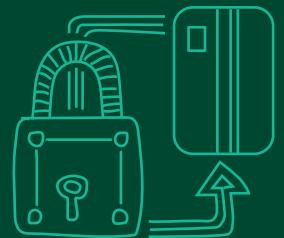


Partnering inclusive growth



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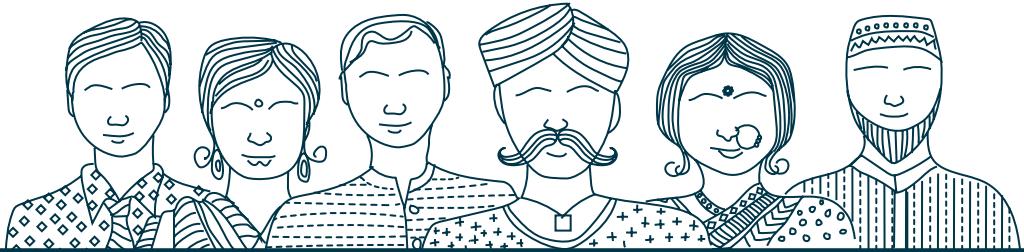
Ujjivan Financial Services Limited (UFSL)

UFSL commenced operations as an NBFC in 2005 with the mission to provide a full range of financial services to the 'economically active' disadvantaged sections of the population.

UFSL's erstwhile business was primarily based on the joint liability group-lending model for providing collateral-free, small ticket-size loans to economically active poor women. It also offered individual loans to Micro & Small Enterprises (MSEs). UFSL adopted an integrated approach to lending, which combines a high customer touchpoint similar to microfinance, with the technology infrastructure and related back-end support functions similar to that of a retail bank.

On October 7, 2015, UFSL received an in-principle approval from the RBI to set up a Small Finance Bank and floated its wholly owned subsidiary Ujjivan Small Finance Bank Limited (Ujjivan SFB). UFSL transferred its business to Ujjivan SFB, which subsequent to the RBI licence commenced its banking operations from February 01, 2017. Ujjivan SFB is also included in the Second Schedule to the Reserve Bank of India Act, 1934.

Subsequent to the transfer of business, as mandated by the RBI, UFSL got itself registered as a Core Investment Company (NBFC-NDSI-CIC). Its primary objective is to conduct the business of making investments in group company in the form of securities and providing guarantees among others. It also conducts financial activities, whether in India or outside, in the nature of investment in bank deposits, money market instruments (including money market mutual funds and liquid mutual funds), government securities, and to carry on such other activities as may be permitted and prescribed by the relevant statutory authorities for core investment companies from time to time.



Our journey began with the mission to bring large proportion of the population to the economic mainstream and help accelerate inclusive growth.

India still has a huge share of economically active urban and rural poor, who need financial support to realise their ambitions, but cannot approach traditional, formal channels of finance.

In line with our mission to build a leading state-of-the-art ‘mass market’ bank in five years, we focused on key priority areas during FY19. We scaled up our established business segments, set up new business enterprises and launched third-party products.

We also focused on expanding multiple customer touchpoints such as Branches, ATMs, Phone banking, Mobile and Internet banking. We closed the year on a positive note on the financial and business front.

Financial inclusion remains at the heart of our strategy. To empower more people across the social pyramid, we are building a new-age bank with technology-enabled operations on the bedrock of enduring values of empathy, integrity, and respect, every step of the way.

Message from the Chairman

Driven by purpose



Over the years, we have made commendable progress and continue to make impressive strides towards our avowed purpose of helping accelerate inclusive prosperity for all.

Turning to top line numbers, loan book registered an impressive growth of 46% during FY19 and the outstanding loan book at March 31, 2019 stood at ₹11,049 Crore. Our total active customer base increased by 19% this year, from 39 Lakh to 46 Lakh, with over 27 Lakh customers having deposits. MicroBanking loans grew by a respectable 34%. Thrust on portfolio diversification continued and non-MFI portfolio constituted 15.3% of the loan book, as against 7.3% in FY18. We were able to fund 67% of our loan book with deposits. Retail deposits stood at 37.1% of total deposits against 11.3% in FY18. CASA ratio also improved from 3.7% to 10.6%. Our network increased to 524 branches, including 474 banking outlets and 50 asset centers. You will find detailed discussions on our financials and performance elsewhere in the Annual Report.

I will now update you on some of the key regulatory developments.

