputs into the model

Particulars	ESOP 2015			ESOP 2015 (Additional Grant Scheme 1)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	186.59	186.59	186.59	417.15	417.15	417.15
Exercise price	146.35	146.35	146.35	417.15	417.15	417.15
Expected volatility	30.90%	32.60%	35.20%	29.70%	30%	31.80%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Risk-free interest rate	7.4%	7.5%	7.6%	6.8%	6.8%	6.9%

Inputs into the model

Particulars	ESOP 2015 (Additional Grant Scheme 2)			ESOP 2015 (Additional Grant Scheme 3)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	385.05	385.05	385.05	290.6	290.6	290.6
Exercise price	385.05	385.05	385.05	290.6	290.6	290.6
Expected volatility	32.80%	31.30%	31.60%	32.80%	31.30%	31.60%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Dividend yield	-			-		
Risk-free interest rate	7.6%	7.8%	7.9%	7.6%	7.8%	7.9%

35.1.2 Fair value of share options granted in the year

During the year 2020-21

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2015	3,28,529	-	52,760	(1,06,585)	1,69,184
ESOP 2015 (Additional Grant Scheme 1)	11,60,320	-	-	(4,46,581)	7,13,739
ESOP 2015 (Additional Grant Scheme 2)	19,05,439	-	-	(1,73,420)	17,32,019
ESOP 2015 (Additional Grant Scheme 3)	11,560	-	-	(11,560)	-
Total	**34,05,848**	**-**	**52,760**	**(7,38,146)**	**26,14,942**
Weighted average exercise price	372.64	-	146.35	368.52	378.37

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During the year 2019-20

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2007	3,550	-	3,550	-	-
ESOP 2008	4,190	-	4,190	-	-
ESOP 2010	92,854	-	76,052	(16,802)	-
ESOP 2010 for FY 11-12	1,20,090	-	82,328	(37,762)	-
MD ESOP 2010	-	-	-	-	-
ESOP 2015	6,97,777	-	2,70,408	(98,840)	3,28,529
ESOP 2015 (Additional Grant Scheme 1)	13,04,680	-	-	(1,44,360)	11,60,320
ESOP 2015 (Additional Grant Scheme 2)	21,57,160	-	1	(2,51,720)	19,05,439
ESOP 2015 (Additional Grant Scheme 3)	11,560	-	-	-	11,560
Total	**43,91,861**	**-**	**4,36,529**	**(5,49,484)**	**34,05,848**
Weighted average exercise price	339.51	-	108.75	317.45	372.64

35.1.4 Share options exercised during the year

For the share options exercised during the year ended March 31, 2021 weighted average share price is ₹221.89 (For the year ending March 31, 2020: ₹307.25)

35.1.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹378.37 (as at March 31, 2020: ₹372.64), and a weighted average remaining contractual life of 0.92 year (as at March 31, 2020: 1.35 year).

35.2 Details of the employee share option plan of Ujjivan Small Finance Bank Limited

35.2.1 Details of the employee share option plan

The Ujjivan Small Finance Bank Limited has share option scheme for employees of the Group, being ESOP 2019.

ESOP 2019

The ESOP 2019 is the scheme under which the Bank has issued options to the employees of the Group. The Bank has approved its ESOP Plan, 2019 in the Shareholders meeting held on March 29, 2019. On August 08, 2019, the Nomination & Remuneration Committee of the Bank has granted 3,70,00,403 ESOPs at ₹ 35 per shares to eligible employees of the Bank of the Group.Further, pursuant to the resolution passed by Nomination & Remuneration Committee on December 4, 2019, 3,798,697 additional options were granted under ESOP 2019 scheme. During the Financial Year 2020-21, 304,549 number options were granted on November 02, 2020 at the rate of ₹ 30.75 per shares to selected employees of the Bank.

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

Year	Options Granted	Year 1	Year 2	Year 3	Year 4	Year 5
ESOP 2019 - Original	3,70,00,403	20%	20%	20%	20%	20%
ESOP 2019 - Additional	37,98,697	52%	48%			
ESOP 2019 - Senior Hire	3,04,549	20%	20%	20%	20%	20%
Total	**4,11,03,649**					

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The following share-based payment arrangements were in existence during the current year:

Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
ESOP 2019 - Original	3,70,00,403	08-08-2019	07-08-2020	07-08-2025	35.00	17.25
		08-08-2019	07-08-2021	07-08-2026	35.00	19.31
		08-08-2019	07-08-2022	07-08-2027	35.00	21.13
		08-08-2019	07-08-2023	07-08-2028	35.00	22.77
		08-08-2019	06-08-2024	07-08-2029	35.00	24.24
ESOP 2019 - Additional	37,98,697	04-12-2019	12-12-2020	12-12-2025	35.00	17.25
		04-12-2019	12-12-2021	12-12-2026	35.00	19.31
ESOP 2019 - Senior Hire	3,04,549	02-11-2020	02-11-2021	01-11-2026	30.75	11.78
		02-11-2020	02-11-2022	01-11-2027	30.75	13.08
		02-11-2020	02-11-2023	01-11-2028	30.75	14.81
		02-11-2020	02-11-2024	01-11-2029	30.75	16.03
		02-11-2020	02-11-2025	01-11-2030	30.75	16.83

