

# Directors' Report

Dear Stakeholders,

On behalf of the Board of Directors (the "Board") of Ujjivan Small Finance Bank Limited (the "Bank or Ujjivan"), it is our immense pleasure to present the 6<sup>th</sup> Annual Report of the Bank along with the Audited Financial Statements and Auditor's Report thereon for the FY 2021-22.

## OVERVIEW AND STATE OF AFFAIRS OF THE BANK

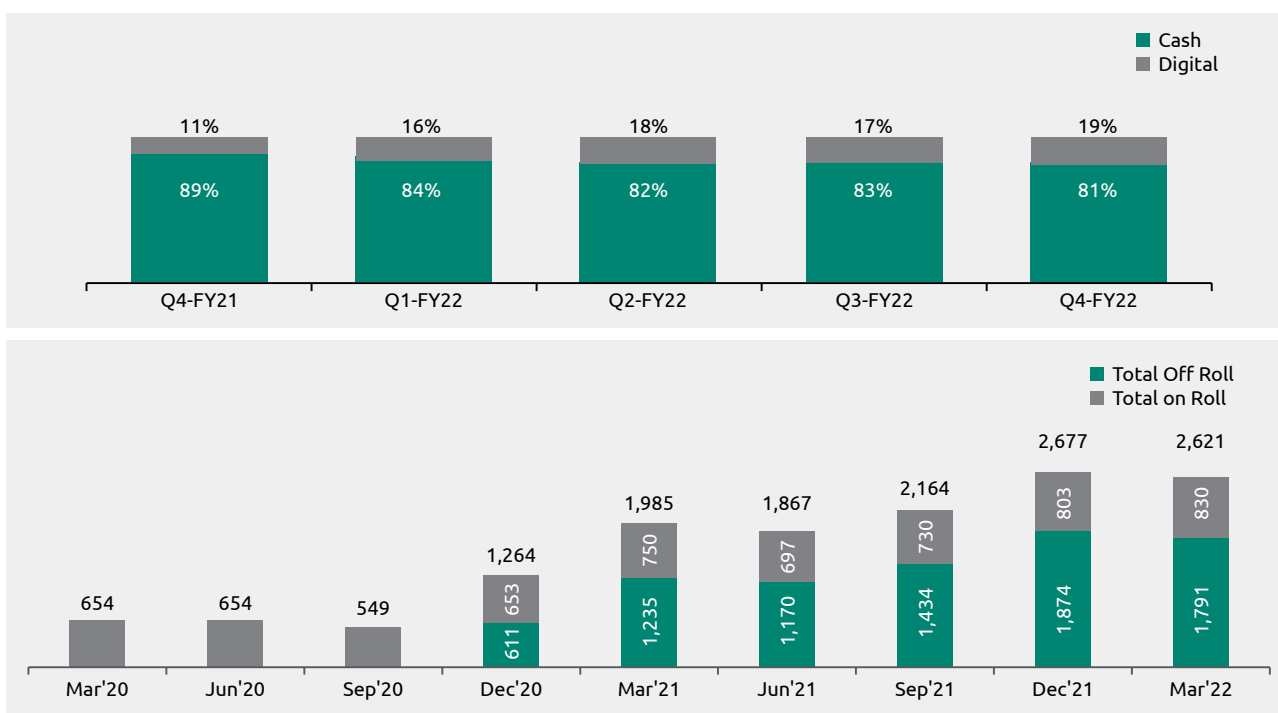
During the FY 2021-22, even though Ujjivan had a difficult start, it witnessed a remarkable turnaround and a promising close. Beginning of the year was muted as the momentum built towards close of FY 2020-21 was thwarted by outbreak of Covid 2.0 which followed a cycle of lower business and collections, rising NPAs and provisioning leading to reduced profitability. Also, it led to destabilizing Bank's human resource across all levels – field, mid-level and leadership as well as Board. However, Ujjivan has a strong core and is resilient. Beginning with strengthening of Board, we brought in a stability to the entire team and attracted good talent across all functions and verticals. Also, we implemented recovery plan – what we call "100-day plan" to focus on business growth and improving asset quality.

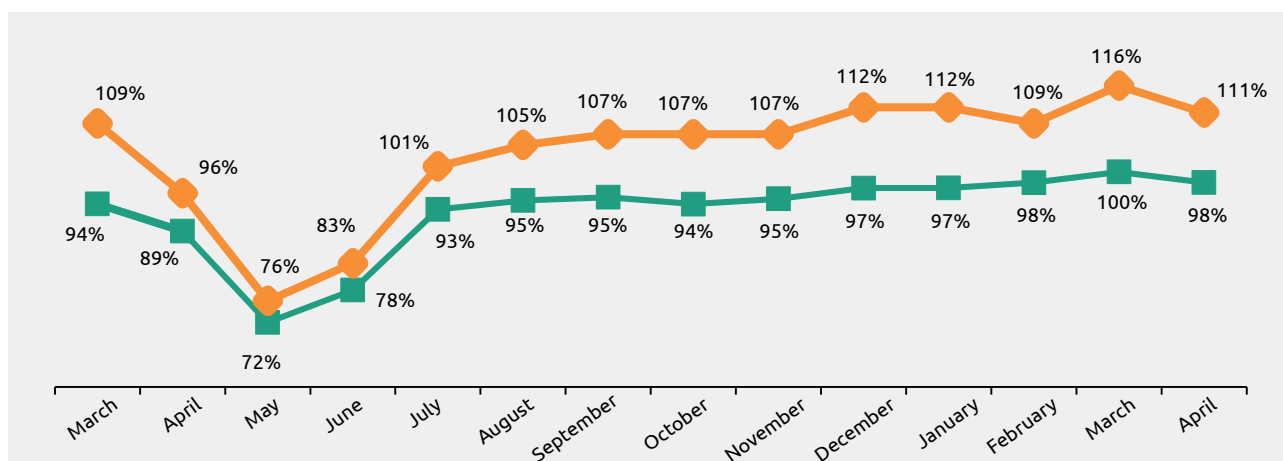
In second half of FY 2021-22, the Bank rebound from the initial setback in the business in H1 due to COVID lockdown and delivered record high business volumes. With the opening up of markets gradually from Q1, volumes picked up across asset and deposit businesses surpassing pre-COVID normal by Q3. The Bank closed the financial year on a high note, with the last quarter showing tremendous growth across businesses. In the first half of the year, the Bank took a cautious approach towards microfinance lending in select pockets and increased focus on collections post lockdown. The Bank also took a measured approach

towards its MSE lending in certain stressed segments and has shifted its focus towards lending to semi-formal and formal segment for better portfolio quality. Bank maintained a cautious stance in its Institutional lending business, lending to high rated entities, while maintaining portfolio NIM. Business volumes under the MSE and Affordable Housing vertical saw steady ramp up with improved approval rates, despite restricted segments and stringent credit policy. Bank's assets under management (AUM) registered a 20% Y-o-Y growth in FY 2021-22 over that in the Previous Year. Despite slowdown in business momentum in the first half on account of the pandemic, the Bank witnessed significant Y-o-Y growth in all verticals: Micro Banking (13.6%), Affordable Housing (33%) and MSE (33%).

During FY 2021-22, Bank's deposit book recorded 39% y-o-y growth driven by new retail customers. 2.7 Lac new retail deposit customers were on-boarded during the year. CASA grew by 85% y-o-y, closing at 27% of the total deposit book as of March 31, 2022 against 21% in March 2021.

**Collection strategy:** Our foremost objective under our 100-day plans was to improve collection efficiency. This was done through (a) strengthening collection team by adding off-role staff and agencies, (b) focusing on digital collection, (c) expanding our reach through tie-ups with fintechs and payment bank, (d) data analytics driven prediction models based on Early Warning Triggers and geo-special analysis aiding in better collections, (e) expediting legal process on secured book. We are very pleased with the results and the increased collection efficiency. This has yielded in improvement in our asset quality parameters.





The Bank remains focused on financial inclusion and serving the aspiring middle class. During the year, we continued to expand our product and services suite to become more relevant to our customers:

- ECLGS loans: Launched in Jul'21 with ticket size of ₹5,000 to ₹12,000. Total disbursement during the year was at ₹68 Crore.
- Launched Ujjivan pay QR solution for merchants in February. This offers our customers to use the seamless payment solution and transact more through their Ujjivan account.
- Our Agri business launched Poultry product in towards end-Q4 FY22. We are also looking to launch Fishery product.
- Micro LAP product was launched in Jan'22 to cater to small borrowers. Currently the product is available in select branches; we target to scale up in FY 2022-23.
- We launched Credit Guarantee Trust for MSE scheme (Term Loan, Overdraft and Cash credit facility) and disbursed more than ₹100 Crore under the scheme during the year.
- We launched Platina FD for long-term investors; non-callable retail FDs with slightly higher return as against base rates for same tenor.

The Bank operated its premises with strictest safety standards in line with the SLBC and local guidelines, limiting staff turn out and offering work from home for backend staff. Quick Response Team (QRT) was constituted to monitor the situation on ground and provide guidelines during the pandemic to all our employees and offices. We maintained a strong connect with our customers and staff during the pandemic.

The Bank stayed committed to its Corporate Social Responsibility (CSR) initiatives and spent ₹4.3 Crore during the year on several impactful activities focused on pandemic relief activities, disaster and flood relief, promoting education and livelihood support. On 7<sup>th</sup> Sep'21, we launched an initiative to focus on vaccination drives for customers and their families and promoted mass vaccination through the branches under our "Sanjeevani Kavach" program – around 80,000 beneficiaries have

been vaccinated under the program. Some of the other key initiatives were:

#### • Covid relief activity

- ₹ 3.02 Crore spent in response to the pandemic outbreak
- Direct distribution of 18,359 general support medical equipment, 214 life-saving equipment, timely supply of medicine towards fight against black fungus and supported in supplying mild COVID symptom medication

#### • Disaster Relief

- 8000+ people benefitted through the disaster relief
- During the Yass cyclone, the Jaynagar (WB) was very severely affected - we helped the public with dry ration and basic hygiene supplies.
- The rains in West Bengal caused a heavy flood in Tamluk and Panskura, overflowing of Rupnarayan river and few lake fisheries devastated the lives of several under-privileged families. We worked with WB Govt. agencies providing the beneficiaries with dry ration and flood relief materials.

#### • Community Development

- 4 Civil infrastructures were built-renovated across India. Functional garbage van provided to Mapusa municipality.
- 3 partnerships established with skill development NGOs to provide skill training and placement support to 50 unemployed youths in Bhubaneswar, providing employability training to 100 differently abled persons in Mumbai & Jamshedpur and 50 women will be empowered in making bags with jute and banana waste which is environment friendly in Purnea (Bihar).
- 18 desktops given to a school in a marginalized community at Harihara and 40 wheel chairs provided to differently abled people in Bengaluru.

The Bank's total customer base grew by 9.5% Y-o-Y to 64.8 lakh while Deposit customers increased by 11% to 62.1 lakh.

As of March 31, 2022, The Bank operated a network of 575 Banking Outlets, including 144 in Unbanked Rural Centre (URC) locations, complying with the RBI prescribed norm of 25% of the BOs to be situated in URCs and 492 ATMs including 54 Automated Cash Recyclers (ACR).

The Bank was adequately capitalized with a CRAR of 19% as of 31<sup>st</sup> March 2022 and its funding position stayed comfortable throughout the year. The Bank took a prudent call to build sufficient liquidity buffer in the wake of the COVID-19 situation.

For the financial year ended March 31, 2022, Net loss is ₹415 Crore against net profit of ₹8 Crore in the previous financial year ended March 31, 2021. Pre-provision operating profit stands at ₹590 Crore against ₹801 Crore in FY21.

## HIGHLIGHTS OF THE FINANCIAL YEAR:

- Overall PAR stands a 9.6% against 14.9% in March, 2021.
- NNPA at 0.6% against 2.9% in March 2021
- Cost of funds of the Bank reduced from 7.1% at the end of March 2021 to 6.2% in March, 2022.
- The Deposit book stood at ₹18,292 Crores. CASA stood at ₹4,993 Crore. Retail book stood at ₹9,921 Crore and Institutional book at ₹8,366 Crores. Certificate of deposits stood at ₹756 Crore
- Cost to Income Ratio increased to 71.7% from 60.6% in FY21 on account of rationalization of costs, cutting down of non-essentials, cost saving initiatives and process improvements

The Bank's Board comprised of 9 directors as at the end of FY 2021-22, with the MD & CEO being the Executive Director, 4 Independent Directors including 1 Woman Independent Director, 2 Non-Executive Non-Independent Directors and 2 Nominee Directors.

## FINANCIAL PERFORMANCE

### Summary of Financial Performance as per Rule 8(5) of The Companies (Accounts) Rules, 2014

Particulars	₹ in Crores)	
	FY 2021-22	FY 2020-21
Revenue from Operations	2,812.80	2806.07
Other Income	313.27	310.82
Less: Operational Expenses	603.34	404.49
Personnel Expenses	812.60	748.78
<b>Profit/loss before Depreciation, Finance Costs, Exceptional items, Provisions and Tax Expense</b>	<b>1,710.14</b>	<b>1963.61</b>
Less: Depreciation/ Amortisation/ Impairment	80.44	76.80
<b>Profit/loss before Finance Costs, Exceptional items, Provisions and Tax Expense</b>	<b>1,629.69</b>	<b>1886.81</b>
Less: Finance Costs	1,039.21	1077.51
<b>Profit/loss before Provisions, Exceptional items and Tax Expense</b>	<b>590.49</b>	<b>809.30</b>
Less: Provisions & Contingencies	1,140.85	799.10
Add/(less): Exceptional items	-	-
<b>Profit/loss before Tax Expense</b>	<b>-550.36</b>	<b>10.20</b>
Less: Tax Expense (Current & Deferred)	-135.77	1.90
<b>Profit/loss for the year (1)</b>	<b>-414.59</b>	<b>8.30</b>
<b>Total Comprehensive Income/loss (2)</b>	<b>-</b>	<b>-</b>
<b>Total (1+2)</b>	<b>-414.59</b>	<b>8.30</b>
<b>Balance of profit/loss for earlier years</b>	<b>343.62</b>	<b>362.01</b>
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Statutory Reserves	-	2.07
Less: Transfer to investment Fluctuation Reserve	-	5.28
Less: Transfer to Capital Reserves	1.38	19.33
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	-	-
Less: Dividend Distribution Tax	-	-
<b>Balance carried forward</b>	<b>-72.35</b>	<b>343.63</b>

**Key Ratios: (Comparative ratios are annualised)**

Particulars	FY 2021-22	FY 2020-21
Interest income as a percentage to working funds	13.81%	14.67%
Non-interest income as a percentage to working funds	1.54%	1.62%
Operating profit as a percentage to working funds	2.91%	4.23%
Business (deposits plus gross advances) per employee (₹ in thousands)	18,099	13772
Profit per employee (₹ in thousands)	-252.63	4.82
EPS (Basic) (₹)	(2.40)	0.05
EPS (Diluted) (Rs.)	(2.40)	0.05

**TRANSFER TO RESERVES****A. Statutory Reserve**

Since the Bank has not made any profit during the FY 2021-22, no fund has been transferred to statutory reserves as required under Section 17 of the Banking Regulation Act, 1949 and RBI circular dated September 23, 2000, as amended from time to time.