[Listing of Ujjivan Small Finance Bank Limited](#)

You may recall, as a non-banking finance company, Ujjivan Financial Services Limited, did not have any promoter/promoter group. We had to, therefore, opt for the 'holding company structure' to be eligible for applying for a small finance bank licence. Once we received the 'in-principle approval' from the RBI for setting up a small finance bank, we came up with our IPO to comply with the regulatory guidelines that the majority ownership of small finance bank should lie with domestic investors. Thereafter, we formed our fully owned subsidiary 'Ujjivan Small Finance Bank' and transferred our operational business undertaking to the newly set up entity through a slump sale. The holding company was thereafter registered with the RBI as a core investment company (NBFC-ND-SI-CIC). As you all know, there was overwhelming response from investors and our shareholding is well diversified among Indian public.

Dear Shareholders,

I am glad to share with you that our overall financial and business performance in the financial year that passed by was quite strong and healthy. Consolidated net profit posted a smart recovery at ₹198 Crore from ₹7 Crore. Net interest income rose by 41% over the previous year and net interest margin stood at 11.1%. Loan delinquencies were contained. Gross non-performing loans stood at 0.9% and net at 0.3%. Our funding cost dropped from 9.0% to 8.5%. Cost/Income ratio however rose and this spurt was primarily due to the expansion of branch network, one-time investment on modern technology platform and the additional manpower cost to man the newly opened branches. Concerted efforts are on to bring down our cost/income ratio.

We have close to 75,000 individual shareholders holding shares of the paid-up value of less than ₹2 Lakh. The scrip is actively traded, and the price fully mirrors the performance of the newly set up Ujjivan Small Finance Bank. Based on our publicly disclosed financial information of our Company and our Bank at periodical intervals, the investors, depositors and creditors primarily assess the level of risk of the Bank and make investment decisions. Thus, we are already subjected to the rigours of 'market discipline' and the pricing information of the holding company shares is indicator of the bank's financial health. We had also more than adequately complied with the regulatory objectives for which we were licenced catering to the financial needs of the underserved and unserved. It is in this background that we were sanguine that the regulator may relax yet another licencing stipulation viz., listing of Ujjivan Small Finance Bank on the domestic bourses. We were in constant dialogue with the regulator on this matter and represented that dual listing of both the holding company and the small finance bank may be superfluous and may adversely impact the shareholder value of the holding company. If this were not feasible, we sought their permission to collapse the time frame set and permit the holding company to do a reverse merger with the small finance bank to protect the shareholder value. The regulator has advised us that since listing of SFB was a licencing condition, we had to comply with the same. As for reverse merger of our Company with our Bank, the regulator has kept the door open but will take a view on this closer to the fifth year. We are, therefore, now working on the modalities of listing Ujjivan Small Finance Bank for minimum percentage of capital permitted by the regulators and will initiate work on the reverse merger of the two entities closer to our fifth anniversary. We continue to endeavour to the best of our potential to safeguard the Company (HoldCo) shareholder interests.

On tap licencing of small Finance banks

The Reserve Bank of India has recently announced that since the small finance banks have attained their mandate of furthering financial inclusion, there was a case for more players to be included to enhance access to banking facilities to the small borrowers and to encourage competition. The RBI has, therefore, proposed to issue the Draft Guidelines for 'on tap' licencing of small finance banks by the end of August 2019. This is a welcome development and hopefully the guidelines will incorporate the smooth functioning of banks with holding company structure.

Small finance banks need less stringent regulatory/supervisory framework

Since small finance banks now form a 'specific category' among the licenced banking entities, it is hoped that the regulator would fine tune their regulatory and supervisory guidelines suited to these entities, reckoning their business model and risk profile. As long as these

banks fulfill the objectives for which they were licenced and comply fully with critical prudential guidelines like capital adequacy, income recognition, asset classification and provisioning, liquidity management and corporate governance standards and their risk profile is acceptable, there is a case for easing the policy guidelines appropriately to minimise the regulatory cost. Regulatory compliance cost hit the small banks hard.

Elsewhere in some of the developed financial markets, there is a growing recognition that volume and the complexity of financial regulation are, for small and medium sized banks, extremely onerous and disproportionately costly. To avoid excessive compliance costs or regulatory burden for smaller non-complex banks, which could dampen their competitive position, a proportionate approach is advocated tailoring regulatory requirements to the bank's size, systemic importance, complexity and risk profile. The Chairman of Financial Stability Institute, Bank for International Settlements at the recently held BIS/IMF policy implementation meeting specifically adverted on this issue of proportionality in financial regulation and supervision.