35.2.2 Fair value of share options granted in the year

The weighted average fair value of the share options granted during the FY 2020-21 is ₹ 14.51 and for FY 2019-20 is ₹ 20.69. Options were calculated using Black and Scholes Model. Vested ESOPs can be exercised within five years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date.The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. Volatility of comparable Banks have been considered for the purposes of valuation.

Inputs into the model

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

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%

35.2.3 Movements in share options issued

During the year ended March 31, 2021

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2019 - Original	3,42,77,160	-	61,967	32,67,883	3,09,47,310
ESOP 2019 - Additional	37,98,697	-	-	-	37,98,697
ESOP 2019 - Senior Hire	-	3,04,549			3,04,549
Total	3,80,75,857	3,04,549	61,967	32,67,883	3,50,50,556
Weighted average exercise price	35.00	30.75	35.00	35.00	35.00

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During the year ended March 31, 2020

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2019 - Original	-	3,70,00,403	-	(27,23,243)	3,42,77,160
ESOP 2019 - Additional	-	37,98,697	-	-	37,98,697
Total	-	4,07,99,100	-	(27,23,243)	3,80,75,857
Weighted average exercise price	-	35.00	-	35.00	35.00

35.2.4 Share options exercised during the year
The ESOPs granted under the ESOP Plan 2019 has not been vested yet, therefore not exercised.

35.2.5 Share options outstanding at the end of the year
The share options outstanding at the end of the year had a weighted average exercise price of Rs 35 for ESOP 2019 scheme and Rs. 30.75 for ESOP 2019-Senior hire and a weighted average remaining contractual life of 6.24 years (March 31, 2020: 7.24 years).

35.3 Expense arising from share based payment transaction recognized in Statement of profit or loss as employee benefit expense are as follows:

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Employee benefit expense	2,572.08	3,168.06

35.4 Employee Stock Purchase Scheme 2019 (ESPS):
The ESPS Scheme was approved by the Shareholders of Ujjivan Small Finance Bank Limited in the Extra-Ordinary General Meeting held on August 03, 2019. Under the ESPS 2019 scheme the employees of the Group subscribed to 1,40,55,097 number of equity shares at a price of ₹ 35 per equity share. During the year ended March 31, 2021, the Bank allotted 29,069 equity shares under ESPS 2019 on November 07, 2020 at price of ₹ 35 per equity share.

35.4.1 The Scheme is issued in three phases timelines of which are detailed below:

Phase	Subscription Start Date	Subscription End Date
I	09-08-2019	09-09-2019
II	10-09-2019	26-09-2019
III	07-10-2019	16-10-2019

35.4.2 Expense arising from share based payment transaction recognized in Statement of profit or loss as employee benefit expense are as follows:

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Expense on ESPS	-	809.57

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

NOTE 36 - RELATED PARTY DISCLOSURE

A. List of Related Parties are Given below:

Key Management Personnel ('KMP') of Holding Company :
Mr. Ittira Davis Poonollil, Managing Director and CEO (upto March 12, 2021)
Mr. Deepak Khetan (Chief Financial Officer) (up to August 02, 2019)
Mr. Barun Kumar Agarwal (Chief Financial Officer) (From August 03, 2019)
Mr. Sanjeev Barnwal (Company Secretary)
Mr. Abhijit Sen, Director
Mr. Kuttalam Rajagopalan Ramamoorthy, Director
Mr. Jayanta Kumar Basu, Director (upto January 20, 2021)
Mr. Amit Gupta, Director (up to August 02, 2019)
Ms. Vandana Viswanathan, Director (up to September 22, 2019)
Mr. Narayan Anand (From May 01, 2019)
Ms. Mona Kachhwaha (From September 22, 2019)
Mr. Samit Ghosh (From April 1, 2020)
Mr. Sunil Patel (From February 11, 2021)
Mr. Rajesh Jogi (From February 11, 2021)