**B. Investment Fluctuation Reserve ("IFR")**

During the FY 2021-22 the Bank has not transferred any amount to IFR for the FY 2021-22 pursuant to the RBI notification RBI/2017-18/147 DBR.No.BP.BC.102/21.04.048/2017-18 dated April 02, 2018, as compared to ₹5.28 Crores in FY 2020-21.

**DIVIDEND**

The Bank has formulated and implemented a Dividend Distribution Policy pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and RBI Requirements with an objective to appropriately reward shareholders through dividends for reposing their confidence in the Bank while retaining the capital required for supporting future business growth. The said Policy is available on the website of the Bank at [www.ujjivansfb.in/corporate-governance-policies](http://www.ujjivansfb.in/corporate-governance-policies).

**A. Equity Dividend**

Due to lack of profitability during the FY 2021-22, the Board of the Bank has not proposed any dividend on the equity shares for the FY 2021-22.

**B. Preference Dividend**

During the FY 2021-22, no dividend was declared on the preference shares issued by the Bank.

**CHANGE IN THE NATURE OF BUSINESS**

There was no change in the nature of business of the Bank during FY 2021-22.

**MATERIAL CHANGES AND COMMITMENTS**

The Bank has pursuant to a resolution passed by its Board on June 08, 2022 considered and approved the proposal for raising of funds by way of issuance of non-convertible debt securities upto ₹1,500 Crores (Rupees One thousand Five Hundred Crore) on a private placement basis, in one or more tranches, within a period of 1 (one) year from the date of seeking shareholders' approval, in compliance with all applicable directions and regulations of the Reserve Bank of India, SEBI and other governmental authorities.

The Bank through its postal ballot notice dated June 08, 2022 has sought its shareholders' approval on July 12, 2022. In addition, the Bank has taken its shareholders approval on March 26, 2022 (by way of a postal ballot) for a Qualified Institutions Placement (QIP) of upto ₹600 crores and the Bank expects to complete the QIP this fiscal.

The capital ratios of the Bank comprising of Tier I and Tier II capital will be augmented on the successful completion of the QIP and Debt Issuance respectively.

No further material changes and commitments have occurred after the closure of the FY 2021-22 till the date of this report, which might have affected the financial position of the Bank.

**REVISION OF FINANCIAL STATEMENT OR THE DIRECTORS' REPORT**

The Bank has not revised its financial statements or the directors' report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of any judicial authority.

**GENERAL INFORMATION**

Detailed overview of the banking industry and important changes therein, external environment and economic outlook have been elaborated in the Management and Discussion Analysis Report which forms part of the Annual Report of the Bank for the FY 2021-22.

**CAPITAL AND DEBT STRUCTURE****A. CHANGES IN CAPITAL STRUCTURE**

There was no change in the Authorized, Subscribed and Paid-up Capital of the Bank during the FY 2021-22.

**B. ISSUE OF EQUITY SHARES OR OTHER CONVERTIBLE SECURITIES**

During the FY 2021-22, the Bank has made no allotments of equity shares.

**C. ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS AND/OR SWEAT EQUITY SHARES**

During the FY 2021-22, the Bank has neither issued any equity shares with differential rights nor any sweat equity shares.

**D. EMPLOYEE STOCK OPTIONS/ SHARE BASED EMPLOYEE BENEFIT SCHEMES**

The Bank has formulated and implemented ESOP 2019 Scheme and ESPS 2019 Scheme to reward the

employees of the Bank, and employees of its present or future subsidiary(ies) and/or holding company(ies), for their association and performance as well as to motivate them to contribute to the growth and profitability of the Bank.

### ESOP 2019 SCHEME:

The Bank, pursuant to the resolutions passed by the Board on January 22, 2019 and by the Members on March 29, 2019, adopted the ESOP 2019 Scheme. The Bank in its 4<sup>th</sup> Annual General Meeting held on September 02, 2020 has ratified the ESOP 2019 Scheme as required under the SEBI (Share Based Employee Benefits) Regulations, 2014. The Bank may grant an aggregate number of up to 14,40,00,000 stock options under the ESOP 2019 Scheme. Upon exercise and payment of the exercise price, the option holder will be entitled for allotment of one equity share per stock option. Accordingly, the number of equity shares that may be issued under the ESOP 2019 Scheme shall not exceed 14,40,00,000 equity shares of face value ₹10 each.

The ESOP 2019 Scheme is effective from March 29, 2019. The objectives of ESOP 2019 Scheme are, among others, to attract and retain employees with stock options as a compensation tool. Through ESOP 2019 Scheme, the Bank offers an opportunity of sharing the value created with those employees who have contributed or are expected to contribute to the growth and development of the Bank.

The ESOP 2019 Scheme has been framed and implemented in compliance with provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, Companies Act, 2013 and rules made thereunder and relevant guidance notes and accounting standards.

As on March 31, 2022, 7,17,42,768 stock options have been granted by the Bank under ESOP 2019 Scheme to eligible employees of the Bank and its Holding Company.

During the FY 2021-22, following grants have been made to the eligible employees with the approval of the Nomination and Remuneration Committee of the Bank:

Sr. No	Date of grant	Number of options	Price (₹)
1.	August 23, 2021	1,99,949	19.70
2.	January 05, 2022	1,66,842	19.05
3.	January 08, 2022	3,01,57,303	19.95
4.	March 23, 2022	1,15,025	16.60
	<b>Total</b>	<b>3,06,39,119</b>	<b>-</b>

No change has been made in the ESOP 2019 Scheme during the FY 2021-22 and following are the details of ESOP 2019 as on March 31, 2022:

Particulars	Details
Options granted	7,17,42,768
Options vested	97,14,703
Options exercised	61,967
The total number of shares arising as a result of exercise of options	61,967 (No options were exercised in FY 2021-22)
Options lapsed	1,71,85,468
	<ul style="list-style-type: none"> <li>Out of the above lapsed options, 59,91,126 lapsed options as of March 31, 2021 got added back to the ESOP 2019 Scheme pool. Further, 1,11,94,342 lapsed options as of March 31, 2022 got added back to the ESOP 2019 Scheme pool.</li> </ul>
Variation in terms of options	Nil
Money realised by exercise of options	-
Total number of options in force	5,44,95,333 options
<b>Employee-wise detail of options granted to:</b>	
Key Managerial Personnel*	Nil
Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil

\* No options were granted to KMPs during the FY 2021-22

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021 read with Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by SEBI are available on the website of the Bank at [www.ujjivansfb.in](http://www.ujjivansfb.in).

#### ESPS 2019 Scheme:

The Bank, pursuant to the resolutions passed by the Board on July 30, 2019 and by the Members on August 03, 2019, adopted the ESPS 2019 Scheme. The ESPS 2019 Scheme has been framed and implemented in compliance with provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, Companies Act, 2013 and rules made thereunder and relevant guidance notes and accounting standards.

The objective of the ESPS 2019 Scheme is inter-alia to reward the eligible employees of the Bank and its Holding Company for their association and performance as well as to motivate them to contribute to the growth and profitability of the Bank.

Pursuant to the ESPS 2019 Scheme, the Board is authorized to issue up to 7,20,01,840 fully paid up equity shares of the face value of ₹10 each with pari-passu voting rights, to the eligible employees (as defined under the ESPS 2019 Scheme), in accordance with the terms and conditions as may be decided by the Nomination and Remuneration Committee of the Bank.

The ESPS 2019 Scheme was implemented under two schemes, viz. Upfront Scheme and Monthly Scheme. Under the Upfront Scheme, the employees made upfront payments to purchase the equity shares and equity shares were allotted to them while under the Monthly Scheme, the employees opened a monthly recurring deposit account and the equity shares were allotted to such employees at the end of the 12 months.

The Nomination and Remuneration Committee has been entrusted with the responsibility of administering the ESPS 2019 Scheme. As of March 31, 2022, 1,40,75,166 shares were allotted at ₹35 per share (including premium of ₹25 per share) pursuant to the exercise of options under ESPS 2019 Scheme. However, no ESPS was granted or exercised during the FY 2021-22.

The disclosures as required under Regulation 14 of the SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021 read with Circular CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015 issued by the SEBI are available on the website of the Bank at [www.ujjivansfb.in](http://www.ujjivansfb.in).

Further as per Regulation 13 of the SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021, the Board of Directors have obtained the certificate from the Secretarial Auditor of the Bank, K Jayachandran, certifying that the schemes have been implemented in accordance with these regulations and in accordance with the resolution of the Bank in the general meeting. The same has been enclosed as "**Annexure - 6**" to this report.

#### E. ISSUE OF DEBENTURES, BONDS OR ANY NON-CONVERTIBLE SECURITIES OR WARRANTS

During the FY 2021-22, the Bank has neither issued any debenture, bonds, non-convertible securities nor any warrants. However, the Bank pursuant to a resolution passed by its Board on June 08, 2022 has considered and approved the proposal for raising of funds by way of issuance of non-convertible debt securities upto ₹1,500 Crores (Rupees One thousand Five Hundred Crore) on a private placement basis, in one or more tranches, within a period of 1 (one) year from the date of seeking shareholders' approval, in compliance with all applicable directions and regulations of the Reserve Bank of India, SEBI, other governmental authorities, and any other person, as may be required/applicable. The Bank through its postal ballot notice dated June 08, 2022 has received its shareholders' approval on July 12, 2022 and the Bank is in process to commence the offer and issue of NCDs against this approval.

#### DILUTION OF PROMOTER'S SHAREHOLDING AND REVERSE MERGER

In terms of the RBI In-Principle Approval, RBI Final Approval and Guidelines for licensing of "Small Finance Banks" in the private sector issued by RBI on November 27, 2014 ("SFB Licensing Guidelines"), the Bank was required to list its equity shares on the Stock Exchange within 3 (Three) years from the date of commencement of business, i.e., by January 31, 2020.

Bank's equity shares got listed on Stock Exchanges on December 12, 2019 well within the prescribed timeline in accordance with SFB Licensing Guidelines.

Further, pursuant to the SFB Licensing Guidelines, Promoter of the Bank was required to reduce its shareholding in the Bank to 40% of the paid-up Equity Share capital of the Bank within a period of five years from the date of commencement of business operations by the Bank i.e. by January 31, 2022 and thereafter required to reduce its shareholding in the Bank to 30% and 26% of its paid-up Equity Share capital within a period of 10 years and 12 years, respectively, from the date of commencement of the business operations.

However, RBI vide its letter dated July 09, 2021 permitted the Bank to apply for the amalgamation of holding company with small finance bank, in terms of provisions of Master Direction on Amalgamation of Private Sector Banks, Directions, 2016 dated April 21, 2016, Three (3) months prior to completing five years from the date of commencement of business of small finance bank. Accordingly, the Bank has initiated necessary steps for the reverse merger of Ujjivan Financial Services Limited with the Bank in accordance with applicable laws and guidelines. Merger of the Promoter entity with the Bank will suffice the RBI Requirement of promoter shareholding dilution.

Therefore, the Board of the Bank at its meeting held on October 30, 2021 considered and approved a Scheme of Amalgamation ("Scheme") between Ujjivan Financial Services Limited (UFSL, promoter of the Bank) and the

Bank and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder.

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

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

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

During the period internal working group of the RBI, pursuant to the Recommendations of the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks dated October 20, 2020 and November 20, 2020, had recommended that no intermediate sub-targets between five to 15 years may be required and that promoters may submit a dilution schedule which may be examined and approved by the RBI. The progress in achieving the agreed milestones must be periodically reported by the banks and shall be monitored by the RBI. ("**Dilution Requirement**")

Pursuant to the circular issued by the RBI dated November 26, 2021 ("**November 26 Circular**"), the RBI

inter alia accepted the recommendation on the Dilution Requirement without any modification subject to submission of a dilution schedule with the RBI. However, the proposed recommendations have not been notified as yet by the RBI by way of a separate notification.

However, to ensure that the MPS compliance is met well before the due date i.e. by December 11, 2022 (within 3 years of listing of the Bank), the Board at its Meeting on February 05, 2022 evaluated various methods to achieve the MPS by reducing UFSL's holding in the Bank from present 83.32% to 75% or lower. After deliberations, the Board approved the option to carry out a Qualified Institutions Placement ("QIP") in terms of the SEBI ICDR Regulations to the extent necessary to achieve the MPS norms, provided the total issue proceeds shall not exceed ₹600 crores.

The Bank has obtained an approval from its Shareholders for the aforesaid QIP through a postal ballot and the Bank is in the process of completing its QIP during the FY 22-23.

### CAPITAL ADEQUACY

The Bank is subject to the Basel II Capital Adequacy guidelines (NCAF) as stipulated by RBI. The Capital to Risk Assets Ratio (CRAR) of the Bank is calculated as per the Standardized Approach (SA) for Credit Risk.

CRAR of the Bank is calculated on the basis of RBI NCAF guidelines. The CRAR of the Bank as at March 31, 2022 using Risk Weighted Assets for credit risk related exposures only, as required under the operating guidelines of RBI for Small Finance Banks, was 18.99% against a minimum requirement of 15% and Tier I capital ratio was 17.70%, against the minimum requirement of 7.5%.

### CREDIT RATING

Credit ratings assigned to Long Term Bank Facilities and Certificate of Deposit Programme of the Bank during the FY 2021-22:

Instrument Name	Name of Credit Rating Agency	Amount (₹ In Crores)	Rating	Date of Credit Rating	Revision in the Credit Rating
Long Term Bank Facilities	CARE Ratings Limited	500.00	CARE A+; Stable	06-09-2017	Reaffirmed "CARE A+; Stable" on 28-03-2022
Certificate of Deposit Programme	CRISIL Ratings Limited	2500.00	CRISIL A1+	26-02-2018	Reaffirmed "A1+" on 23-02-2022

### TRANSFER OF UNPAID AND UNCLAIMED DIVIDEND AMOUNT TO INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 124 & 125 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended from time to time, the dividend that remains unpaid or unclaimed for a period of seven consecutive years from the date of transfer, are required to be transferred to the Investor Education and Protection Fund (IEPF).