Before I conclude, on your and the Board's behalf, I extend a warm welcome to Mr. Nitin Chugh, CEO designate of our Bank. He will take over as the CEO of the Bank effective December 1, 2019. Given his extensive retail and digital experience, we are confident he would take the Bank to newer heights and position the same as a mass market bank. We hereby seek your full-hearted support to Mr. Nitin in all his business endeavours.

I am also glad to share with you Mr. Samit Ghosh, the visionary leader and founder CEO of Ujjivan will continue to be associated with Ujjivan, mentor the new CEO designate and ensure his smooth transition to the leadership position in the Bank and thereafter continue to provide his wise counsel and guidance to Ujjivan, although within different capacity.

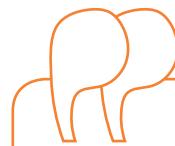
Thank you.

K.R Ramamoorthy

Chairman



Message from the MD & CEO Growing with momentum



Looking at the year gone by, we can say with reasonable pride that having successfully managed the challenges arising from demonetisation, the Ujjivan team was able to get the focus back on business growth.

Dear Shareholders,

In this letter, I would like to touch upon some of the important developments that impact the three Ujjivan partner groups - shareholders, customers and staff.

Business

Looking at the year gone by, we can say with reasonable pride that having successfully managed the challenges arising from demonetisation, the Ujjivan team was able to get the focus back on business growth. Our teams were able to grow the retail deposit base to 37.1% of total deposits with a CASA ratio of 10.6%. The loan book moved up to ₹11,049 Crore with the non-MFI portfolio constituting 15%. On a consolidated basis (IGAAP), our net profit was ₹198.4 Crore.

Branches

FY19 saw the branch conversion momentum pick up. A total of 287 full-service bank branches were set up during the year, taking the converted branch tally to 474 full-service bank branches on March 31, 2019. Of these, 120 bank branches were in the Unbanked Rural Centres (URCs), which is 25.3% of total in keeping with the compliance requirement i.e. 25% of the branches being in URCs. As on March 31, 2019, the Bank had 50 asset centres remaining to be converted into full-service banking branches, including these the total branch count was 524 branches.



UFSL structure and financial reporting

Understanding UFSL's structure as a holding Company is important from its position as a financial institution; and also the impact of listing. UFSL is an NBFC-ND-SI-CIC. In this form, UFSL does not undertake any business transactions with the public. All business is done by the wholly owned subsidiary Ujjivan Small Finance Bank Limited (Ujjivan SFB) which operates as a Scheduled Bank. Since the Bank is the operating entity, the business is not impacted by regulations that are aimed at NBFCs who may not be implementing asset-liability-mismatch / liquidity management. Understanding this structure is important in the context of the current scenario in the financial markets, impacting NBFCs.

The Company, being an NBFC, has mandatorily adopted Ind-AS for reporting its standalone and consolidated financials. However, our wholly owned subsidiary Ujjivan SFB which contributes more than 98% of the Company's consolidated income is required by the RBI to follow IGAAP in preparing its financials. For the benefit and understanding of all stakeholders, the Company will continue to share its consolidated IGAAP financials through its investor presentations although the mandatory financial extract to be submitted to the stock exchanges on a quarterly basis will be in Ind-AS format.

Community counts

Supporting the communities where we have a presence is part of the Ujjivan ethos. Three natural disasters in the last 12 months – the Kerala Floods, Cyclone Gaja in Tamil Nadu and Cyclone Fani in Odisha affected communities around the Ujjivan SFB branches. The branch staff effectively used the Bank's Business Continuity Plan (BCP) to get banking services up and running in the shortest possible time. Ujjivan ATMs were among the first to be operational in the affected areas. Your Company working with the Bank branch teams, organised flood relief in the affected areas. In the Kerala floods, your Company also helped some schools by replacing flood damaged classrooms furniture, books and computers.

UFSL is continuing its partnerships for CSR projects – working closely with Parinaam, in delivering Chote Kadam – Coming Together for Good; an initiative for undertaking several community development programmes. We have undertaken programme outreach through the Mobile Medical Units, in association with Piramal Swasthya and the village water programmes, in association with Piramal Sarvajal.

Looking ahead

FY20 will see changes at Ujjivan. Samit Ghosh, the Ujjivan founder and the Bank's MD & CEO, will retire on November 30, 2019. Samit had laid the foundation of setting up your Company as an MFI in 2005 and then nurturing it to become one of the country's best MFIs. He established the Bank as a wholly owned subsidiary that commenced business in February 2017. Nitin Chugh will take over as the Bank's MD & CEO from December 01, 2019.