KMP of wholly owned Subsidiary Company :
Mr. Nitin Chugh (Managing Director and CEO) (From December 1, 2019)
Mr. Samit Kumar Ghosh (Ex- Managing Director and CEO) (up to November 30, 2019)
Ms. Upma Goel (Chief Financial Officer)
Mr. Chanchal Kumar (Company Secretary)
Mr. Umang Bedi (Independent Director)*
Mr. Jayanta Kumar Basu (Non- Executive Director)**
Mrs. Mona Kachhwaha (Non-Executive Director)
Mr. Prabal Kumar Sen (Independent Director)
Mrs. Vandana Viswanathan (Independent Director)***
Mr. Biswamohan Mahapatra (Part-time Chairman -Independent Director)****
Ms. Chitra K Alai (Nominee Director)
Mr. Mahadev Lakshminarayanan (Independent Director)
Mr. Nandlal Laxminarayan Sarda (Independent Director)
Mrs. Rajni Anil Mishra (Additional Independent Director)*****
Mr. Ittira Davis (Non- Executive Director)^
Mr. Rajesh Kumar Jogi (Additional Non-Independent Director)^^
Mr. Harish Devarajan (Additional Independent Director)^^^
Mr. Umesh Bellur (Additional Independent Director)^^^^

*Appointed as Independent Director of the Bank w.e.f April 01, 2020.
**Resigned as Non- Executive Director w.e.f January 20, 2021
***Resigned as Independent Director w.e.f November 15, 2020.
****Resigned as Independent Director w.e.f February 19, 2021.
*****Appointed as Additional Independent Director of the Bank w.e.f December 16, 2020.
^Appointed as Non-Executive Director of the Bank w.e.f March 13, 2021.
^^Appointed as Additional Non-Independent Director of the Bank w.e.f March 13, 2021.
^^^Appointed as Additional Independent Director of the Bank w.e.f March 13, 2021.
^^^^Appointed as Additional Independent Director of the Bank w.e.f March 13, 2021.

Subsidiary of Company	Ujjivan Small Finance Bank Limited (with effect from July 4, 2016)
Enterprises in which KMPs are members :	Ujjivan Welfare and Relief Trust
	USFB Employee's Gratuity Fund Trust
	UFSL Employee's Gratuity Trust
Enterprise in which relative of Key Management Personnel are Members:	Parinaam Foundation

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

B. Transactions with Related Parties during the year

(₹ in lakhs)

Particulars	March 31, 2021	March 31, 2020
Remuneration:		
Holding Company's KMP	197.74	218.59
Subsidiary's KMP	268.47	564.05
Sitting Fees paid to Directors:		
Holding Company	66.84	42.89
Subsidiary	123.45	116.40
Interest on Deposits:		
Subsidiary:		
Enterprises in which KMP are members	5.00	2.53
KMP	121.69	57.30
Enterprise in which relatives of KMP are Members	-	72.13
Deposit made during the year:		
Subsidiary:		
Enterprises in which KMP are members	-	54.50
KMP	875.00	2,549.50
Enterprise in which relatives of KMP are Members	-	380.53
Deposit matured during the year		
Subsidiary:		
Enterprises in which KMP are members	54.50	37.00
KMP	11.57	1,416.90
Enterprise in which relatives of KMP are Members	-	388.40
Donation:		
Holding Company:		
Enterprise in which relative of KMP are Members	0.28	-
Subsidiary:		
Enterprises in which KMP are members (Refer note 1)	14.30	52.73
Enterprise in which relative of KMP are Members	-	50.00
Intercompany Transfer (Paid)		
Subsidiary:		
Enterprises in which KMPs are members (Refer note 1 below)	134.85	24.86
Rendering of Services		
Subsidiary:		
Enterprise in which relative of KMP are Members	-	50.72
Reimbursement of Expenses (Received)		
Subsidiary:		
Enterprise in which relative of KMP are Members	-	0.57

Note 1 : Employee Contribution to Ujjivan Welfare and Relief Trust through Payroll recovery of Rs. 134.85 lakhs (March 31, 2020: Rs. 24.86 lakhs) and amount of Donation by Material Subsidiary is restricted to 1% of PY Net Profit as per RBI Regulation - Rs. 14.30 lakhs (March 31, 2020: 52.73 lakhs).

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Outstanding Balance with related parties		
Enterprises in which KMPs are members	41.75	75.35
Outstanding Balance with enterprise in which relative of Key Management Personnel are Members	-	856.26

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

(₹ in lakhs)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Short-term benefits	454.27	594.96
Other long-term benefits	26.87	20.04
Share Based Payment	-	174.38
Total	**481.14**	**789.38**

Notes to the Consolidated Financial Statements
for the year ended March 31, 2021

36A Change in Liabilities arising from Financing Activities

Financial liabilities arising from financing activities include debt securities, borrowings, deposits and subordinated liabilities. The movement in these liabilities during the year is given below:

(₹ In Lakhs)

Particulars	April 1, 2020	Cash Flows	Fair Value Changes	March 31, 2021
Borrowings (Other than Debt Securities)	3,95,261.60	(70,529.94)	(13.91)	3,24,717.75
Deposits	10,65,558.82	2,38,967.91	10.69	13,04,537.42
Total Liabilities from Financing Activities	**14,60,820.42**	**1,68,437.97**	**(3.22)**	**16,29,255.17**

(₹ In Lakhs)