Being the Fifth Financial Year, there was no amount due for transfer to IEPF. Further, as of March 31, 2022, there was no shareholder who has not encashed/claimed the dividend amount and there is no unclaimed dividend amount lying with the Bank.

## BOARD AND KEY MANAGERIAL PERSONNEL

Following changes took place in the Board Composition during the FY 2021-22:

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
1.	Mr. Mahadev Lakshminarayanan (Independent Director) DIN:05003710	Resignation	June 18, 2021	<b>Reason for resignation:</b> Mr. Lakshminarayanan resigned from the position of an Independent Director on June 18, 2021 due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
2.	Mr. Ittira Davis (Non-Executive Non-Independent Director) DIN: 06442816	Resignation	July 23, 2021	<b>Reason for resignation:</b> Mr. Ittira Davis had joined the Bank on March 13, 2021, as a Non-Executive Non-Independent Director, in order to take up the role of Part-Time Chairman of the Bank, subject to RBI Approval. However, pursuant to the RBI circular dated April 26, 2021 on Corporate Governance in Banks-Appointment of Directors and Constitution of Committees of the Board, the Chairman of the Bank should be an Independent Director. Therefore, he resigned from his position on May 12, 2021, effective from July 23, 2021 due to his inability of taking up the role as the Part-Time Chairman since he was a Non-Independent Director.
3.	Mr. Nandlal Sarda (Independent Director) DIN: 00147782	Retirement	July 26, 2021	Mr. Nandlal Sarda retired from the position of Independent Director on completion of his tenure of 5 years.
4.	Ms. Mona Kachhwaha (Non-Executive, Non-Independent Director) DIN: 01856801	Resignation	August 10, 2021	<b>Reason for resignation:</b> Ms. Mona Kachhwaha resigned from the position of a Non-Executive Non-Independent Director on August 10, 2021 due to personal reasons and confirmed to the Bank that there were no other material reasons for her resignation.
5.	Mr. Harish Devarajan Additional Director (Independent) DIN: 00080245	Resignation	August 12, 2021	<b>Reason for resignation:</b> Mr. Harish Devarajan resigned from the position of Additional Director (Independent) on August 12, 2021 due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
6.	Mr. Banavar Anantharamaiah Prabhakar (Independent Director & Part-Time Chairman) DIN: 02101808	Appointment	August 20, 2021	<b>Rationale for appointment:</b> Mr. Prabhakar possesses about 37 years of experience of serving various banks. He carries experience of various positions from banks such as Bank of India, Andhra Bank and Bank of Baroda. He retired as Chairman and Managing Director of Andhra Bank in August, 2013 and has also served as the Executive Director of Bank of India. He is a Chartered Accountant and a Commerce Graduate from Mysore University. He meets the criteria of independence as prescribed under Section 149(6) of Companies Act, 2013 read with Rule 5 of Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16(1) (b) of SEBI Listing Regulations. He also meets the fit and proper criteria as prescribed under the applicable RBI Circular. Considering his qualifications, experience and expertise, the Board was of the opinion that his guidance will be valuable for the Bank. His appointment was approved by the shareholders at the 5 <sup>th</sup> AGM of the Bank held on September 27, 2021. In terms of Section 152 of the Companies Act, 2013, he is not liable to retire by rotation.

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
7.	Mr. Ravichandran Venkataraman (Independent Director) DIN: 02064557	Appointment	August 20, 2021	<p><b>Rationale for appointment:</b> Mr. Ravichandran Venkataraman has passed FCCA and ACMA from United Kingdom. He has also completed program for CFOs with Wharton Business School, USA. He has a track record spanning 30+ years of having worked in India, London and Bahrain. He has held various leadership positions in organizations such as HP Global Business Services, ANZ Bank, Bank Muscat etc.</p> <p>He meets the criteria of independence as prescribed under Section 149(6) of Companies Act, 2013 read with Rule 5 of Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16(1) (b) of SEBI Listing Regulations. He also meets the fit and proper criteria as prescribed under the applicable RBI Circular.</p> <p>Considering his qualifications, experience and expertise the Board was of the opinion that his guidance will be valuable for the Bank. His appointment was approved by the shareholders at the 5<sup>th</sup> AGM of the Bank held on September 27, 2021.</p> <p>In terms of Section 152 of the Companies Act, 2013, he is not liable to retire by rotation.</p>
8.	Mr. Samit Kumar Ghosh (Non-Executive Non-Independent Director) DIN: 00185369	Appointment	August 20, 2021	<p><b>Rationale for appointment:</b> Mr. Samit Kumar Ghosh is the Non-Executive Director and Chairman of Ujjivan Financial Services Limited ("UFSL"). With the approval of the Reserve Bank of India, he was designated and took charge as the MD &amp; CEO of Ujjivan Small Finance Bank Limited effective from February 01, 2017 to November 30, 2019. 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 UFSL was in Bank Muscat.</p> <p>He meets the fit and proper criteria as prescribed under the applicable RBI Circular.</p> <p>Considering his qualifications, experience and expertise the Board was of the opinion that his guidance will be valuable for the Bank.</p> <p>His appointment was approved by the shareholders at the 5<sup>th</sup> AGM of the Bank held on September 27, 2021.</p>
9.	Ms. Sudha Suresh (Non-Executive Non-Independent Director) DIN: 06480567	Appointment	August 20, 2021	<p><b>Rationale for appointment:</b> Ms. Sudha Suresh is a finance professional with a rich experience of more than two decades in private and public companies &amp; a decade as practicing chartered accountant. Her areas of expertise include Fiscal management, IPO, Corporate Governance &amp; Compliance, NBFC (ND-SI) Regulatory compliances, Internal Audit &amp; Controls, Risk &amp; ALM and Audit of Bank branches. She was the Managing Director and CEO (2017 - 2018) and Chief Financial Officer (2008 – 2017) of Ujjivan Financial Services Limited.</p> <p>She meets the fit and proper criteria as prescribed under the applicable RBI Circular.</p> <p>Considering her qualifications, experience and expertise the Board was of the opinion that her guidance will be valuable for the Bank.</p> <p>Her appointment was approved by the shareholders at the 5<sup>th</sup> AGM of the Bank held on September 27, 2021.</p> <p>Further, w.e.f. April 01, 2022, Ms. Sudha Suresh has been recategorized as an Independent Director post meeting all the criteria of Independent Directorship.</p>

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
10.	Mr. Rajesh Kumar Jogi (Independent Director) DIN: 03341036	Re-categorization as an Independent Director	August 25, 2021	<b>Rationale for recategorization:</b> Mr. Rajesh Kumar Jogi was appointed as a Non-Executive Non-Independent Director of the Bank on March 13, 2021. Post his resignation as a Director on the Board of the Bank's Holding Company, Ujjivan Financial Services Limited, he fulfilled all the requirements for being designated as an Independent Director. Therefore, he was re-categorized as an Independent Director of the Bank w.e.f. August 25, 2021. His appointment as an Independent Director was approved by the shareholders at the 5 <sup>th</sup> AGM of the Bank held on September 27, 2021. In terms of Section 152 of the Companies Act, 2013, he is not liable to retire by rotation.
11.	Mr. Umesh Bellur (Additional Independent Director) DIN: 08626165	Retirement	September 27, 2021	Mr. Umesh Bellur was appointed as an Additional Director (Independent) on March 13, 2021. He retired from the aforesaid position on completion of his tenure on the date of the Annual General Meeting of the Bank held on September 27, 2021.
12.	Mr. Nitin Chugh (MD & CEO) DIN: 01884659	Resignation	September 30, 2021	<b>Reason for resignation:</b> Mr. Nitin Chugh resigned from the position of the MD & CEO on August 19, 2021, effective from September 30, 2021, due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
13.	Mr. Umang Bedi (Independent Director) DIN: 02432920	Resignation	October 01, 2021	<b>Reason for resignation:</b> Mr. Umang Bedi resigned from the position of an Independent Director on October 01, 2021 due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.
14.	Mr. P N Raghunath (Nominee Director – RBI) DIN: 09428287	Appointment	November 29, 2021	<b>Rationale for appointment:</b> RBI vide its letter dated November 29, 2021 appointed Mr. P N Raghunath, General Manager, RBI, Bengaluru Regional Office as an Additional Director on the Board of the Bank with effect from November 29, 2021 to November 28, 2023 or till further orders, whichever is earlier.
15.	Ms. Chitra K Alai (Nominee Director – SIDBI) DIN: 03138604	Cessation	December 22, 2021	<b>Reason for cessation:</b> SIDBI vide its letter dated December 22, 2021 appointed Mr. Satyaki Rastogi as a Nominee Director on the Board of the Bank vice Ms. Chitra K Alai.
16.	Mr. Satyaki Rastogi (Nominee Director – SIDBI) DIN: 02189494	Appointment	December 22, 2021	<b>Rationale for appointment:</b> SIDBI vide its letter dated December 22, 2021 appointed Mr. Satyaki Rastogi as a Nominee Director on the Board of the Bank vice Ms. Chitra K Alai.
17.	Mr. Ittira Davis (MD & CEO) DIN: 06442816	Appointment	January 14, 2022	<b>Rationale for appointment:</b> Mr. Ittira Davis is an international banker with over 40 years of banking experience, having worked extensively in India, Middle East and Europe. He was with the Europe Arab Bank from July 2008 to October 2012. He also previously worked with Citibank in India and the Arab Bank Group in the Middle East. He has been associated with Ujjivan since 2015. Mr. Ittira Davis is a graduate from the Indian Institute of Management, Ahmedabad (1976). He meets the fit and proper criteria as prescribed under the applicable RBI Circular and RBI has granted its approval for his appointment. Considering his qualifications, expertise, experience and association with Ujjivan, the Board was of the opinion that his guidance shall be valuable for the Bank. Accordingly, the Board made its recommendations to the shareholders for his appointment as the MD & CEO of the Bank subject to the approval of the shareholders and the RBI. The shareholders' approval was sought through postal ballot on January 06, 2022 and the RBI approval was received on January 12, 2022.
18.	Mr. Prabal Kumar Sen (Independent Director) DIN: 02594965	Retirement	January 15, 2022	Mr. Prabal Kumar Sen retired from the position of Independent Director on completion of his tenure of 5 years on January 15, 2022.

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
19.	Ms. Anita Ramachandran DIN: 00118188	Appointment*	July 01, 2022	<p><b>Rationale for appointment:</b> Ms. Anita Ramachandran is a well-known HR expert in the country and has over 40 years of experience as a management consultant. She is also one of the first generation of women professionals to become an entrepreneur and run a highly successful HR consulting and services organization. She meets all the criteria of independence and meets the fit and proper criteria as prescribed under the applicable RBI Circular(s). Considering her qualifications, experience and expertise the Board is of the opinion that her guidance will be valuable for the Bank. In terms of Section 152 of the Companies Act, 2013, her term of office is not liable to retire by rotation.</p>

\* Ms. Anita was appointed as an Additional Director (Independent) of the bank on May 12, 2022 effective from July 01, 2022. Further, the shareholders have approved her appointment as an Independent Director on July 12, 2022.

The brief profiles of the Directors are available on the website of the Bank at <https://www.ujjivansfb.in/board-of-director>

#### A. KEY MANAGERIAL PERSONNEL

As on March 31, 2022, pursuant to Section 203 of the Companies Act, 2013, Mr. Ittira Davis, Managing Director and CEO, Mr. M D Ramesh Murthy, Chief Financial Officer and Mr. Chanchal Kumar, Company Secretary and Compliance Officer are the Key Managerial Personnel ("KMP") of the Bank.

Following changes took place in the list of Key Managerial Personnel during the FY 2021-22:

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
1.	Mr. Nitin Chugh (MD & CEO)	Resignation	September 30, 2021	<p><b>Reason for resignation:</b> Mr. Nitin Chugh resigned from the position of the MD &amp; CEO on August 19, 2021, effective from September 30, 2021, due to personal reasons and confirmed to the Bank that there were no other material reasons for his resignation.</p>
2.	Ms. Upma Goel (Chief Financial Officer)	Resignation	September 30, 2021	<p><b>Reason for resignation:</b> Ms. Upma Goel resigned from the position of the Chief Financial Officer on July 07, 2021, effective from September 30, 2021, in order to pursue her professional aspirations outside the Bank and confirmed to the Bank that there were no other material reasons for her resignation.</p>
3.	Mr. Chanchal Kumar (Company Secretary)	Resignation	April 04, 2022*	<p><b>Reason for resignation:</b> Mr. Chanchal Kumar resigned from the position of the Company Secretary on January 05, 2022, effective from April 04, 2022, in order to pursue his professional aspirations outside the Bank and confirmed to the Bank that there were no other material reasons for his resignation.</p>
4.	Mr. Ittira Davis (MD & CEO)	Appointment	January 14, 2022	<p><b>Rationale for appointment:</b> Mr. Ittira Davis is an international banker with over 40 years of banking experience, having worked extensively in India, Middle East and Europe. He was with the Europe Arab Bank from July 2008 to October 2012. He also previously worked with Citibank in India and the Arab Bank Group in the Middle East. He has been associated with Ujjivan since 2015. Mr. Ittira Davis is a graduate from the Indian Institute of Management, Ahmedabad (1976). He meets the fit and proper criteria as prescribed under the applicable RBI Circular and RBI has granted its approval for his appointment. Considering his qualifications, expertise, experience and association with Ujjivan, the Board was of the opinion that his guidance shall be valuable for the Bank.</p>

Sr. No	Name of the Director	Type of change	Effective Date	Remarks
5.	Mr. M D Ramesh Murthy (Chief Financial Officer)	Appointment	March 14, 2022	<b>Rationale for appointment:</b> Mr. Murthy comes on-board with 30 years of experience in Risk Management, Finance and Business. In his long tenure, he has headed various positions in previous organizations like ANZ Grindlays Bank, Mashreqbank Dubai, Commercial Bank International, Dubai, U.A.E. His last role was with Karur Vysya Bank as its Chief Financial Officer. He was the Chief Risk Officer of Karur Vysya Bank from April 2018 to October 2020. Mr. Murthy is a Chartered Accountant and has completed his General Management Program at Harvard Business School.
6.	Mr. Sanjeev Barnwal (Company Secretary & Head of Regulatory Framework)	Appointment	April 05, 2022*	<b>Rationale for appointment:</b> Mr. Sanjeev Barnwal has corporate experience of 18+ years and has been associated with Ujjivan for the last 7+ years where he has played pivotal roles in several key milestones including private equity raise, IPO & listing, banking licence application and processing, Bank formation. His last role was as the Chief Executive Officer, Company Secretary and Compliance Officer of Ujjivan Financial Services Limited (holding company of the Bank). Previously, he has worked with SMC Capitals Limited, CMC Limited, Elite Stock Management Limited and SBEC Sugar Limited. Mr. Barnwal is a qualified Company Secretary and holds a degree in Law, Diploma in Business Management from ICFAI University and NCFM Compliance Officer (Corporate) Module Certification. He was appointed as the Head of Regulatory Framework on February 15, 2022 and he was also designated as the Company Secretary and Compliance Officer of the Bank w.e.f. April 05, 2022 post resignation of Mr. Chanchal Kumar.