The Bank's listing is to be completed by January 30, 2020, one of the RBI's licencing conditions. It is working with its advisors to meet this target. Developments on this matter affecting shareholders are being updated on the stock exchanges.

Dividend

I am happy to share, that the Board has recommended a final dividend of 4.5% for FY19, which will be subject to the approval of shareholders at the ensuing 15th Annual General Meeting of the Company, scheduled to be held on August 02, 2019. The Company has already declared and paid an interim dividend of 8.5% for FY19. Therefore, total dividend for FY19, including the interim dividend will be 13%.

Recognition

You will be glad to know, that during the reporting year, Ujjivan was among five companies to have been recognised for good governance. Fifty companies listed on the BSE between 2015 and 2017 were evaluated for this recognition.

Before I conclude, I would like to thank our shareholders, directors and the team of UFSL for their continued guidance and support. We look forward to working closely with you in future for our Company's continued success.

Yours truly,

Ittira Davis

MD & CEO, UFSL

Key Performance Indicators (Consolidated)

Numbers validate our story of strength

Profit and Loss metrics

Total income (₹ in Crore)

FY19	2,046
FY18	1,582
FY17	1,398
FY16	1,028
FY15	612
29% 	y-o-y growth
25% 	5-year CAGR

Net interest income (NII) (₹ in Crore)

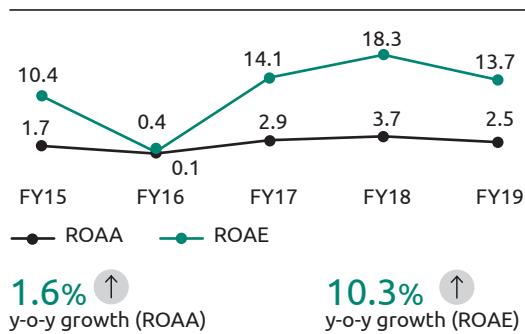
FY19	1,003
FY18	710
FY17	687
FY16	510
FY15	281
41% 	y-o-y growth
37% 	5-year CAGR

Balance Sheet metrics

Average total assets (₹ in Crore)

FY19	11,814
FY18	9,146
FY17	7,103
FY16	4,852
FY15	3,027
29% 	y-o-y growth
41% 	5-year CAGR

Return on average assets (ROAA) and Return on average networth (ROAE) (%)



Net profit (₹ in Crore)

FY19	198
FY18	7
FY17	208
FY16	177
FY15	76
2,729% 	y-o-y growth
27% 	5-year CAGR

Book value per share (BVPS) and Diluted earnings per share (DEPS) (₹)

FY19	16.3	158
FY18	0.6	146
FY17	17.1	147
FY16	19.2	118
FY15	10.6	82
● Diluted Earnings per Share		
18% 	5-year CAGR (BVPS)	
12% 	5-year CAGR (DEPS)	

Average net worth (₹ in Crore)

FY19	1,851
FY18	1,758
FY17	1,477
FY16	967
FY15	554
5% 	y-o-y growth
35% 	5-year CAGR

Efficiency metrics

Capital adequacy ratio (CAR)* (%)

FY19	18.9
FY18	23
FY17	21
FY16	24
FY15	23

Customer retention ratio* (%)

FY19	86
FY18	85
FY17	86
FY16	86
FY15	87

Staff retention ratio (%)

FY19	80
FY18	83
FY17	84
FY16	82
FY15	83

Business metrics

Asset Under Management (₹ in Crore)

FY19	11,049
FY18	7,560
FY17	6,379
FY16	5,389
FY15	3,274

46% ↑
y-o-y growth

36% ↑
5-year CAGR

Total deposits (for Ujjivan SFB) (₹ in Crore)

FY19	7,379
FY18	3,772
FY17	206

96% ↑
y-o-y growth

* CAR computation is as per RBI directive dated November 8, 2017 which provided exemption to all SFB with no capital charge on market and operational risk weighted asset.

* CAR for Banking entity for FY17 onwards

Graphs are prepared on the basis of consolidated I-GAAP figures and are based on management reports and have not been subject to review/audit by Auditors. The purpose of iGAAP financials is merely to provide an update on business performance.