Particulars	April 1, 2019	Cash Flows	Fair Value Changes	March 31, 2020
Debt Securities	10,000.00	(10,000.00)	-	-
Borrowings (Other than Debt Securities)	4,43,300.49	(47,973.91)	(64.98)	3,95,261.60
Deposits	7,25,918.15	3,39,575.22	65.45	10,65,558.82
Subordinated Liabilities	5,000.00	(5,000.00)	-	-
Total Liabilities from Financing Activities	**11,84,218.64**	**2,76,601.31**	**0.47**	**14,60,820.42**

NOTE 37 - INTEREST IN SUBSIDIARY

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Group	
			March 31, 2021	March 31, 2020
Ujjivan Small Finance Bank Limited (USFB)	Small Finance Bank	India	83.32% (However, the voting power is restricted to 26%. Refer note below)	83.32% (However, the voting power is restricted to 26%. Refer note below)

*As per the Banking Regulations Act read with gazette notification dated DBR.PSBD.No.1084/16.13.100/2016-17 dated July 21, 2016, no shareholder in a Bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the Bank.

NOTE 38 - ADDITIONAL INFORMATION AS REQUIRED FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III

(i)

Particulars	As at March 31, 2021		As at March 31, 2020	
	As % of consolidated net assets	Amount Rs. in Lakhs	As % of consolidated net assets	Amount Rs. in Lakhs
Parent - Ujjivan Financial Services Limited	38.94%	1,80,310.89	37.26%	1,80,590.02
Subsidiary - Ujjivan Small Finance Bank Limited	61.06%	2,82,686.92	62.74%	3,04,122.99
	100%	**4,62,997.81**	**100%**	**4,84,713.01**
Adjustments arising out of consolidation		(1,97,120.26)		(2,00,750.58)
Total		**2,65,877.55**		**2,83,962.43**

(ii)

Particulars	For the year ended March 31, 2021					
	As % of consolidated profit or loss	Amount Rs. in Lakhs	As % of consolidated Share in other Comprehensive Income	Amount Rs. in Lakhs	As % of consolidated Share in Total Comprehensive Income	Amount Rs. in Lakhs
Parent - Ujjivan Financial Services Limited	(1.23)%	293.46	(0.01)%	(0.01)	(1.24)%	293.45
Subsidiary - Ujjivan Small Finance Bank Limited	101.23%	(24,193.76)	100.01%	160.52	101.24%	(24,033.24)
	100.00%	**(23,900.30)**	**100.00%**	**160.50**	**100.00%**	**(23,739.79)**
Adjustment for arising out of consolidation		**(10.40)**		**(0.19)**		**(10.59)**
Total		**(23,910.70)**		**160.32**		**(23,750.38)**

Notes to the Consolidated Financial Statements

for the year ended March 31, 2021

(iii)

Particulars	For the year ended March 31, 2020					
	As % of consolidated profit or loss	Amount Rs. in Lakhs	As % of consolidated Share in other Comprehensive Income	Amount Rs. in Lakhs	As % of consolidated Share in Total Comprehensive Income	Amount Rs. in Lakhs
Parent - Ujjivan Financial Services Limited	2.85%	882.07	0.32%	(0.90)	2.87%	881.17
Subsidiary - Ujjivan Small Finance Bank Limited	97.15%	30,083.56	99.68%	(280.29)	97.13%	29,803.27
	100.00%	**30,965.63**	**100.00%**	**(281.19)**	**100.00%**	**30,684.44**
Adjustment for arising out of consolidation		**(1,099.76)**		**-**		**(1,099.76)**
Total		**29,865.87**		**(281.19)**		**29,584.68**

39 Consequent to the outbreak of COVID-19 pandemic, on March 24, 2020, the Indian government had announced lockdown in March 2020. Subsequently, the lockdown has been lifted by the government, but regional lockdowns continue to be implemented in areas with a significant number of COVID-19 cases. The impact of COVID-19, including changes in customer behaviour and pandemic fears, as well as restrictions on business and individual activities, has led to significant volatility in global and Indian financial markets and a significant decrease in global and local economic activity, which may persist even after the restrictions related to the COVID-19 outbreak are lifted. Numerous government and companies, including our subsidiary, Ujjivan Small Finance Bank Limited ('the Bank'), have introduced a variety of measures to contain the spread of virus.
The slowdown during the year has led to a decrease in loan originations and in collection efforts efficiency. The slowdown may lead to a rise in the number of customer defaults and consequently an increase in provisions against the same.

The extent to which the COVID-19 pandemic, including the current second wave that has significantly increased the number of cases in India, will continue to impact the subsidiary's results will depend on future developments and which the Group is unable to assess currently, 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 subsidiary.

40 The Group has made provision as at March 31, 2021, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. The Group did not have any derivative contracts as at March 31, 2021 and as at March 31, 2020.