\* Changes after the end of FY 2021-22.

The brief profiles of the Key Managerial Personnel are available on the website of the Bank at <https://www.ujjivansfb.in/management-team>.

## DECLARATION BY INDEPENDENT DIRECTORS AND STATEMENT ON COMPLIANCE OF CODE OF CONDUCT

The Bank has received declarations from all its Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI Listing Regulations and that they have complied with the code of conduct for independent directors as prescribed under Schedule IV of the Companies Act, 2013.

Further, pursuant to Regulation 25(8) of the SEBI Listing Regulations, the Independent Directors of the Bank have also confirmed that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, to impair or impact their ability to discharge their duties with an objective of independent judgment and without any external influence.

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

*\*All Independent Directors of the Bank have registered themselves in the data bank as specified under Section 150 of the Companies Act, 2013 read with Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014. Few Independent Directors have qualified the prescribed proficiency test. The Independent Directors (not exempted under the Companies (Appointment and Qualification of*

*Directors) Fifth Amendment Rules, 2020 as notified on December 18, 2020) are committed to qualify the online proficiency self-assessment as required under aforesaid Rule within the prescribed timeline.*

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

## NUMBER OF MEETINGS OF THE BOARD

The Board met 11 (Eleven) times during the FY 2021-22. The meetings of the Board of Directors were convened in accordance with applicable laws and standards and the intervening gap between the said meetings was not exceeding 120 days. The details of Board Meetings are available in the Corporate Governance Report which forms part of the Annual Report of the Bank for the FY 2021-22.

## BOARD COMMITTEES

The Bank believes that the Board Committees are pillars of good corporate governance. In pursuit of the highest standard of corporate governance and to comply with the provisions of the Companies Act, 2013, SEBI Listing Regulations and RBI guidelines, the Bank has constituted various statutory and regulatory Board Level Committees. Further, in order to improve the Board effectiveness, efficiency and faster decision making, the Bank has also constituted a few non-statutory and non-regulatory Board Level Committees.

As on March 31, 2022, the Bank had 13 (Thirteen) Board Committees which are given below:

Sr. No.	Board Committee	Companies Act, 2013	SEBI Listing Regulations	RBI Requirements
1.	Audit Committee	Yes	Yes	Yes
2.	Risk Management Committee	No	Yes	Yes
3.	Nomination and Remuneration Committee	Yes	Yes	Yes
4.	Stakeholders Relationship Committee	Yes	Yes	No
5.	IT Strategy Committee	No	No	Yes
6.	Customer Service Committee	No	No	Yes
7.	Fraud Committee (Special Committee of Board for Monitoring High Value Frauds)	No	No	Yes
8.	Review Committee of Willful defaulters	No	No	Yes
9.	Corporate Social Responsibility Committee	Yes	No	No
10.	Committee of Directors	No	No	No
11.	Business Strategy Committee	No	No	No
12.	Merger Committee (earlier Promoter Shareholding Dilution Committee)	No	No	No
13.	Business Continuity Monitoring Committee (Dissolved w.e.f. April 01, 2022)	No	No	No

The details of composition, number of meetings held and date thereof and terms of reference of the above Committees are available in the Corporate Governance Report which forms part of the Annual Report of the Bank for the FY 2021-22.

### RECOMMENDATIONS OF AUDIT COMMITTEE

During the FY 2021-22, there was no incidence, where the Board has not accepted any recommendations of the Audit Committee.

### BOARD EVALUATION

The Board has carried out an annual evaluation of its own performance, the performance of Board Committees and Individual Directors pursuant to the provisions of Section 178 read with Schedule IV of Companies Act, 2013, Regulation 19 of the SEBI Listing Regulations and applicable RBI guidelines.

The performance evaluation was carried out by the Nomination and Remuneration Committee and by the Board in their meetings held on March 23, 2022 and March 29, 2022 respectively.

The approved evaluation formats and criteria are in line with the SEBI Guidance Note on Evaluation dated January 05, 2017.

The Nomination and Remuneration Committee has laid down comprehensive parameters for evaluation, a few of which are listed below:

- I. **The Board:** Composition, structure, meetings, functions, management and professional development, ethics and compliance among others.
- II. **The Committees:** Mandate & Composition, effectiveness, structure, meetings, independence of the committee, contribution to decision making of the Board, among others.
- III. **Individual directors (including Chairperson, Independent Directors and Non-Independent Directors):** Leadership, Commitment, Contribution, Experience, Expertise, Independence, Integrity,

Attendance, Responsibility, Flow of Information among others.

The performances of the Board and Board Committees were evaluated after seeking inputs from all the directors.

The Board and the Nomination and Remuneration Committee reviewed the performance of the Individual Directors on the basis of the approved criteria for evaluation. In addition, the Chairman and Managing Director and CEO were also evaluated on the key aspects of their roles.

Performance evaluation of Directors was done by the Nomination and Remuneration Committee and entire Board, excluding the Director being evaluated. The Committee evaluated the performance of Directors and noted that:

- i. The Directors had requisite competency, qualification, commitment and integrity.
- ii. The Directors had long term vision, industry knowledge and expertise and were wholly committed and provided ethical leadership to the Bank.
- iii. The Directors had the ability to function as a team.
- iv. Further, the Directors were regular in attending meetings and contributed effectively during the discussions.
- v. There was no apparent conflict of interest and that they expressed their opinion freely.

NRC during its annual evaluation suggested improvements on the induction program being undertaken by the Bank for new Directors and succession planning model of the Bank.

In a separate meeting of Independent Directors held on March 23, 2022, performance of Non-Independent

Directors, the performance of the Board as a whole, the performance of the Chairman and quality, quantity and timeliness of the flow of information between the Bank's Management and its Board were also evaluated.

### REMUNERATION OF DIRECTORS AND EMPLOYEES

The remuneration being paid to the Managing Director and CEO is in conformity with the RBI approval.

The remuneration of non-executive directors was paid only by way of sitting fees which is within the limit prescribed under Section 197(5) of the Companies Act, 2013.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as "Annexure-1".

### REMUNERATION RECEIVED BY THE MANAGING DIRECTOR/WHOLE-TIME DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY

During the FY 2021-22, the Managing Director and CEO, has not received any remuneration or commission from Ujjivan Financial Services Limited, Holding Company of the Bank. Bank had no subsidiary Company during the FY 2021-22.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Complying with Regulation 25(7) of SEBI Listing Regulations and RBI guidelines, Familiarisation Programmes were conducted during the FY 2021-22 to give an overview and introduction to the Independent Directors about the Bank's business and operations.

Under this programme, newly appointed independent directors are appraised with the organisation structure, operational overview, financial overview, board matters and procedures, key risk issues and its mitigation strategy, among others.

Further, all the newly appointed Board Members undergo a face to face induction schedule where the Bank's Management Team provides insights about the affairs of their function and of the Bank as a whole.

The details of such programme are available on the website of the Bank at <https://www.ujjivansfb.in/corporate-governance-policies>

### DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls established and maintained by the Bank, work performed by the internal, statutory and secretarial auditors, reviews performed by the Management and the relevant Board Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Bank's internal financial controls were adequate and effective as on March 31, 2022.

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board, to the best of its knowledge, hereby confirms and states that:

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) 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 Bank at the end of the financial year and of the profit and loss of the Bank for that period;
- (c) 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 Bank and for preventing and detecting fraud and other irregularities;
- (d) they have prepared the annual accounts on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the Bank and that such internal financial controls are adequate and were operating effectively; and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### NOMINATION AND REMUNERATION POLICY

The Bank pursuant to the provisions of Section 178(3) of the Companies Act, 2013, Regulation 19 of SEBI Listing Regulations and RBI Requirements has formulated and adopted a Nomination and Remuneration Policy on directors' appointment and remuneration and the criteria for determining qualification, positive attributes and independence of directors, which is available on the website of the Bank at [www.ujjivansfb.in/corporate-governance-policies](http://www.ujjivansfb.in/corporate-governance-policies).

### RISK MANAGEMENT

The Risk Management Committee ("RMC") of the Board comprises of experienced directors from diverse backgrounds who bring in the best risk management practices to the Bank. The RMC presently comprises of 6 (Six) directors of which 4 (four) are Independent Directors.

The RMC fulfils its roles and duties through various management level risk committees. Risk-specific management level committees have also been constituted such as the Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability and Market Risk Committee (ALCO) and Risk Management Committee (RMC- Mgmt. Level). These committees are entrusted with the task to identify measure, mitigate and monitor various risks on a day to day basis.

The frequency, members and the quorum required for these management level committees are furnished in the respective risk policies. These committees meet at regular intervals to assess and monitor the levels of risk pertaining to market, credit and operations. In the last FY, the number of meetings, both at Board committee level and at Management level, far exceeded the required minimum, to review and address issues that emerged in a changing environment.

The Bank has identified the following risks as Pillar I risks, in line with the RBI NCAF guidelines:

- Credit Risk
- Operational Risk
- Market Risk

In addition to the above-mentioned Pillar-I risks, the Bank also monitors the following second order or derived risks (Pillar II Risks) using specialized methodologies. The Bank has onboarded specialized personnel for monitoring the same and a comprehensive analysis is undertaken under its Internal Capital Adequacy and Assessment Process (ICAAP).

- Liquidity Risk
- Information Security Risk
- IT Risk
- Outsourcing Risk
- Concentration Risk
- Compliance Risk
- Interest Rate Risk
- Reputational Risk
- Strategic Risk
- Securitization Risk
- Underestimation of Credit Risk
- People Risk
- Group Risk
- Fintech risks

The Bank's Risk Management Framework is based on a clear understanding of the above risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with international best practices. The Bank has oversight on all the risks through regular monitoring of Key Risk Indicators and benchmarks/tolerance/appetite against each type of risk.

Further, the Board reviews the Risk Management Framework of the Bank and verifies adherence to various risk parameters and compliances at least at quarterly intervals or more frequently if the situation so warrants. The RMC provides a recommendation to approve risk-related policies, including the quarterly/half-yearly/annual review reports of major risks.

From governance perspective, the Bank has in place an effective risk management policy(s) that highlights the functions, implementation and role of the Risk Management Committee of the Board and the Board of Directors.

In compliance to the Pillar-III requirements, the Bank has in place a Board approved policy on Disclosures

that addresses its approach for determining what disclosures it will make and the internal controls over the disclosure process.

### WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Bank's Whistle Blower Policy allows employees, directors, other stakeholders of the Bank such as customers, NGOs, the Group (if any), Joint Ventures (if any), Suppliers, Contractors and members of the public to report matters such as genuine grievances, corruption, fraud, misconduct, and instances of leakage of unpublished price sensitive information, misappropriation of assets and non-compliance of code of conduct of the Bank or any other unethical practices.

Utmost protection has been accorded to the whistle blowers and their identities are kept confidential.

The Policy also further provides an adequate safeguard against victimization to the Whistle Blower and enables them to raise concerns and also provides an option of direct access to the Chairperson of the Audit Committee.

#### Name and Address of the Whistle and Ethics Officer

**Ms. Chandralekha Chaudhuri**

Ujjivan Small Finance Bank Ltd.

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

Email- [chandralekha.chaudhuri@ujjivan.com](mailto:chandralekha.chaudhuri@ujjivan.com)

Protected disclosures against the Whistle and Ethics Officer need to be addressed to the Managing Director and CEO of the Bank and the protected disclosure against the Managing Director and CEO of the Bank are required to be addressed to the Chairman of the Audit Committee.

#### Name and Address of Managing Director and CEO of the Bank

**Mr. Ittira Davis**

Ujjivan Small Finance Bank Limited

Grape Garden, No. 27, 3<sup>rd</sup> "A" Cross, 18<sup>th</sup> Main, 6<sup>th</sup> Block, Koramangala, Bengaluru – 560095, Karnataka

Email: [ittira.davis@ujjivan.com](mailto:ittira.davis@ujjivan.com)

#### Name and Address of the Chairperson of the Audit Committee

**Mr. Rajesh Kumar Jogi**

701, Dheeraj Devika, Hill Road, Bandra West, Mumbai- 400050, Maharashtra

Email: [rajesh.jogi@ujjivan.com](mailto:rajesh.jogi@ujjivan.com)

During the FY 2021-22, no one has been denied access to the Chairperson of the Audit Committee.

The Whistle Blower Policy is available on the website of the Bank at [www.ujjivansfb.in/corporate-governance-policies](http://www.ujjivansfb.in/corporate-governance-policies)

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

The status of the whistle blower complaints received and resolved by the Bank:

Particulars	Number of Complaints
Number of Whistle Blower Complaint at the beginning of the FY 2021-22	1
Number of Whistle Blower Complaint received during the FY 2021-22	11
Number of Whistle Blower Complaint resolved during the FY 2021-22	10
Number of Whistle Blower Complaint at the end of the FY 2021-22	2

## ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Bank has laid down certain guidelines, policies, processes and structures to enable the implementation of appropriate internal financial controls across the Bank. These control processes enable and ensure orderly and efficient conduct of the Bank's business, including the safeguarding of assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. There are control assessments for both the Bank's critical operating processes and IT applications, including ERP applications, wherein the transactions are approved and recorded. These controls are both manual and automated. Review and control mechanisms are built in to ensure that such control systems are adequate and operating effectively.

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

The Bank has, in all material respects, an adequate internal financial controls system which was considerably enhanced during the FY 2021-22 and such internal financial controls were operating effectively based on the internal control criteria established by the Bank considering the essential components of internal control stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

## FRAUDS REPORTED BY THE AUDITORS

During the FY 2021-22, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee/Board or Central Government any instances of material fraud in the Bank by its officers or employees under Section 143(12) of the Companies Act, 2013.

## DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

### A. REPORT ON PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no Subsidiary Company, Associate Company and Joint Venture of the Bank during the FY 2021-22.

### B. COMPANIES WHICH HAVE BECOME OR CEASED TO BE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

No Company became or ceased to be Subsidiary Company, Associate Company and Joint Venture of the Bank during FY 2021-22.

## DEPOSITS

The Chapter V of the Companies Act, 2013 does not apply to the Bank. During the FY 2021-22, the Bank has accepted deposits from the public in the ordinary course of its banking business. The details of the deposits are enumerated in the Financial Statement for FY 2021-22.

Being a banking company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Section 73 and 74 of the Companies Act, 2013 are not applicable to the Bank.

## PARTICULARS OF LOANS, GUARANTEES AND/OR INVESTMENTS

The provisions of Section 186 of Companies Act, 2013 except sub-section (1) do not apply to a loan made, guarantee given or security provided by a banking company in the ordinary course of business.

## RELATED PARTY TRANSACTIONS AND CONTRACTS/ARRANGEMENTS

There was no materially significant related party transaction entered between the Bank and its related parties, except for those disclosed in the financial statement.

All the contracts/arrangements/transactions entered by the Bank with the related parties during the FY 2021-22 were on arm's length basis; accordingly, the disclosure of particulars of contracts/arrangements entered into by the Bank with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 in Form AOC-2 is not applicable.

The Bank has formulated a Policy on 'Materiality of Related Party Transactions' which forms part of the Policy on dealing with 'Related Party Transactions' is available on the website of the Bank at [www.ujjivansfb.in/corporate-governance-policies](http://www.ujjivansfb.in/corporate-governance-policies).

## CORPORATE SOCIAL RESPONSIBILITY ("CSR")

As per Section 135 (1) of the Companies Act, 2013 "Every company having net worth of rupees five hundred Crores or more, or turnover of rupees one thousand Crores or more or a net profit of rupees five Crores or more during the immediately preceding financial year shall constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director".

Pursuant to the above, as on March 31, 2022 the Bank had duly constituted CSR Committee with 4 (Four) Directors out of which 2 (Two) are Independent Directors. The details of the changes in the composition of the CSR Committee during the FY 2021-22 have been provided in the Corporate Governance Report which forms part of the Annual Report for the FY 2021-22.

The Bank has formulated CSR policy pursuant to Section 135(4) of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, in accordance with the approach and direction given by the Board of the Bank, taking into account the recommendations of its CSR Committee, and including guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

The said Policy is available on the website of the Bank at [www.ujjivansfb.in/corporate-governance-policies](http://www.ujjivansfb.in/corporate-governance-policies).

The detailed Annual Report on the CSR activities for the FY 2021-22 is annexed to this Report as "Annexure-2".

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

### A. CONSERVATION OF ENERGY

The program of Sanchaya was themed around Use energy wisely. Under this program, the Bank took up some practical ways to make smart changes around the workplace, everyone in the Bank was involved in this energy saving initiative making the workplace more energy efficient and sustainable. This initiative saved us about 6% YoY and 8% for the FY.

The Bank conducted an energy audit across 575 branches, checking the energy consumption and evaluate overall energy efficiency by doing energy audits.

### B. TECHNOLOGY ABSORPTION

1) **Robotic Process Automation ("RPA") in reconciliation of UPI and IMPS transactions:**  
The Bank has started using RPA for the reconciliation of UPI and IMPS transactions, thereby obviating the necessity for human intervention in the reconciliation process of UPI and IMPS transactions. Before the implementation of RPA, reconciliation used to be outsourced to a vendor; by introducing RPA, the Bank has brought the reconciliation process in-house, eliminating the need for human intervention and saved ₹3 Crores in outsourcing costs during the FY 2021-22.

2) **Letters, Notices and Statements in PDF Format through E-mails and Bitly Links:**  
The Bank has started sending letters, notices and statements to customers through electronic mode in the FY 2021-22. The documents were sent in PDF format which was delivered either through email or through Bitly links sent via SMS. Further, the Bank stopped sending debit card PIN's through paper mailers for a certain category of customers. All these initiatives reduced the consumption of paper drastically. These 'go green' initiative has reduced the carbon footprint of the Bank and resulted in a saving of ₹46.25 Lakhs during the FY 2021-22. During the last 4 months of FY 2021-22, 72% of the documents were sent through this route only.

The Bank has automated 17 processes through RPA in the FY 21-22 out of which 9 processes are running daily. Unattended Robots has been introduced this year to obviate manual intervention. The superlative and profitable process is PAN linking with Aadhaar which is running round the clock via unattended bot.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the FY 2021-22, 185 transactions (Inward & Outward) were processed adding up to USD 14.50 Lakh during the period. It resulted in an exchange income of ₹12.32 lakhs for the Bank. Total Foreign Exchange Outward was USD 13.92 Lakh during the FY 2021-22.

## SIGNIFICANT AND MATERIAL ORDERS BY THE REGULATORS OR COURTS OR TRIBUNALS

During the FY 2021-22, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Bank and its operations in future.

## AUDITORS

### A. STATUTORY AUDITORS

#### Background

The members of the Bank, in the 3<sup>rd</sup> Annual General Meeting held on July 12, 2019, had appointed M/s. MSKA & Associates, Chartered Accountants (FRN: 105047W) as Statutory Auditors of the Bank for the period of 3 (Three) financial years until the conclusion of 6<sup>th</sup> (Sixth) Annual General Meeting to be held in the FY 2022-23, subject to the annual approval of RBI. However, the Reserve Bank of India on April 27, 2021 issued Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("RBI Guidelines") which mandated the entities, with asset size of ₹15,000 Crore and above as at the end of the previous year, to appoint Two Chartered Accountants [Partnership firms/ Limited Liability Partnerships (LLPs)] as the Joint Statutory Auditors. Moreover, one audit firm can concurrently take up statutory audit of a maximum of four Commercial Banks. Further, the RBI Guidelines prescribe that in order to protect the independence of the auditors/audit firms, entities will have to appoint the SCAs/SAs for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. Further, Commercial Banks (excluding RRBs) will be required to take prior approval of RBI for appointment/reappointment of SCAs/SAs, on an annual basis. In view of the above RBI Guidelines, the Bank adopted a Policy for Appointment of Statutory Auditors of the Bank ('Policy').

In compliance with aforesaid RBI Guidelines and Policy of the Bank, M/s. MSKA & Associates, Chartered Accountants (FRN: 105047W) through their letter dated August 13, 2021 expressed their ineligibility to be re-appointed as Statutory Auditors of the Bank for the FY 2021-22 and hence concluded their tenure by resigning as statutory auditors of the Bank on the conclusion of 5<sup>th</sup> AGM of the Bank on September 27, 2021.

### Appointment of Joint Statutory Auditors

The Audit Committee and the Board of Directors of the Bank had shortlisted four Chartered Accountants Firms and the Bank had made an application to RBI for their appointment as the Joint Statutory Auditors for a continuous period of three years. The RBI, vide its letter dated July 20, 2021, approved the appointment of M/s. Mukund M Chitale & Co., Chartered Accountants (FRN 106655W) and M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants (FRN 002878S/ S200021), as the Joint Statutory Auditors of the Bank for the year 2021-22 for their first year subject to approval of RBI on an Annual basis. The shareholders' approval was received for the said appointments at the 5<sup>th</sup> AGM of the Bank held on September 27, 2021 for a period of three consecutive financial years until the conclusion 8<sup>th</sup> AGM of the Bank.

### Profile

#### M/s. Mukund M Chitale & Co., Chartered Accountants (FRN 106655W)

M/s. Mukund M Chitale & Co. is a firm of chartered accountants with professional standing of more than 47 years. It was established in 1973. The Firm is engaged in providing auditing, taxation and advisory services. It has experience in auditing listed companies, public sector undertakings, banks, insurance companies, mutual funds, private equity funds and other entities in the financial and non-financial sectors. The Firm has been awarded the Peer Review Certificate issued by The Institute of Chartered Accountants of India. It has offices in Mumbai and Pune and serves clients across India.

#### M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants (FRN 002878S/ S200021)

M/s. B. K. Ramadhyani and Co. LLP is a firm of chartered accountants with over 80 years of professional standing. The firm renders a range of services including assurance engagements, direct and indirect tax services, corporate law consultancy and support services for accounting, compliance and MIS functions. It services both Indian and multinational companies and has clients across several key business verticals like manufacturing, retail, technology, real estate, mining, hospitality, banking, insurance etc. It has extensive experience in the BFSI segment having carried out assurance engagements for several nationalized and private sector banks, insurance companies, stock exchange and other financial services companies. The Firm holds a valid peer review certificate issued by the Institute of Chartered Accountants of India.

### Report of the Statutory Auditors

The Statutory Audit of the Bank for the FY 2021-22 was conducted jointly by M/s. Mukund M Chitale & Co. Chartered Accountants and M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants. The Auditor's Report on the financial Statements of the Bank for

the FY 2021-22 does not contain any qualification, reservation or adverse remark. The Auditor's Report, enclosed with the financial statement, forms part of the Annual Report for the FY 2021-22.

### 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 Bank in the meeting of the Board held on August 06, 2021 to conduct Secretarial Audit of the Bank for the FY 2021-22 as required under Section 204 of the Companies Act, 2013 and the rules made thereunder and Regulation 24A of SEBI Listing Regulations. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting the audit.

The Secretarial Audit Report is annexed to this Report as "Annexure - 3".

### ANNUAL RETURN

In accordance with Section 134(3) and Section 92(3) of the Companies Act, 2013 and pursuant to Companies (Amendment) Act, 2017, a copy of the Annual Return for the FY 2021-22 will be available on the Bank's website at [www.ujjivansfb.in/annual-return](http://www.ujjivansfb.in/annual-return)

### COMPLIANCE WITH SECRETARIAL STANDARDS

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

### HUMAN RESOURCES

The Bank prioritises service mantra both internally and externally. While technology plays a pivotal role in the effort, its employees are the catalyst of change and progress at the Bank. People practices are derived from the Bank's core values; integrity, responsible, fairness, respect, professionalism and teamwork. The Bank is driven to build better lives both for its customers and employees. This drive has bestowed many accolades to the Bank.

Bank was ranked **No. 38** amongst **India's Best Companies to Work for 2020** as per the study conducted by **Great Place To Work® Institute and Economic Times across 20 industries.**

Due to Bank's constant effort to create a better work environment for employees, it was recognized as a great employer year on year. Bank has always emphasized and walked the path of having an open and transparent culture between its leaders and employees. Being a diversified workforce with a presence in 24 states and union territories, it had various forums for leaders and employees to connect. This ensures that opinions from employees are heard and this makes them feel empowered. Though, the pandemic created uncertainty and many travel restrictions, Bank's Leadership Team including Managing Director and CEO continued to connect with the employees virtually.

## CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY REPORT

The Bank 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 and accountability to its shareholders, customers, government and all other stakeholders. The Bank's activities are carried out following good corporate practices and the Bank is constantly striving to make them better and adopt the best practices.

The Bank believes that timely reporting, transparent accounting policies and a strong Independent Board go a long way in preserving shareholders' trust and maximising long-term corporate value.

In pursuing the mission of becoming "The best institution to provide financial services to the un-served and underserved customers and transform to a bank serving the mass market", the Bank 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 its customers, lenders, investors and employees" have been the cornerstones of its operations. Transparency in the decision-making process has been providing comfort to all stakeholders, particularly the customers, lenders and investors.

The Report on Corporate Governance for FY 2021-22 as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations forms part of the Annual Report for FY 2021-22. The disclosure as required under Section II of Part II of Schedule V of the Companies Act, 2013 have been provided under the heading of Remuneration of Directors in the aforesaid Corporate Governance Report.

A Business Responsibility Report containing the requisite details as per Regulation 34 (2) of the SEBI Listing Regulations forms part of the Annual Report for the FY 2021-22 and is also disclosed on the Bank's website at [www.ujjivansfb.in](http://www.ujjivansfb.in).

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34 and Schedule V of SEBI Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report for the FY 2021-22.

## DISCLOSURE UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Bank has a strict Prevention of Sexual Harassment ("POSH") Policy in accordance with the statutory requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This Policy applies to all categories of employees of the Organisation, including permanent employees, permanent management, workmen, temporary employees, trainees (interns), consultants, advisers, ad hoc employees, daily wage earners, probationers,

apprentices, contract employees, etc., at its workplace or visits to partner organisations. This Policy recognizes the right of privacy of every individual and will strive to protect the privacy of the individuals involved and ensure that the complainant and the respondent are treated fairly. The Policy ensures that the career interest of the parties involved in any proceedings under this Policy will not be adversely affected merely on account of the complaint made to the Internal Committee or any evidence provided in connection with any enquiry; however strict action will be taken against the Respondent if proven guilty post the enquiry process.

The Status on the Complaints received and resolved by Internal Committee during the FY 2021-22:

Number of Complaints	Number of Complaints	Number of Complaints Pending for Resolution
17	12	5

## Composition of Internal Committees

Bank has constituted Internal Committees (IC) in each of the regions for all administrative units/branches/regional offices of the Bank. All complaints of Sexual Harassment at the Workplace are enquired into by the IC having jurisdiction over the establishment where the Respondent is posted. The IC forwards a report of its findings to the Employer for action. Each Regional IC consists of the following members:

- Presiding Officer: who shall be a woman employed at a senior level in the region.
- Secretary: who shall be the Regional HR Manager.
- 2 Members: From amongst Employees in the region, preferably committed to the cause of women/having legal knowledge/experience in social work.
- 1 Independent Member: Nominated from amongst NGOs/associations committed to the cause of women or a person familiar with the issues relating to Sexual Harassment.
- Other Members: Additional members may be co-opted, if required, from amongst Employees working in senior positions in the region, especially from business, operations and control functions.

## Functions of IC

The Committee is expected to conduct a fair, prompt and impartial process of investigating all the complaints it receives. During a redressal process, the Complaints Committee/s are required to assure confidentiality, non-retaliation and recommend interim measures as needed to conduct a fair enquiry.

## POLICIES

To ensure better corporate governance, adherence to various laws and regulations as applicable to the Bank and better management of the organization as a whole, the Bank has formulated various policies including the policies mentioned below. These policies are available on the Bank's website at [www.ujjivansfb.in/corporate-governance-policies](http://www.ujjivansfb.in/corporate-governance-policies).