Corporate Social Responsibility (CSR) Citizenship efforts

The Corporate Social Responsibility (CSR) programmes of UFSL were started in 2010, much before it was made mandatory under the Companies Act, 2013. During FY19, UFSL partnered with Parinaam Foundation and Piramal Foundation to undertake various community development programmes such as free healthcare and clean drinking water facility for and on behalf of the Company, across various districts and states in India.

Chote Kadam

Parinaam and Ujjivan's Community Development Programme

Parinaam Foundation, our long-term strategic partner, a not-for-profit Company registered under Section 8 of the Companies Act, 2013 was awarded a grant from UFSL to initiate and develop a community development programme around our ultra-poor communities.

Parinaam's goal is to empower communities to live healthy, safe, sustainable, and better lives. Their mission outlines the heart of their work - to support women, children and families through key milestones - education, work opportunities, healthcare while

ensuring they are financially equipped to become contributing members of society. They take impact to the family level across a wider platform, working with beneficiary communities to improve their quality of life, by creating stronger infrastructure and support systems.

Chote Kadam's vision is to work alongside families, corporates, peers and knowledge partners to help transform neighbourhoods across India. The families in the neighbourhood collectively identify infrastructural projects that will improve the environment they live in as well as their quality of life. These projects range from

fixing school buildings, setting up maternity clinics, solar electricity, housing, among others. Our focus is to maximise the use of recycled material, revisit existing project sites to upgrade designs and build a repository of blueprints and guides for these infrastructure projects. Parinaam collaborates with Bhumiputra Architecture, a renowned architecture firm based out of Bangalore, to create innovative designs that can be easily implemented using locally available materials.

 [Read more on the impact created through our projects on page 10 and 11](#)



In our partnership with Parinaam, we have addressed the below key objectives for the programme:

- A community development programme focused on addressing and delivering critical community needs in the areas of education, healthcare, sanitation and public infrastructure across the unserved and underserved communities in India.
- Create an appealing programme for our Bank employees where they can develop a connect with and deeper understanding of the families they work with by coming together to identify and provide the needs of the community.

Piramal Foundation

The other prominent CSR Partner of UFSL is a philanthropic arm of Piramal Group. The foundation undertakes projects under the four broad areas of healthcare, education, livelihood creation and youth empowerment. These projects are rolled out in partnership with various communities, corporate citizens, non-profits and other government bodies. UFSL has engaged in a partnership with Piramal Foundation to execute the two following CSR projects:

1. Piramal Swasthya

Piramal Foundation, on behalf of UFSL, provides medical awareness and primary healthcare facilities in rural areas. They provide mobile health services wherein medical vans with doctors and teams visit rural areas, conduct diagnostics, lab testing, test reports and provide real-time treatment. The services are being offered at two states - Maharashtra (Mumbai, Nashik and Pune) and Karnataka (Bangalore).

The idea is to provide primary healthcare services to beneficiaries at their doorsteps through Mobile Medical Unit (MMU) at select villages or towns in identified locations. The MMU is staffed with a medical team comprising a doctor and paramedic staff. It is equipped with basic diagnostics, medication and android tablets. The objective is to create a technology-enabled health service that provides comprehensive services for the identification, screening, diagnosis, referrals, monitoring and treatment of select communicable and non-communicable diseases in addition to minor illnesses, thus managing morbidity and mortality.



2. Piramal Sarvajal

In this project, UFSL, through its CSR partner, Piramal Sarvajal, provides clean and safe drinking water to the underserved community. They are working with a threefold approach namely affordability, accessibility and purity. The services are being offered at Rewari, Rohtak, Alwar, Jodhpur and Pali.

Other CSR initiatives

- Contributed to Kerala Chief Minister Disaster Relief Fund and delivered food and medical aid to flood disaster support. We also provided support to schools in Kerala affected by the flood
- Provided food and medical aid in supporting Cyclone Gaja victims in Tamil Nadu
- Provided aid to Bangalore based NGO 'Samarthanam Trust' and Mumbai based NGO 'Educo'

82,813

Beneficiaries

2,430

Beneficiaries

1,02,591 Litres

Clean drinking water provided



Corporate Social Responsibility (CSR) - Contd.

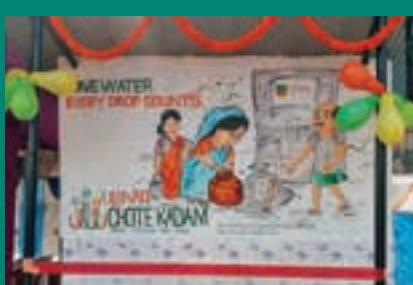
Together with Parinaam Foundation, we have implemented over 70 projects. The Phase-1 project has benefitted approximately 1,00,000 people across 18 States and Union Territories in India.