41 Figures of the previous year have been reclassified / re-grouped, wherever necessary, to confirm with current year's presentation.

As per our report of even date

For MSKA & Associates
Chartered Accountants
Firm Registration No: 105047W

Deepak Rao
Partner
Membership No. 113292

Bengaluru
May 28, 2021

For and on behalf of the Board of Directors of
Ujjivan Financial Services Limited

Sunil Patel
Independent Director
DIN: 00050837

Samit Ghosh
Non-Executive Director and Chairman
DIN: 00185369

Barun Kumar Agarwal
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Ujjivan Financial Services Limited

UJJIVAN FINANCIAL SERVICES LIMITED

Corporate Identity Number: L65999KA2004PLC035329
Registered Office: Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka, India.

NOTICE for the 17TH Annual General Meeting

Notice is hereby given that the **17th Annual General Meeting (AGM)** of the members of **Ujjivan Financial Services Limited** ('the Company') will be held on **Wednesday, September 29, 2021 at 03:30 PM** through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") in compliance with applicable provisions of the Companies Act, 2013 and in accordance with relevant circulars issued by Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI") to transact the following business:

ORDINARY BUSINESS:

Item No. 1 - Adoption of Financial Statements and the Reports of the Board of Directors and Auditors

To consider and if thought fit, to assent or dissent, to the following resolution to be passed as an Ordinary Resolution:

"**RESOLVED THAT** the Standalone and the Consolidated Audited Balance Sheet, Profit and Loss Account and the Cash Flow Statement for the Financial Year ended March 31, 2021 together with the Director's Report and Independent Auditor's Report thereon as circulated to the members and laid before the meeting be and are hereby received, considered, approved and adopted."

Item No. 2 - To appoint a director in place of Mr. Narayan Anand (DIN: 02110727), who retires by rotation and being eligible, offers himself for re-appointment

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

"**RESOLVED THAT Mr. Narayan Anand (DIN: 02110727)**, who retire by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."

Item No. 3 - Appointment of Varma & Varma, Chartered Accountants (FRN – 004532S) as Statutory Auditors of the Company for a period of 3 (three) years starting with FY 2021-22, and fixing of their remuneration

To consider and if thought fit, to assent or dissent, to the following resolution to be passed as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 139, 141, 142, and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, including any modification, variation or re-enactment thereof, **Varma & Varma, Chartered Accountants (FRN - 004532S)** be and is hereby appointed as the Statutory Auditors of the Company for a period of 3 (three) years commencing from the conclusion of this 17th AGM till the conclusion of 20th AGM of the Company and that the Audit Committee and the Board of Directors of the Company be and are hereby authorised to fix their remuneration and other terms and conditions from time to time."

SPECIAL BUSINESS:

Item No. 4 – Appointment of Mr. Ittira Davis (DIN: 06442816) as the Non-Executive Director

To consider and if thought fit, to assent or dissent, to the following resolution(s) to be passed as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Section 160 and other applicable provisions of the Companies Act, 2013 and as recommended by the Nomination and Remuneration Committee and the Board in their respective meetings held on August 12, 2021, consent of the Members be and is hereby accorded to the appointment of Mr. Ittira Davis (DIN: 06442816), who being eligible and in respect of whom the Company has received a notice in writing from a member as required under Section 160(1) of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, as a Non-Executive Director (Non-Independent Category) of the Company effective from **November 01, 2021** subject to the approval of the Reserve Bank of India and whose office shall be liable to retire by rotation.

By Order of the Board of Directors

Sd/-
Sanjeev Barnwal
Company Secretary and
Compliance Officer

Place: Bangalore
Date: August 12, 2021

NOTES FOR THE E-AGM NOTICE:

1. In view of the ongoing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide its General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020 and Circular no. 02/2021 dated January 13, 2021 (collectively "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 (collectively "SEBI Circulars"), have permitted companies to conduct AGM through VC or other audio visual means, subject to compliance of various conditions mentioned therein. In compliance with the aforesaid MCA Circulars and SEBI Circulars and the applicable provisions of Companies Act, 2013 and rules made thereunder, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 17th Annual General Meeting of the company is being conducted through Video Conferencing (VC) herein after called as "e-AGM".

2. e-AGM: The Company has appointed M/s KFin Technologies Private Limited ('KFin'), Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM.

3. Pursuant to the provisions of the circulars of AMC on the VC/OVAM(e-AGM):

   a. Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required

   b. Appointment of proxy to attend and cast vote on behalf of the member is not available.

   c. Body Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

4. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

5. Up to 1000 members will be able to join on a FIFO basis to the e-AGM.

6. No restrictions on account of FIFO entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.

7. The attendance of the Members (members logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

8. Remote e-Voting: Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020 and January 13, 2021 the Company is providing facility of remote e-voting to its members through e-Voting agency KFin Technologies Private Limited.

9. Voting at the e-AGM: Members who could not vote through remote e-voting may avail the e-voting system provided at the venue by KFin Technologies Private Limited.