A brief description of below mentioned policies/code have been given in "Annexure-4" of this Report.

1. Policy for Determination of Materiality of Event/ Information for Disclosures
2. Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure and Conduct
3. Corporate Social Responsibility Policy
4. Nomination and Remuneration Policy
5. Policy on Board Diversity
6. Policy on Code of Conduct
7. Related Party Transactions Policy
8. Dividend Distribution Policy
9. Familiarization Programme
10. Policy on Archival of Documents
11. Record Retention Policy
12. Whistle Blower Policy
13. Terms and Conditions of Appointment of Independent Directors

### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

The Bank has obtained a certificate from K. Jayachandran, Practicing Company Secretary, certifying that the Bank has complied with 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 SEBI Listing Regulations for the FY 2021-22.

The certificate is annexed to this Report as "Annexure-5".

### KEY INITIATIVES WITH RESPECT TO STAKEHOLDER RELATIONSHIP, CUSTOMER RELATIONSHIP, ENVIRONMENT, SUSTAINABILITY, HEALTH AND SAFETY

While key initiatives on customer relationship and health and safety have been detailed below. Information on initiatives concerning stakeholders' relationship, environment and sustainability, have been elaborated in the Business Responsibility Report of the Bank which forms part of the Annual Report for the FY 2021-22.

#### Customers Relationship

Service Quality objective of Ujjivan is to 'deliver exceptional service to our customers, by embedding service culture in our People, Process and Policy enabled by Technology'. To put the intent into practice, the Bank has established a dedicated Service Quality department to channelize the programs around customer experience management, quality assurance, customer care and grievances resolution, and customer service compliance.

During FY 2021-22, the Bank has undertaken several new initiatives to improve customer service and to strengthen internal processes on providing timely and satisfactory resolution for customer queries, requests and complaints. The Bank has also taken efforts to stay connected with customers during the pandemic and has implemented several digital initiatives to ensure uninterrupted banking services. Key customer service initiatives and highlights are listed below:

- Introduced additional service at Money Mitra points where AEPS acquirer transactions are enabled. Now, customers of other banks can access our Money Mitra points to carry out transactions. In order to protect customer's privacy, customer account number and Aadhaar card numbers are masked in transaction receipt and application.
- Enabled Inn-app push notifications to customers through Mobile Banking platform, this facility reduces dependency on SMS service provider and the communication between bank and customer is more secure/instant.
- IMPS limit is increased to ₹5 lakh per transactions from ₹2 lakh.
- Implemented doorstep service through handheld device for mobile number updation. This is first-in-the-industry initiative wherein the customers can update their new mobile numbers using OTP based authentication at their doorstep. The facility will greatly help the customers of micro/rural banking as they no need to visit branch office for mobile number updation.
- While the customer acquisition and digital transaction volumes have grown multifold in last 3 years, the number of complaints in FY 2021-22 have reduced by 15% and 38% respectively when compared to FY 2020-21 and 2019-20.
- Introduced smart statement facility for 4 variants of Savings Account products.
- In the second half of the year, launched special campaign for collecting documents from nominees for settlement of insurance claims pertaining to deceased borrowers/their spouses. Under the campaign, branch staff were trained and recognized for timely submission of documents. As a result, insurance claims settled have increased by 27% in second half of the year compared to claims settled in first half of the year.
- In light of the Covid pandemic, the Bank launched special campaign to train its branch staff on assisting the families of deceased customers in document collection and also fast-tracking the claim process. The staffs were motivated to give priority for these services through rewards and recognition program. The progress in insurance claim settlements has been reviewed by the senior management at cross-functional forums.
- Introduced Sim/Device binding facility for mobile banking users, this will protect customers from fraudulent access of accounts.
- Created awareness on importance of nomination through e-mailers to customers who have opened saving / deposit account in previous month, but have not opted for nomination. 67,000+ customers were sent e-mailer who opened saving / deposit account during the year.
- The Ujjivan Pay QR code was launched on 10<sup>th</sup> February 2022 and distributed to over 32,000 customers. The facility of QR code will help customers digitize their income without the hassle of traveling to bank to deposit cash proceeds of their business.

When customers go through certain life events, both the good and bad ones, their banking service needs are unique and complex which requires care and support that are empathetic, professional and efficient. The Bank has successfully running a campaign designed as "Aajeevan", a life events-based banking services, which includes hassle free and empathetic services towards nomination facility, joint accounts, settlement of claims of deceased account holders, settlements of insurance claims, priority services to senior citizens and specially-abled customers.

## Health and Safety

### Covid 19 Quick Response Team

Our Quick Response Team (QRT) which has been established starting first wave in Feb 2020, immediately came into action to protect our employees and their family members as soon as 3<sup>rd</sup> wave struck. QRT consists of the central Covid task force led by National Leadership Team members, REC heads of respective regions and QRT command center which includes regional single points of contacts (RSPOCs) for co-ordinations and to keep monitoring the health status of our infected employees and provide them support as and when required.

### Employees Safety Measures

QRT reviews the government guidelines and evolving situation at our branches and other offices, and released advisories to ensure compliance with applicable guidelines & adherence to local rules. Timely decisions on working with minimum team strength ensuring all Covid Appropriate Behavior at work places.

Additionally, "Doctor on Call" and "Doctor on Premise" services were extended to ease the process for employees to connect with doctors during emergencies.

QRT ensured that all our employees are fully vaccinated and help the employees to get free vaccination thru hospital tie-ups and by organizing local camps. Eventually, for safety of employees QRT mandated only fully vaccinated employees to work from across offices.

### Customers Safety Measures

To protect our customers and to get them vaccinated, we launched vaccination drive for customers and their families; promoted mass vaccination through our Social Services Team and in coordination with branch teams under program named "Ujjivan Sanjeevani Kavach". Our aim was to reach out to those customers and family's members who are not yet vaccinated due to multiple constrains and later on help them with booster doses as well.

## For and on behalf of the Board of Directors

Sd/-

**B A Prabhakar**

Part-Time Chairman and Independent Director

DIN: 02101808

Date: May 12, 2022

Place: Bengaluru

Sd/-

**Ittira Davis**

MD & CEO

DIN: 06442816

Additionally, to create vaccination awareness amongst our customers and ensure that they are safe and fully protected against Covid'19 pandemic and to encourage Covid vaccination amongst our micro banking clients, our management announced an additional loan amount of ₹5,000 over and above the stipulated branch credit limit for group core loans subject to fulfillment of other credit criteria to vaccinated clients.

### Monitoring the situation

While 3<sup>rd</sup> wave may not be as severe as past ones, but the Quick Response Team is putting all the efforts to ensure that our employees, their family members and our customers are well protected.

## OTHER DISCLOSURES

- A. The Bank is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- B. Disclosure as required under Rule 8(5)(xi) and 8(5)(xii) of the Companies (Accounts) Rules, 2014 does not apply to the Bank for FY 2021-22.
- C. None of the directors of the Bank are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. The directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013, SEBI Listing Regulations and RBI guidelines.

## ACKNOWLEDGEMENT

We place on record our gratitude to our employees at all levels who have contributed to the growth and sustained success of the Bank through their dedication, hard work, cooperation and support.

We would like to thank all our customers, vendors, bankers, investors, auditors, media and other business associates for their continued support and encouragement during the year.

We also thank the Government of India; the Government of Karnataka and Delhi; the Ministry of Commerce and Industry; the Ministry of Finance, Ministry of Corporate Affairs; the Securities and Exchange Board of India, the Stock Exchanges, the Central Board of Indirect Taxes and Customs; the RBI; the Central Board of Direct Taxes and all other government agencies for their support during the FY 2021-22 and look forward to their continued support in future.

## Annexure-1

### Information in terms of Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### Remuneration details of Directors, KMPs, employees

Sr. No.	Particulars	Disclosures									
1.	The ratio of the remuneration of each director to the median remuneration of the employees of the Bank for the FY 2021-22	46.93 X									
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the FY 2021-22	<table border="1"> <thead> <tr> <th>KMP</th> <th>% increase in remuneration</th> </tr> </thead> <tbody> <tr> <td>Managing Director</td> <td>0%</td> </tr> <tr> <td>CFO</td> <td>0%</td> </tr> <tr> <td>CS</td> <td>25.50%</td> </tr> </tbody> </table>	KMP	% increase in remuneration	Managing Director	0%	CFO	0%	CS	25.50%	
KMP	% increase in remuneration										
Managing Director	0%										
CFO	0%										
CS	25.50%										
3.	The percentage increase in the median remuneration of employees in the FY 2021-22	17.45%									
4.	The number of permanent employees on the rolls of Bank as on March 31, 2022	16,895									
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	13.42% : 10.42%									
6.	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes									

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

The names of the top ten employees in terms of remuneration drawn as on March 31, 2022:

Name	Designation and nature of Employment	Remuneration in FY 2021-22 (₹ in Lakhs)	Nature of employment whether contractual or otherwise	Educational Qualification	Experience in Years	Date of Commencement of Employment	Age	Last Employment held	% of equity shares held along with his spouse and dependent children	Whether relative of any director
ITTIRA DAVIS	Chief Executive Officer & Managing Director	29.38	Appointed by RBI	Master's Degree	43 years	14-01-2022	67	Ujjivan Financial Services Limited	0.00 (2,00,000 shares)	No
RAJEEV PADMANABH PAWAR	Head Of Treasury	109.80	Permanent	MBA	30 years	20-Jan-20	54	Edelweiss Fincial Services Ltd.	0.00	No
ASHISH GOEL	Chief Credit Officer	111.67	Permanent	Post Graduate Diploma in Management - PGDM	26.5 years	01-Feb-21	50	ICICI Bank Ltd.	0.00	No
ASHWIN KHORANA	Chief Information Officer	39.74	Permanent	Post Graduate Diploma	32 years	15-Nov-21	55	Jana Small Finance Bank	0.00	No
SRIRAM SRINIVASAN	Head Of Digital Banking	17.04	Permanent	Post Graduate Diploma in Business Management	30 years	01-Feb-22	53	Digital 14, UAE	0.00	No
MOCHERLA DURGA RAMESH MURTHY	Chief Financial Officer-SFB	4.93	Permanent	Chartered Accountancy - CA	29 years	14-Mar-22	58	The Karur Vysya Bank Limited, Karur, India	0.00	No
CAROL FURTADO	Chief Business Officer	47.71	Permanent	Masters in Business Management	25 years	26-Aug-21	51	Ujjivan Financial Services Limited	0.00 (1,09,684 shares)	No

Name	Designation and nature of Employment	Remuneration in FY 2021-22 (₹ in Lakhs)	Nature of employment whether contractual or otherwise	Educational Qualification	Experience in Years	Date of Commencement of Employment	Age	Last Employment held	% of equity shares held along with his spouse and dependent children	Whether relative of any director
PARAG KUMAR SRIVASTAVA	Head Of Financial Institutions Group	77.32	Permanent	MBA- Marketing and Finance	29 years	31-Dec-18	54	Kotak Mahindra bank	0.00 (20,000 shares)	No
ABHAY KATARIA	Business Head-Housing Loans	74.70	Permanent	MBA	21 years	08-Aug-17	48	Muthoot Housing Finance Company Ltd.	0.00 (14,300 shares)	No
HIRAK JOSHI	Business Head-Vehicle Finance	50.98	Permanent	Post Graduate Diploma in Business Management	25 years	09-Aug-21	48	Credit Wise Capital Pvt Ltd	0.00	No

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

Employee Name	Designation and nature of Employment	Remuneration in financial year 2021-22	Nature of employment, whether contractual or otherwise	Educational Qualification	Experience in Years	Date of Commencement of Employment	Age	Last Employment held	% of equity shares held	Whether relative of any director
ITTIRA DAVIS	Chief Executive Officer & Managing Director	29.38 lakhs	Appointed by RBI	Master's Degree	43	14-Jan-22	67	Ujjivan Financial Services Limited	Nil	No

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

Employee Name	Designation and nature of Employment	Remuneration in financial year 2021-22	Nature of employment, whether contractual or otherwise	Educational Qualification	Experience in Years	Date of Commencement of Employment	Age	Last Employment held	% of equity shares held	Whether relative of any director
RAJEEV PADMANABH PAWAR	Head of Treasury	109.79 Lakhs	Permanent	MBA	30	20-Jan-20	54	Edelweiss Financial Services Ltd.	Nil	No
ASHISH GOEL	Chief Credit Officer	111.66 Lakhs	Permanent	Post Graduate Diploma in Management - PGDM	26.5	01-Feb-21	50	ICICI Bank Ltd.	Nil	No

#### For and on behalf of the Board of Directors

Sd/-

**B A Prabhakar**  
Part-Time Chairman and Independent Director  
DIN: 02101808

Sd/-

**Ittira Davis**  
MD & CEO  
DIN: 06442816

Date: May 12, 2022

Place: Bengaluru

## Annexure-2

### The Annual Report on CSR Activities for Financial Year 2021-22

#### 1. BRIEF OUTLINE ON CSR POLICY OF THE COMPANY:

The CSR policy of the Bank is focused towards enabling a better life for the unserved and underserved sections of the society. Bank's CSR activities are based on the principles of sustainability, accountability, promotion of human rights and respects interest of all stakeholders, especially the disadvantaged, vulnerable and marginalised and promotes environment protection, inclusive growth and equitable development. The Bank has constituted a CSR Committee pursuant to Section 135 of the Companies Act, 2013 and Rules made thereunder to ensure Bank's efforts are channelized towards initiatives that drive maximum benefit to the end beneficiaries.

The Bank strongly believes that business cannot be successful when the society around it fails. The Bank constantly strives to ensure strong corporate

culture which emphasizes on integrating CSR values with business objectives. The Corporate Social Responsibility Policy ("CSR Policy") of the Bank sets out the broad framework for guiding Bank's CSR activities. It outlines the governance structure, operating framework, monitoring mechanism, and CSR activities that would be undertaken. The CSR Committee is the governing body that articulates the scope of CSR activities and ensures compliance with the CSR Policy. The Bank's CSR activities are largely focused in the areas of eradicating hunger, poverty, promoting preventive health care and making available safe drinking water, promoting education, including special education, employment enhancing vocational skill training for women, promoting gender equality, programs for empowering women, projects for environmental protection, disaster relief and any other projects/ programs as it deems fit from time to time.