CHOTE KADAM IMPACT



Education Institute
Renovation

34 12,721



Safe Water Access

8 30,600



Health Care Renovation

7 5,280



Bus Stop/Bus Shed

9 5,280

● Projects ● Lives impacted



Public Toilets

1 750



Solar Street Lighting

2 9,200



Children's Play Area

4 2,169



Community Development

5 13,700

99,170

lives reached in Phase 1

Board of Directors

Strong governance



1



2



3



4



5



6



7

1 K.R. Ramamoorthy

Non-Executive Chairman and Independent Director

Educational qualification:

He holds a bachelor's degree in arts from Delhi University and bachelor's degree in law from Madras University. He is also a fellow member of the Institute of Company Secretaries of India.

Profile: K.R Ramamoorthy is the former chairman and managing director of Corporation Bank and former chairman and chief executive officer of ING Vysya Bank. He has served as an advisor to CRISIL, a reputed credit rating agency in India and as consultant to the World Bank. He also works as an independent director on the boards of Subros Ltd., Nilkamal Ltd. and Amrit Corp. Ltd.

2 Ittira Davis

Managing Director and Chief Executive Officer

Educational qualification:

He is a graduate from the Indian Institute of Management, Ahmedabad (1976).

Profile: Ittira Davis is an international banker with over 36 years of Corporate and Investment banking experience, having worked extensively in the Middle East and Europe. He was with the Europe Arab Bank from July 2008 to October 2012 initially as the managing director – Corporate and Institutional banking and then as an executive director of the Europe Arab Bank. He has previously worked with Citibank in India, the Arab Bank Group in the Middle East and Europe and was the Chief Operating Officer of Ujjivan SFB (the wholly owned subsidiary of the Company) until June 30, 2018.

3 Abhijit Sen

Non-Executive, Independent Director

Educational qualification:

He holds a bachelor's honours degree in engineering from Indian Institute of Technology, Kharagpur and a

post-graduate diploma in Business Management from Indian Institute of Management, Calcutta.

Profile: Abhijit Sen has retired from Citibank N.A. India after serving for over 18 years, with his last position being managing director - chief financial officer. He was also a director of Citicorp Services India Ltd. and other locally incorporated Citi entities. He currently serves on several boards including Trent Ltd., Kalyani Forge Ltd. and Indiafirst Life Insurance Company Ltd. In the past, he has served on the board of NSDL e-governance Infrastructure Ltd. and IDFC First Bank Ltd.

4 Vandana Viswanathan

Non-Executive, Independent Director

Educational qualification:

She holds a post-graduate degree in Personnel Management and Industrial Relations from the Tata Institute of Social Sciences and a bachelor's degree in Science from Bangalore University.

Profile: Vandana Viswanathan is the co-founder of Cocoon Consulting, a management and human relationship consulting firm. She is also a Non-Executive Director in Ujjivan SFB.

5 Jayanta Basu

Non-Executive Director

Educational qualification:

He holds a post graduate diploma in management from the Indian Institute of Management, Ahmedabad and a bachelor's degree in economics from University of Delhi.

Profile: Jayanta Basu is currently the managing partner at CX Advisors LLP. He has previously worked with Citibank India. He serves as a director in many other companies including Ujjivan Small Finance Bank Ltd., Transaction Solutions International (India) Private Ltd., Imperative Hospitality Private Ltd. and CX Advisors LLP. He has over 21 years of experience in the fields of investments.

6 Amit Gupta

Non-Executive Director

Educational qualification:

He holds an undergraduate degree in Electrical Engineering from Kurukshetra University and a post-graduate diploma in Management from Indian Institute of Management, Bangalore, where he was placed in director's merit list for his performance.

Profile: Amit Gupta is one of the founding partners and chief operating officer of NewQuest Capital Advisors (HK) Ltd. He oversees India and south east Asian business for NewQuest Capital Advisors (HK) Ltd. He represents NewQuest Capital Advisors (HK) Ltd. on board of Halonix Technologies Private Ltd. and Ugro Capital Ltd.

7 Anand Narayan

Non-Executive Director

Educational qualification:

He holds an M.B.A. from IIM, Bangalore and graduated with honours in Mechanical Engineering from the National Institute of Technology, Jaipur.