10. In line with the MCA Circular No. 17/2020 dated April 13, 2020 and January 13, 2021, the Notice calling the AGM has been uploaded on the website of the Company at www.ujjivan.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively is also available on the website of e-voting agency M/s KFin Technologies Private Limited at the website address https://evoting.karvy.com/

Procedure for obtaining the Annual Report, e-AGM notice and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios:

On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, the Company has sent the Annual Report, Notice of e-AGM and e-Voting instructions only in electronic form to the registered email addresses of the shareholders. Therefore, those shareholders who have not yet registered their email address are requested to get their email addresses registered by following the procedure given below:

1. Those shareholders who have registered/not registered their mail address and mobile no. including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited in case the shares held in physical form.

2. Shareholders who have not registered their mail address and in consequence the Annual Report, Notice of e-AGM and e-voting notice could not be serviced may temporarily get their email address and mobile number provided with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: https://karisma.kfintech.com/emailreg for sending the same. Shareholders are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to einward.ris@kfintech.com.

3. Shareholders are also requested to visit the website of the company www.ujjivan.com or the website of the Registrar and Transfer Agent www.kfintech.com for downloading the Annual Report and Notice of the e-AGM.

4. Alternatively member may send an e-mail request at the email id einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of e-AGM and the e-voting instructions.

Instructions for the Members for attending the e-AGM through Video Conference:

1. Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at https://emeetings.kfintech.com and click on the "video conference" and access the shareholders/members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the company can be selected. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.

2. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience. Further, Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.

3. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

4. **AGM Questions prior to e-AGM:** Shareholders who would like to express their views/ask questions during the meeting may log into https://emeetings.kfintech.com/ and click on "Post your Questions" and then may post their queries/views/questions in the window provided by mentioning the name, demat account number/folio number, email id, mobile number. Please note that, questions by the members will be answered only if the shareholder continues to hold the shares as of cut-off date benpos.

5. The Members may register themselves as speakers for the e-AGM to express their views by visiting https://emeetings.kfintech.com and click on 'Speaker Registration' during the remote e-voting period commencing from **September 24, 2021 to September 28, 2021**. Members shall be provided a 'queue number' before the e-AGM. The Company reserves the right to restrict the speakers at the e-AGM to only those Members who have registered themselves, depending on the availability of time for the e-AGM.

Instructions for members for e-Voting during the e-AGM session:

1. The e-Voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the "instapoll" page.

2. Members need to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.

3. Only those Members/ shareholders, who will be present in the e-AGM through Video Conference facility and have not casted their vote through remote e-Voting are eligible to vote through e-Voting available during the e-AGM. However, members who have voted through remote e-Voting are eligible to attend the e-AGM.

Instructions for members for remote e-Voting:

1. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing the e-voting facility to its Members holding shares in physical or dematerialized form, as on the cut-off date, being Wednesday, September 22, 2021, to cast their vote through electronic means on all resolutions set forth in the Notice.

2. The e-voting period shall commence on **Friday, September 24, 2021** (10:00 A.M.) and ends on **Tuesday, September 28, 2021** (5:00 P.M.). Members, holding shares either in dematerialised form or physical form as on cut-off date, Wednesday, September 22, 2021, may cast their vote electronically during this period. The remote e-voting module shall be disabled at 5.00 p.m. on Tuesday, September 28, 2021. Once the vote on a resolution is cast by a Member, he/she shall not be allowed to change it subsequently or cast the vote again.

3. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode**

   In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

   Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders holding securities in demat mode with CDSL	1. Existing user of who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK NTIME, CDSL. Click on e-Voting service provider name to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi./Registration/ EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

4. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 22-23058542-43.

5. On successful login, the system will prompt to select the 'Event' i.e., 'Company Name'. On the voting page, you will see Resolution description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively, you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If you do not want to cast your vote, select 'ABSTAIN'. After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly, modify your vote. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

6. Corporate/institutional members (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned image (PDF/ JPG format) of certified true copy of relevant board resolution/ authority letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who is/ are authorised to vote, to the Scrutiniser through email at kannans@kannancs.in any may mark a copy to evoting@kfintech.com and compliance@ujjivanfin.com and may also upload the same in the e-voting module in their login. The scanned image of the above documents should be in the naming format 'UFSL_EVENT No'

7. In case of any queries/grievances, you may refer the Frequently Asked Questions (FAQs) for Members at https://evoting.kfintech.com/public/Faq.aspx or call KFin on 1-800-345-4001 (toll free).

Please contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Pvt. Ltd., Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad 500032, mohsin.mohd@kfintech.com, Phone: +91 040 6716 1562, toll-free number 1800 345 4001 for any further clarifications.

Other Important Notes:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.