#### 2. COMPOSITION OF CSR COMMITTEE:

Sr. No.	Name of Director	Designation/Category	Number of Meetings of CSR Committee held during the Year	Number of meetings of CSR Committee attended during the year
1.	Ms. Rajni Mishra <sup>6</sup>	Ex-Chairperson - Independent Director	4	1
2.	Ms. Mona Kachhwaha <sup>10</sup>	Ex-Chairperson – Non-Executive, Non-Independent Director	4	1
3.	Mr. Ittira Davis <sup>1</sup>	Ex- Member, Non-executive, non-independent director	4	2
4.	Mr. Prabal Kumar Sen <sup>7</sup>	Ex- member, Independent Director	4	3
5.	Mr. Harish Devarajan <sup>2</sup>	Ex-Member, Additional Director (Independent)	4	2
6.	Ms. Chitra K Alai <sup>3</sup>	Ex-Member, Nominee Director	4	2
7.	Ms. Sudha Suresh <sup>4</sup>	Member, Non-executive, non-independent	4	2
8.	Mr. Rajesh Kumar Jogi <sup>5</sup>	Member, Independent Director	4	2
9.	Mr. Ravichandran <sup>8</sup>	Member, Independent Director	4	1
10.	Mr. Ittira Davis <sup>9</sup>	Member- MD & CEO	4	0

<sup>1</sup> Mr. Ittira Davis post his resignation as a director, ceased to be the Member of the Committee w.e.f. July 23, 2021.

<sup>2</sup> Mr. Harish Devarajan post his resignation as a director, ceased to be the member of the Committee w.e.f. August 12, 2021 due to resignation.

<sup>3</sup> Ms. Chitra K Alai was appointed as a member of the Committee w.e.f. May 19, 2021 and ceased to be the member w.e.f. December 22, 2021 (Replacement by SIDBI)

<sup>4</sup> Ms. Sudha Suresh was appointed as the Chairperson of the Committee w.e.f. August 26, 2021

<sup>5</sup> Mr. Rajesh Kumar Jogi Appointed as member of the Committee w.e.f. August 26, 2021

<sup>6</sup> Mr. Rajni Mishra Ceased to be Chairperson and moved out of the committee w.e.f. May 19, 2021

<sup>7</sup> Mr. Prabal Kumar Sen was appointed as member w.e.f. January 16, 2017 and ceased to be member w.e.f. Jan 11, 2022

<sup>8</sup> Mr. Ravichandran Venkataraman was appointed as member w.e.f. January 11, 2022.

<sup>9</sup>Mr. Ittira Davis was appointed as member w.e.f. January 28, 2022. No meeting of the CSR Committee was held after he joined the CSR Committee as a member.

<sup>10</sup>Ms. Mona Kachhwaha was appointed as Chairperson of the Committee w.e.f. May 19, 2021 and ceased to be the chairperson of the committee w.e.f. August 10, 2021 due to resignation.

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

[www.ujjivansfb.in](http://www.ujjivansfb.in)

**4. Provide the Details of Impact Assessment of CSR Projects Carried Out in Pursuance of Sub-Rule (3) Of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if Applicable (Attach the Report).**

Not Applicable

**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any**

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
1	NA	NA	NA
	<b>Total</b>		

**6. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5). –**

- (a) Two percent of average net profit of the company as per section 135(5) – INR 4,96,56,881  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil  
 (c) Amount required to be set off for the financial year, if any – Nil  
 (d) Total CSR obligation for the financial year (7a+7b-7c). – INR 4,96,56,881

**7. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
INR 4,28,13,251	INR 71,41,668	28 <sup>th</sup> April 2022	-	Nil	-

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project. State./ District.	Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency Name CSR Registration number.
1	Livelihood Training for People with disabilities	employment enhancing vocation skills and livelihood enhancement projects for differently abled	Yes	Karnataka, Bengaluru	1 year	8,25,000	8,25,000	NA	No	Cheshire Disability trust CSR00004844
2	Livelihood Training for youths	employment enhancing vocation skills and livelihood enhancement projects for unemployed youths	Yes	Orissa, Bhubaneswar	1 year	10,00,000	5,00,000 <sup>1</sup>	5,00,000	No	Divya Nur Foundation CSR00003825

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.	Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State./ District.						Name	CSR Registration number.
3	Livelihood Training for women	employment enhancing vocation skills and livelihood enhancement projects for womens	Yes	Purnea, Bihar	1 Year	15,00,000	15,00,000 <sup>1</sup>	NA	No	Savera Society	CSR00022145
4	COVID 19 – Relief Activity – healthcare infrastructure	Initiatives to support medical institutions with infrastructure to treat COVID patients	Yes	Pan India	1 Year	1,49,00,000	99,33,332	49,66,668	No	Parinaam Foundation	CSR00000807
5	Livelihood Training for People with disabilities	employment enhancing vocation skills and livelihood enhancement projects for differently abled	Yes	Maharashtra & Jharkand	1 year	33,50,000	16,75,000 <sup>1</sup>	16,75,000	No	Cheshire Disability trust	CSR00004844
6	Community Development Projects	Promoting Education, preventive health care, sanitisation, making available safe drinking water	Yes	Karnataka, Goa, Rajasthan, Gujarat	1 year	36,37,000	36,37,000	NA	No	Parinaam Foundation	CSR00000807
						2,52,12,000	1,80,70,332	71,41,668 <sup>2</sup>			

<sup>1</sup> As on the end of FY 2021-22, few of the implementing agencies were able to spend part of the amount allocated by the Bank and the remaining amount would be spent and utilised during FY 2021-22.

There was delay in allocation of funds to these implementing agencies as the Bank earlier proposed to utilise them for Covid vaccination expenses of marginalised community members, which was later provided free of cost by the government. Pursuant to this, Bank identified other CSR projects during the financial year end and diverted/transferred the funds to the said implementing agencies.

<sup>2</sup> Funds transferred to Unspent CSR Account

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
Sl. No.	Name of the Project.	Item from the list of activities in schedule VII to the Act	Local area (Yes/No).	Location of the project.	Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Direct (Yes/No)	
				State./ District.			Name	CSR Registration number.
1	Covid-19 Relief Activities by the Bank	Promoting health care including preventive health care. Eradicating hunger, poverty and malnutrition,	Yes	Pan India in 21 states and UT	1,32,32,358.33	Yes		
2	COVID 19 Relief – Provide oxygen cylinders	Promoting health care including preventive health care	Yes	TamilNadu, Vellore	14,39,600	No	CMC, Vellore	CSR00001924
3	COVID 19 Relief – Provide 6 ITU beds	Promoting health care including preventive health care	Yes	Karnataka, Bengaluru	25,27,674	No	CBCI Society (St John's Hospital)	CSR00008207
4	COVID 19 Relief – Setting up of neonatal ventilator	Promoting health care including preventive health care	Yes	Assam, Guwahati	15,50,000	No	Marwari Hospitals	CSR00007153
5	COVID 19 Relief – Provide 5 bed facility with oxygen cylinders and medical equipment	Promoting health care including preventive health care	Yes	West Bengal, Thakurpur	5,49,885	No	Voice of World	CSR00003390
6	COVID 19 Relief activity – PM cares fund	Promoting health care including preventive health care	Yes		10,00,000	No	PM Cares Fund	

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in schedule VII to the Act	(4) Local area (Yes/No).	(5) Location of the project.	(6) Amount spent for the project (in ₹)	(7) Mode of implementation - Direct (Yes/No)	(8) Mode of implementation - Direct (Yes/No)	
				State./ District.			Name	CSR Registration number.
7	Disaster Relief – Flood and winter relief	Disaster management, including relief, rehabilitation	Yes	West Bengal	17,91,641	Yes	Disaster Relief – Flood and winter relief	
8	Community Development – adoption of education centre and Smartboards installation	Promoting Education, Eradicating hunger, poverty and malnutrition	Yes	Tamil Nadu Chennai	17,58,000	No	Maithree	CSR00007663
9	Community Development – Distribution of 18 computers to an educational institution	Promoting Education, vocational training, Eradicating hunger, poverty and malnutrition	Yes	Karnataka Harihara	2,73,760	Yes	The Shimoga Multipurpose Social Service Society	CSR00018186
10	Community Development – Distribution of 40 wheel chairs to PWDs through proVISION ASIA	Promoting Education, vocational training, Eradicating hunger, poverty and malnutrition	Yes	Karnataka Bengaluru	4,20,000*	Yes		
11	COVID 19 – Microsite tool for vaccination drive	Promoting health care including preventive health care.	Yes	Pan India	2,06,500	Yes		
					2,47,49,418			

(d) Amount spent in Administrative Overheads - NA

(e) Amount spent on Impact Assessment, if applicable – NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - 4,28,19,751

(g) Excess amount for set off, if any –

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	₹4,96,56,881
(ii)	Total amount spent for the Financial Year	₹4,99,61,419*
(iii)	Excess amount spent for the financial year [(ii)-(i)]	₹3,04,538
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	₹3,04,538

\* The amount includes funds transferred to the Unspent CSR Account.

8. (a) Details of Unspent CSR amount for the preceding three financial years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer.	
1.	FY 2020-21	N.A.	₹3,06,000	PM Cares Fund	₹3,06,000	18 <sup>th</sup> May 2022	N.A.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sr. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing
1.		Cheshire Disability Trust	2020-2021	12 months	16,50,000	8,25,000	16,50,000	Completed
2.		Parinaam Foundation	2020-2021	12 months	1,50,00,000	36,37,000	1,50,00,000	Completed
					1,66,50,000	44,62,000	1,66,50,000	

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year –

(asset-wise details).

(a) Date of creation or acquisition of the capital asset(s). – 09<sup>th</sup> Apr 2022

(b) Amount of CSR spent for creation or acquisition of capital asset. INR 4,20,000

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – ProVISION ASIA, #30/1, 1<sup>st</sup> B Main Road, 2<sup>nd</sup> cross, Athmananda Colony, RT Nagar (PO), Bengaluru – 560032.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): 40-wheel chairs

ProVISION ASIA, #30/1, 1<sup>st</sup> B Main Road, 2<sup>nd</sup> cross, Athmananda Colony, RT Nagar (PO), Bengaluru – 560032.

(a) Date of creation or acquisition of the capital asset(s). – 28<sup>th</sup> Mar 2022

(b) Amount of CSR spent for creation or acquisition of capital asset. INR 2,73,760

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. – The Shimoga Multipurpose Social Service Society, Chaitanya, Alkola Circle, Sagar Road, Gopala Gowda Extension, Shimoga - 577205 (Maria Nivas High School, #19, Church Road, Harihar – 577601)

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): 18 CPU, Keyboard and mouse

The Shimoga Multipurpose Social Service Society, Chaitanya, Alkola Circle, Sagar Road, Gopala Gowda Extension, Shimoga - 577205 (Maria Nivas High School, #19, Church Road, Harihar – 577601)

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

For **UJJIVAN SMALL FINANCE BANK LIMITED**

**Sd/-**  
**Ittira Davis**  
Managing Director and CEO  
**DIN:** 06442816

**Sd/-**  
**Sudha Suresh**  
Chairperson-CSR Committee  
**DIN:** 06480567

## Annexure-3

Form No. MR-3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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 SMALL FINANCE BANK LIMITED**  
**Grape Garden, No. 27, 3<sup>rd</sup> "A" Cross, 18<sup>th</sup> Main,**  
**6<sup>th</sup> Block, Koramangala, Bengaluru – 560095, Karnataka.**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **UJJIVAN SMALL FINANCE BANK LIMITED** having **CIN: L65110KA2016PLC142162** (hereinafter called the "**Bank/ 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 Bank's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Bank and also the information provided by the Bank, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Bank has, during the Audit Period covering the Financial Year ended on 31<sup>st</sup> March, 2022 complied with the statutory provisions listed hereunder and also that the Bank 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 Bank for the Financial Year ended on 31<sup>st</sup> March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and 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 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; (was not applicable to the Bank 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

and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (was not applicable to the Bank during the period under review)

- (i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018; (was not applicable to the Bank 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 Bank during the period under review).
- (vi) Following laws, Norms and Directions as applicable specifically to Small Finance Banks in the Private Sector (SFB):
- (a) The Reserve Bank of India Act, 1934;
  - (b) The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India from time to time;
  - (c) The Guidelines for Licensing of Small Finance Banks in the Private Sector;
  - (d) Operating Guidelines for Small Finance Banks;
  - (e) The Payment and Settlement Systems Act, 2007;
  - (f) Deposit Insurance and Credit Guarantee Corporation Act, 1961;
  - (g) Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions) Rules, 2005; and
  - (h) Negotiable Instruments Act, 1881.

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

- (i) The Listing Agreements entered into by the Bank 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 Bank has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and labour laws subject to the following observation:

1. There was a delay in giving five days prior intimation to National Stock Exchange of India Limited (NSE) during May, 2021 about the meeting of the board of directors in which Quarterly and Annual Financial Results proposed to be considered by the Bank and violated Regulation 29(2) of The Securities and

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and NSE had imposed a fine of ₹10,000/- which was duly paid by the Bank.

#### **I further report that:**

Based on the information provided by the Bank, 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 Bank to monitor and to ensure compliance with applicable general laws like Labour Laws, Competition Law and Environmental Law including the filing of returns with the Reserve Bank India.

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

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including Women Directors based on the approval from the Reserve Bank of India, wherever applicable.

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 and Rules made there under, Banking Regulation Act 1949, the Guidelines for Licensing of Small Finance Banks in the Private Sector and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

There were adequate systems and processes in the Bank which is commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

#### **I further report that** during the audit period:

1. The Bank has entered into all related party transactions on arm's length basis with its related parties and the Bank has obtained necessary approvals from the Audit Committee and Board of Directors.

2. The Bank has obtained approval of the Board of Directors and Shareholders to raise up to ₹600 crore by issue of Equity Shares to Qualified Institutional Buyers through a Qualified Institutions Placement ("QIP") for the purpose of meeting the regulatory requirements of minimum public shareholding as per the provisions of the Securities Contracts (Regulation) Rules, 1957.
3. The Board has approved the proposed Scheme of Amalgamation of Ujjivan Financial Services Limited (CIN: L65999KA2004PLC035329), ("the Holding Company/Transferor Company") into and with the Company ("Bank"/"Transferee Company"). However, SEBI has advised the Bank to achieve minimum public shareholding (MPS) of 25% within 3 (three) years of its listing i.e. by December 11, 2022 before filing scheme related documents with the stock exchanges and the Bank is in process to achieve this MPS compliance through the proposed QIP.
4. The Reserve Bank of India (RBI) had issued Guidelines for appointment of Auditors, as per the Guidelines,

the Bank was required to appoint/re-appoint joint Auditors for the financial year 2021-22 and accordingly, M/s. MSKA & Associates, Chartered Accountants (FRN: 105047W) were ineligible to continue as Statutory Auditors of the Bank for the Financial Year 2021-22 and hence subject to approval of RBI on annual basis, M/s. Mukund M Chitale & Co., Chartered Accountants (FRN 106655W) and M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants (FRN 002878S/ S200021), were appointed as the Joint Statutory Auditors of the Bank for the period of 3 (Three) consecutive financial years from 2021-22 to 2023-24 in the Annual General Meeting held on 27<sup>th</sup> September, 2021 and further RBI has approved the above appointment for the financial year 2021-22 on annual basis and the Bank has complied with the requirement as stated in SEBI Circular CIR/CFD/CMD1/114/2019 dated October 18, 2019.