Profile: Anand Narayan currently serves as managing partner of Creator India. He joined Creator in 2011. Prior to joining Creator, he was a partner and director of Veda Corporate Advisors Private Ltd., where he was responsible for mergers and acquisitions, sponsor coverage of private equity firms and raising structured debt for multiple mid-market corporates. He had also served in Infrastructure Leasing & Financial Services as vice president between 1994 -2006 and served various corporate entities like Zuari Agrochemicals and at Eicher Motors Ltd. in the past in operational roles. He is also a non-executive director in Ashiana Housing Ltd., Vectus Industries Ltd., Paras Healthcare Private Ltd. and Redrock (India) Offshore Consultants Private Ltd.

Leadership Team

Strong governance

**Ittira Davis**

Managing Director and Chief Executive Officer

Educational qualification:

He is a graduate from the Indian Institute of Management, Ahmedabad (1976).

Profile: Ittira Davis is the Managing Director and Chief Executive Officer of the Company. He is an international banker with over 36 years of Corporate and Investment banking experience having worked extensively in the Middle East and Europe. He was with the Europe, Arab Bank from July 2008 to October 2012 initially as the managing director – Corporate and Institutional Banking and then as an executive director of the Europe Arab Bank. He has previously worked with Citibank in India, the Arab Bank Group in the Middle East and Europe and was the Chief Operating Officer of Ujjivan SFB (the wholly owned subsidiary of the Company) until June 30, 2018.

Sanjeev Barnwal

Company Secretary and Compliance Officer

Educational qualification:

He is a qualified company secretary from the Institute of Company Secretaries of India and holds a bachelor's degree in Law and a diploma in Business Management. He also received NSE's Certification in Financial Markets (NCFM) for Compliance Officer (Corporate) Module.

Profile: Sanjeev Barnwal has a corporate experience of over 15 years and prior to joining Ujjivan, he worked with SMC Capitals Ltd. as associate vice president and company secretary. He played a significant role in the IPO and listing of the Company and subsequently in the restructuring, incorporation and formation of the Small Finance Bank (SFB). He has also worked with companies like CMC Ltd. and SBEC Sugar Ltd. previously.

Deepak Khetan

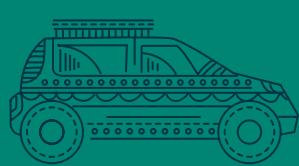
Chief Financial Officer

Educational qualification:

He has an MBA (Finance) from IMT Ghaziabad and MS (Finance) from ICFAI University, Hyderabad.

Profile: Deepak Khetan has about 11 years of work experience across Investment banking, equity research and investor relations. He has rich expertise in working across diverse sectors including transportation, infrastructure, pharmaceutical and metals. Prior to joining the Company, he was leading investor relations function at Welspun Corp Ltd.. He has also worked at JPMorgan, ICICI Securities and Axis Capital.

Ujjivan Small Finance Bank Limited



Ujjivan Small Finance Bank Limited at a Glance

Banking that serves all

Ujjivan SFB has emerged as one of India's leading and trusted small finance banks with the avowed purpose to work as a 'change agent' in people's lives, especially the economically disenfranchised. We commenced our operations from February 1, 2017 and we attained a Scheduled Bank status in August 2017. Aligned to our mission, we are building a state-of-the-art 'mass market' bank to empower the unserved and underserved customers, who continue to be outside the periphery of traditional banking network or other channels of finance.



OUR MISSION

The best institution to provide financial services to the unserved and underserved customers and transform to a mass market bank.

OUR VALUE AND CULTURE

- Customer's choice institution
- Integrity in all dealings
- Provide responsible finance
- Fair with suppliers and service partners
- Compliance of laws, regulations and code of conduct
- Best place to work
- Professionalism and teamwork
- Respected in the community

OUR STORY OF AGILE LEARNING AND EVOLUTION

2004 <p>Ujjivan Financial Services Private Limited (now Ujjivan Financial Services Limited) was incorporated and the memorandum and articles of association of the Company was put in place and the initial Board was formed.</p>	2005 <p>Ujjivan registered as an NBFC with the Reserve Bank of India (RBI) and set up operations in South India, with its pilot project in Bengaluru. Subsequently, UFSL commenced operations as a Non-Banking Financial Company (NBFC), catering to the requirements of those close to the bottom of the social pyramid, but with the vision and energy to bring about a change to their lives through financial support.</p>	2006 <ul style="list-style-type: none">• UFSL's first investors, 'Bellwether Microfinance Fund' and 'Michael & Sussan Dell Foundation' came on board• Disbursed its first loan• Reached the milestone of 10,000 customers• Emerged as the only Microfinance Institution (MFI) in India to introduce the first round of ESOP	2007 <ul style="list-style-type: none">• Commenced operations in northern and eastern parts of India• Became the founding member of the Association of Karnataka Microfinance Institutions (AKMI)	2008 <p>UFSL reaches milestone of 1 Lakh customers in less than 980 days</p>
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**524**Banking touchpoints
(branches and asset centres)**385**