2. Members wishing to claim unclaimed dividends are requested to correspond with the Company Secretary of the Company at the Company's registered office. Members are requested to note that dividends which are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per the provisions of Section 205A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), be transferred to the Investor Education and Protection Fund.

3. SEBI has mandated the submission of PAN by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA

4. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled, to KFin Technologies Private Limited ("KFin"), Registrar and Transfer Agent (RTA) of the Company. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.

5. Brief profile and other required information about the Directors proposed to be appointed / re-appointed, as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Notice.

In support of the Green Initiative, the Company hereby request Members who have not updated their email IDs to update the same with their respective Depository Participant(s) or with our RTA for receiving communications from the Company electronically.

Further, Members holding shares in electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members holding shares in physical mode are also requested to update their email addresses by writing to the RTA of the Company quoting their folio number(s).

13. As required under Regulation 40(1) of SEBI Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository except in case of transmission or transposition of securities.

14. The Board of Directors has appointed Mr. S. Kannan of M/s. S Kannan And Associates, bearing Firm No. S2017KR473100 (FCS 6261, holding CP No. 13016), as Scrutinizer to scrutinize the voting through Remote e-voting at e-AGM in a fair and transparent manner.

15. The Results on above resolutions shall be declared not later than 48 hours from the conclusion of the e-AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favor of the resolutions.

16. The Results of voting declared along with Scrutinizer's Report(s) will be published on the website of the Company (www.ujjivan.com) and on Service Provider's website (https://evoting.karvy.com) within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to BSE Limited and the National Stock Exchange of India Limited.

17. Since the AGM is being held through VC in accordance with the MCA Circulars, the route map, proxy form and attendance slips are not being attached to this notice.

18. Detail of the process and manner of Remote e-voting along with the User ID and Password is being sent to all the Members along with this Notice. In case of any queries / grievances relating to voting by electronic means, the Members / Beneficial owners or in case any person, acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **Wednesday, September 22, 2021** may obtain the login ID and password by sending a request to Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Pvt. Ltd., Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad 500 032, mohsin.mohd@kfintech.com, Phone: +91 040 6716 1562 toll-free number 1-800-34-54-001.

By Order of the Board of Directors

Sd/-
Sanjeev Barnwal
Company Secretary and
Compliance Officer
Membership No.: A19180

Place: Bangalore
Date: August 12, 2021

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

In respect of Resolution set out at Item No. 3

MSKA & Associates (FRN: 105047W) (hereinafter referred to as MSKA), who were appointed as Statutory Auditors of the Company for a tenure of five years commencing from the conclusion of the 15th AGM held on August 02, 2019 till the conclusion of 20th AGM of the Company to be held in the year 2024 has vide their letter dated August 12, 2021 tendered their resignation from the position of Statutory Auditors from the conclusion of this 17th AGM of the Company being held on Wednesday, September 29, 2021.

MSKA & Associates has tendered their resignation from their position of statutory auditor of the Company due to the restrictions imposed by the RBI through its Circular No.DoS. CO.ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021 on the audit firms whereby they can audit a maximum 8 (eight) NBFCs during a particular year. MSKA has informed the Company that they have reached the maximum limit for the number of audits to be undertaken in the current year and hence they will not be able to continue as the Statutory Auditors of the Company from the Financial Year 2021- 2022. Accordingly, they will cease to be the Statutory Auditors of the Company on the conclusion of this 17th AGM of the Company.

Accordingly, after due evaluation, the Board based on the recommendation of the Audit Committee in its meeting held on August 12, 2021, subject to the approval of the shareholders in this 17th AGM has appointed Varma & Varma, Chartered Accountants (FRN - 004532S) as the Statutory Auditors of the Company for a term of 3 years starting from the conclusion of this 17th AGM scheduled on September 29, 2021 and till the conclusion of 20th AGM. The audit fees paid to MSKA (existing auditors) for the FY 2020-21 was ₹14.8 lacs (including GST) and the expected audit fees for Varma & Varma (incoming auditor) is likely to be around ₹21.3 lacs (including GST). Please refer to item no. 3 of the 17th AGM notice for further details.

In respect of Resolution set out at Item No. 4

The Board based on the recommendation of the Nomination and Remuneration Committee of the Board, has unanimously approved the appointment of Mr. Ittira Davis (DIN: 06442816) as the Non-Executive Director (Non-Independent Category) with effect from November 01, 2021 subject to prior approval of the Reserve Bank of India.

The Nomination Committee while considering his appointment has verified that he is not debarred from holding the office of director pursuant to any SEBI order and the Board hereby affirms that Mr. Ittira Davis is not debarred from holding the office of director by virtue of any SEBI order or any other such authority. Further, he is not related to any other Director of the Company and whose term of office will be liable to retire by rotation. The Company in terms of Section 160(1) of the Act has received a notice in writing from a member of the Company, proposing his candidature for the office of Director.