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.

**Date:** 12/05/2022

**Place:** Bengaluru

**K. Jayachandran**

**Company Secretary**

**ACNo.:11309/CPNo.:4031**

**UDIN:A011309D000306549**

**Peer Review No: 784/2020**

**ANNEXURE-A**

**To,  
The Members,  
UJJIVAN SMALL FINANCE BANK LIMITED  
CIN: L65110KA2016PLC142162  
Grape Garden, No. 27, 3<sup>rd</sup> "A" Cross, 18<sup>th</sup> Main,  
6<sup>th</sup> Block, Koramangala, Bengaluru – 560095, Karnataka.**

1. Maintenance of secretarial record is the responsibility of the management of the Bank. 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 Bank.
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 Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

**Date:** 12/05/2022

**Place:** Bengaluru

**K. Jayachandran  
Company Secretary  
ACSNo.:11309/CPNo.:4031  
UDIN:A011309D000306549  
Peer Review No: 784/2020**

## Annexure-4

### Brief description of Policies/Code

Sr. No.	Policy Name	Brief Description
1.	Policy for determination of materiality of events / information for disclosures	<ol style="list-style-type: none"> <li>1. The Bank in compliance with Regulation 30 of SEBI Listing Regulations, has implemented the Policy for determination of materiality of events / information for disclosures.</li> <li>2. Objective of the Policy is               <ol style="list-style-type: none"> <li>a. To ensure that the Bank complies with the Listing Regulations</li> <li>b. To ensure that the information disclosed by the Bank is timely and transparent.</li> <li>c. To ensure that corporate documents and public statements are accurate and do not contain any misrepresentation.</li> <li>d. To protect the confidentiality of Material / Price sensitive information within the framework of the Bank's disclosure obligations.</li> <li>e. To provide a charter that supports and fosters confidence in the quality and integrity of information released by the Bank.</li> <li>f. To ensure uniformity in the Bank's approach to disclosures, raise awareness and reduce the risk of selective disclosures.</li> </ol> </li> </ol>
2.	Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure and Conduct	The Bank pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, has formulated and implemented the Code to elucidate and inform all the Designated Persons of the Bank that they have a responsibility and duty to preserve the confidentiality of all unpublished price sensitive information obtained in the ordinary course of business and in association with the Bank. No Designated Person shall use his or her position to gain personal benefit or to provide benefit to any third party.
3.	CSR Policy	<ol style="list-style-type: none"> <li>1. Bank has framed this Policy as per Section 135 of the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014.</li> <li>2. The following are the objectives of the Policy:               <ol style="list-style-type: none"> <li>a. To comply with the statutory and regulatory requirements pertaining to CSR.</li> <li>b. To define what CSR means to the Bank and the approach for the same</li> <li>c. To lay down the guidelines &amp; mechanism to carry out CSR program/project &amp; to report the work in reporting format as prescribed by the Rules in the Act.</li> <li>d. To constitute review mechanism of monitoring the progress of CSR projects/ programs and implementation of CSR policy by CSR Committee</li> <li>e. To ensure that the surplus arising of CSR projects/ programs/ activities shall not form part of the business profit of the Bank</li> </ol> </li> </ol>
4.	Dividend Distribution Policy	<ol style="list-style-type: none"> <li>1. The Bank has formulated this Policy in compliance with Regulation 43A of the SEBI Listing Regulations and RBI Requirements</li> <li>2. The objective of the Policy is to appropriately reward shareholders through dividends for reposing their confidence in Bank while retaining the capital required for supporting future growth. The Bank shall consider and comply with the Policy while declaring any dividend on equity shares or preference shares issued by the Bank. In the event of a conflict between the Policy and the Regulatory guidelines, the Regulatory guidelines will prevail. The Bank shall pay dividend on equity shares or preference shares only after ensuring compliance with the Companies Act, 2013, Banking Regulation Act, 1949 and Guidelines/circulars issued by RBI, SEBI Listing Regulations and Secretarial Standard-3 issued by the Institute of Company Secretaries of India.</li> </ol>
5.	Familiarisation Programme For Independent Director	<ol style="list-style-type: none"> <li>1. The Programme aims to provide insights into the Bank to enable the independent directors to understand their roles, rights, responsibilities in the Bank and get updated on the business and operations of the Bank that would facilitate the directors to contribute significantly to the Bank. The Bank has formulated this familiarization programme for the Independent Director with the objective of giving insight into:               <ol style="list-style-type: none"> <li>a. Nature of Business of the Bank and business environment in which it operates</li> <li>b. Business model of the Bank</li> <li>c. Organisation structure</li> <li>d. Structure of Board and Board Committees</li> <li>e. Role and responsibilities of the Board Committees and Senior Management</li> <li>f. Delegation of powers to various authorities by the Board</li> <li>g. Regulatory Framework applicable to the Bank</li> <li>h. Strategic Plan including Vision, Mission and Values of the Bank</li> <li>i. Cyber-safe environment and awareness about fine nuances of the cyber threats</li> <li>j. Financial and other controls and systems and</li> <li>k. Economic features of the market and competitive environment</li> </ol> </li> </ol>

Sr. No.	Policy Name	Brief Description
6.	Nomination and Remuneration Policy	<ol style="list-style-type: none"> <li>The Bank 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 other shareholders. The Bank's activities are carried out in accordance with good corporate practices and the Bank is constantly striving to better them and adopt the best practices. This policy seeks to document the practices and procedures to be followed by the Bank for appointment of directors and their remuneration.</li> <li>The key objectives of this Policy are as under: <ol style="list-style-type: none"> <li>Ensure compliance with applicable laws, rules and regulations as well as 'Fit and Proper criteria' of directors before their appointment</li> <li>Institutionalize a mechanism for the appointment/ removal/ dismissal of directors and lay down selection criteria for appointment of director</li> <li>Formulate criteria for determining qualifications, positive attributes and independence of directors</li> <li>Retain, motivate and promote talent and to ensure long term sustainability of talented KMP</li> <li>Devise a policy on Board diversity</li> <li>Develop and regularly review succession plan for the Board</li> <li>Formulate the criteria for evaluation of performance of all the Directors on the Board</li> <li>Establish standards on compensation/ remuneration including fixed and variable, which are in alignment with the applicable rules and regulations and is based on the trends and practices of remuneration prevailing in the industry</li> <li>Define internal guidelines for payment of perquisites to the directors and KMP</li> </ol> </li> </ol>
7.	Policy on Archival of Documents	<ol style="list-style-type: none"> <li>The purpose and objective of the Policy is to comply with Regulation 30(8) of SEBI Listing Regulations.</li> <li>The Bank shall ensure that all the information shall be hosted under "<b>Disclosures to Stock Exchanges</b>" section of the website of the Bank for a period of 5 (Five) years and thereafter will be archived for a period of 1 (One) year and shall be hosted under "<b>past event/information</b>" section of the website of the Bank."</li> </ol>
8.	Policy on Board Diversity	<ol style="list-style-type: none"> <li>The Bank believes that Board diversity plays very important role in the transparency in the decision making process in the Boardroom.</li> <li>The purpose and objective of this Policy is to comply with the SEBI Listing Regulations and ensure the diversity of thought, experience, knowledge, perspective and gender in the Board.</li> <li>The Bank promotes social diversity and professional diversity in the Boardroom. The primary objective of this Policy is to provide a framework and set standards for having a diversified Board with ability to base its decisions after evaluating multiple options as compared to homogeneous Boards and help improve the performance of the Bank significantly.</li> </ol>
9.	Policy on Code of Conduct	<ol style="list-style-type: none"> <li>Bank expects all its employees, directors (including independent directors) and senior management 'to act in accordance with high professional and ethical standards'.</li> <li>The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 also requires listed entities to adopt a formal code of conduct for directors on the Board and senior management.</li> <li>This Code of Conduct attempts to set forth the guiding principles and values on which the Bank's employees shall operate and conduct business with various stakeholders of the Bank, government and regulatory agencies, media, and anyone else with whom the Bank is connected.</li> <li>The Bank recognizes that maintaining the trust and confidence of all its stakeholders is crucial to its continued growth and success.</li> <li>The Code sets the standards to be adopted by all employees and outlines the duties of the directors of the Board and also described guidelines of professional conduct, role and functions and duties of the Independent Directors.</li> </ol>
10.	Record Retention and Maintenance Policy	<ol style="list-style-type: none"> <li>Record retention and maintenance is concerned with the selection, classification, storage, retrieval and timely destruction of information. This requires a structured approach in order to comply with the applicable laws and regulations and to meet business needs.</li> <li>This Policy governs the obligations and responsibilities of all staff at the Bank in relation to the management of official records. Under this policy, each department has an obligation to maintain official records and keep them in good order and condition. This obligation applies not only to the capture, storage, maintenance and disposal of physical records, but also to records in electronic form. Proper retention practices shall enable compliance with regulatory and statutory requirement and contribute to more efficient business processes.</li> <li>The purpose of this Policy is to ensure that all necessary records and documents of the Bank are adequately protected and maintained and to ensure that the records that are no longer required or are of no value are discarded at the proper time.</li> </ol>

Sr. No.	Policy Name	Brief Description
11.	Related Party Transaction Policy	<ol style="list-style-type: none"> <li>The Bank has framed and implemented the Policy pursuant to the requirement of Regulation 23 (1) of the SEBI Listing Regulations.</li> <li>The Board, on the recommendation of the Audit Committee, has adopted this Policy along with associated procedures for regulating Related Party Transactions, in line with the requirements of the Companies Act and Listing Regulations.</li> <li>The Policy seeks to define a mechanism to handle Related Party Transactions ("RPT") in order to ensure the transparency, substantive and procedural fairness of such transactions and that the RPT is being entered in accordance with provisions of applicable laws.</li> <li>The Policy also seeks to provide guidance on identification of related parties and basis on which materiality of RPT will be determined and the proper conduct and documentation of all RPT. This Policy is intended to ensure that proper review, approval, monitoring, reporting and disclosure processes are in place for all transactions between the Bank and its Related Parties.</li> <li>The Policy specifically provides the review and approval mechanism of Related Party Transactions keeping in mind the potential or actual conflict of interest that may arise as a result of such transactions.</li> </ol>
12.	Whistle Blower Policy	<ol style="list-style-type: none"> <li>The Bank in compliance with Section 177 of Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, has established vigil mechanism by way of whistle blower policy for its directors and employee to report instance of unethical practices, illegal activities and/or actual or suspected fraud or violation of the Bank's code of conduct or ethics policy.</li> <li>The vigil mechanism provide for adequate safeguard against victimization of persons who avail the mechanism and also provide for direct access to the chairperson of Audit Committee in appropriate cases.</li> </ol>
13.	Terms and Conditions of Appointment of Independent Directors	<ol style="list-style-type: none"> <li>The Bank has formulated the Terms and Conditions of Appointment of Independent Directors pursuant to the provisions of Schedule IV to the Companies Act, 2013.</li> <li>It prescribes Terms of Appointment, Role, Duties and Responsibilities, Remuneration and Training &amp; Development among other things.</li> </ol>

#### For and on behalf of the Board of Directors

Sd/-  
**B A Prabhakar**  
 Part-Time Chairman and Independent Director  
**DIN: 02101808**

Sd/-  
**Ittira Davis**  
 MD & CEO  
**DIN: 06442816**

**Date:** May 12, 2022  
**Place:** Bengaluru

## Annexure-5

### 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.: L65110KA2016PLC142162**

**Nominal Capital: INR 25,00,00,00,000/-**

To,  
The Members of  
**UJJIVAN SMALL FINANCE BANK LIMITED**  
Grape Garden, No. 27, 3<sup>rd</sup> "A" Cross, 18<sup>th</sup> Main,  
6<sup>th</sup> Block, Koramangala, Bengaluru – 560095, Karnataka.

I have examined all the relevant records of "UJJIVAN SMALL FINANCE BANK LIMITED" ("Bank") 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 31<sup>st</sup> March, 2022. 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 Bank for ensuring the compliance of the conditions of the Corporate Governance.

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

In my opinion and to the best of my information and according to the explanations and information furnished to me, I certify that the Bank 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 Bank has complied with items C and E.

**Date:** 12/05/2022

**Place:** Bengaluru

**K. Jayachandran**  
Company Secretary  
ACNo.:11309/CPNo.:4031  
UDIN:A011309D000306549  
Peer Review No: 784/2020

## Annexure-6

To  
The Board of Directors,  
UJJIVAN SMALL FINANCE BANK LIMITED  
CIN: L65110KA2016PLC142162  
Grape Garden, No. 27, 3<sup>rd</sup> "A" Cross, 18<sup>th</sup> Main,  
6<sup>th</sup> Block, Koramangala,  
Bengaluru – 560095, Karnataka.

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

Based on my examination and according to the information and explanations given to me, I certify that the Bank has implemented the Scheme called **“Ujjivan Small Finance Bank – Employee Stock Purchase Scheme, 2019 (“ESPS 2019 Scheme”) and Ujjivan Small Finance Bank – Employee Stock Option Plan, 2019 (“ESOP 2019 Scheme”)** in accordance and compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, (now Securities and Exchange Board of India (Share Based Employee Benefits and Sweat

Equity) Regulations, 2021) and the Companies Act, 2013 with the Regulations and accordance with the resolutions passed by the Members of the Bank at a general meeting.

This Certificate is addressed and provided to the Board of Directors of the Bank pursuant to Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 solely for the purpose of placing it before the Board of Directors at their meeting and should not be used by any other person or for any other purpose. As prescribed under the SEBI Regulations, this report will also available for inspection by Shareholders of the Bank during Annual General Meeting.

**Date:** July 07, 2022

**Place:** Bengaluru

**K. Jayachandran**  
Company Secretary  
ACNo.:11309/CPNo.:4031  
UDIN:A011309D000584970