Mr. Davis was the MD & CEO of the Company from July 01, 2018 and until March 12, 2021 when he resigned to take up the Board position in Ujjivan Small Finance Bank Limited where his name was proposed to the RBI for the Part-Time Chairman. However, in the interim, RBI came out with its governance circular dated April 26, 2021 which mandated that the Chair of the Bank Board shall be an Independent Director. Since Mr. Davis cannot chair the Board of the Bank being its Non-Independent Director, he resigned from the Bank Board w.e.f. July 23, 2021 (close of business hours).

The Board was of the view that on account of the impending reverse merger of the Company with the Bank subject to requisite regulatory approvals, the re-induction of Mr. Davis on the Board will be immensely beneficial to the Company and all its stakeholders.

The Board having regard to his past association, background and experience which will be beneficial to the Company, recommends the resolution for the appointment of Mr. Ittira Davis as a Non-Executive (Non-Independent) Director w.e.f. November 01, 2021 for approval by the shareholders of the Company through an ordinary resolution subject to receipt of prior approval from the RBI.

The disclosures under Regulation 36(3) of SEBI-LODR and Secretarial Standards on general meetings (SS-2) of ICSI are appended.

None of the Directors, Key Managerial Personnel and their relatives other than Mr. Ittira Davis and his relatives are, in any way, concerned or interested in the said resolution except to the extent of their shareholding, if any.

ADDITIONAL INFORMATION ON DIRECTORS BEING APPOINTED/ RE-APPOINTED AS REQUIRED UNDER REGULATION 26(4) AND REGULATION 36 THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AND SECRETARIAL STANDARD-2 BY ICSI:

Name of the Director	Mr. Narayan Anand	Mr. Ittira Davis
DIN	02110727	06442816
Date of Birth and Age	November 22, 1963; 57 Years	March 04, 1955; 66 Years
Date of First Appointment on the Board	May 01, 2019	July 01, 2018 (served until March 12, 2021)
Brief Resume, Qualification, Experience and Nature of Expertise in specific functional areas	Mr. Anand Narayan is a Non-Executive Director of our Company. He currently serves as Managing Partner of Creador India. He joined Creador in 2011. Prior to joining Creador, he was a Partner and Director of Veda Corporate Advisors Private Limited, where he was responsible for mergers and acquisitions, sponsor coverage of private equity firms and raising structured debt for a number of mid-market corporates. He had also served in Infrastructure Leasing & Financial Services as Vice President between 1994 -2006 and served various corporate entities like Zuari Agrochemicals and at Eicher Motors Ltd in the past in operational roles. Mr. Narayan holds an M.B.A. from IIM, Bangalore and graduated with honors in Mechanical Engineering from the National Institute of Technology, Jaipur. He is also a non-executive director in Ashiana Housing Limited and Redrock (India) Offshore Consultants Private Limited and is a designated partner of Creador Advisors India LLP.	Mr. Ittira Davis served as the MD & CEO of the Company from July 01, 2018 and until March 12, 2021. He is an international banker with over 36 years of Corporate and Investment banking experience having worked extensively in the Middle East and Europe. He was with the Europe Arab Bank from July 2008 to October 2012 initially as the Managing Director – Corporate and Institutional banking and then as an Executive Director of the Europe Arab Bank. He has previously worked with Citi bank in India and the Arab Bank Group in the Middle East and Europe. Mr. Ittira Davis is a graduate from the Indian Institute of Management, Ahmedabad (1976).
No. of Board Meetings attended during the year as a Director	7	5
Directorships held in other Companies	Public Companies • Ashiana Housing Ltd Private Companies • Redrock (India) Offshore Consultants Private Limited • Creador Advisors India LLP*	None
Memberships / Chairmanships of Committees of other Boards	None	None
Remuneration last drawn	₹ 7,75,000 as sitting fees	₹ 98,21,730 during his employment as the MD & CEO of the Company during the FY 2020-21 (until March 12, 2021)
Remuneration sought to be paid	Sitting fees as approved by the Board of Directors within the limits of the applicable laws.	Sitting fees as approved by the Board of Directors within the limits of the applicable laws.
Shareholding in the Company	Nil	40,000 equity shares (0.03%); (jointly held with his wife Ms. Anna Ittira Davis)
Relationship with other Directors and Key Managerial Personnel of the Company	Nil	Nil

* Creador Advisors India LLP is an advisor to Creador III. Ardisia Limited (an SPV and affiliate of the Creador III) is holding 9.92% equity shares in the Company.

By Order of the Board of Directors

Sd/-
Sanjeev Barnwal
Company Secretary and Compliance Officer
Membership No.: A19180

Place: Bangalore
Date: August 12, 2021

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Ujjivan Financial Services Limited

Registered Office
Grape Garden, No. 27, 3rd A Cross,
18th Main, 6th Block, Koramangala,
Bengaluru – 560095,
Karnataka, India
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