ATM network

**46 LAKH+**

Customer base

**24**States/Union territory
presence across 221 districts**14,752**

Employee strength

**40 LAKH+**

Active borrowers

OUR CREDIT RATINGS

For Long Term Borrowings and NCD:
CARE A+ (Stable)

Certificate of deposits and short-term fixed deposits:
CRISIL A1+ and ICRA A1+

2009	Commenced operations in the western part of India	2014	UFSL became the largest microfinance institution, spanning 24+ states and 273 districts across India	2018	First among Small Finance Banks, as Registrar for Aadhar enrolment
2011	Ujjivan broke-even and posted profits, even in the wake of MFI crisis	2016	<ul style="list-style-type: none"> UFSL received an in-principle approval, followed by a licence from the Reserve Bank of India on November 11, 2016, to set up the Small Finance Bank (SFB) business. Pre-IPO of ₹292 Crore followed by IPO of ₹883 Crore, including Offer For Sale (OFS) of UFSL 	2017	<ul style="list-style-type: none"> Handheld devices were launched in the field, further harnessing the power of technology UFSL transferred its business to Ujjivan Small Finance Bank (USFB), which commenced its banking operations on February 1, 2017
2013	Ujjivan was granted NBFC-MFI status by the RBI				

Highlights of FY19

Progressing with a vision to empower



Asset franchise

- Launched new business lines – rural agri. business, financial institutions group (FIG) lending, two-wheeler loans, personal loans and overdraft facility
- Improved quality of assets with gross non-performing assets (GNPA) at 0.9% (3.7% in FY18), net non-performing assets (NNPA) at 0.3% (0.7% in FY18) and adequate provision coverage ratio (PCR) at 72% (82% in FY18)
- Secured loan book grew from 5% of overall loan book in FY18 to 14% in FY19



Deposits franchise

- Total deposits grew 95.6% from ₹3,772 Crore in FY18 to ₹7,379 Crore in FY19 and retail deposits stood at 37.1% of total deposits
- Launched differentiated liability products - business edge, current account and variable interest rate for savings account customers
- Enhanced focus on longer tenor fixed deposits (FDs) (735 and 799 days) and senior citizens products
- CASA ratio improved to 10.6% in FY19 from 3.7% in FY18



Digital

- Launched new digital services - bill payment, Unified Payments Interface (UPI), National Automated Clearing House (NACH) and mobile application in five languages
- Launched Corporate Internet Banking (CIB)



Network expansion

- Converted 218 asset centres into banking outlets and opened seven new full-service banking outlets and 62 outlets in Unbanked Rural Centres
- Expanded the rural network to 120 banking outlets (including seven business correspondents) from 24 outlets in FY18
- Scaled up through the sale of traditional and new products



Liquidity position

- Reduced dependence on money market - Certificate of Deposits (CDs) from 28% as on March 31, 2018 to 8% (of the total borrowings) as on March 31, 2019



Customer base

- Focused on new customer acquisition in expanded branch catchment areas and URCs; active customer base increased from ₹38.7 Lakh in FY18 to ₹46.1 Lakh in FY19
- Allocated a relationship officer to customer to improve customer retention



Service levels

- Rolled our service standards (Index) for each business and support function to improve the quality of services rendered to our customers
- Customer satisfaction (C-SAT) scores of branches improved from 74% in Q1 FY19 to 82% in Q4 FY19



Return ratios

- Return on asset (ROA) improved to 1.7% in FY19 from 0.1% in FY18
- Return on equity (ROE) improved to 11.5% in FY19 from 0.4% in FY18

BUSINESS COMPOSITION

Gross loan book mix (%)



■ Group loan	75
■ Micro individual loan	8
■ Affordable housing	8
■ Micro & small enterprise	5
■ Rural	2
■ Others	2

Deposits break-up (%)



■ Institutional term deposits	49.6
■ Retail term deposits	26.5
■ Certificate of deposits	13.3
■ CASA	10.6

Customer base profile (%)



■ Asset and liability both	46.6
■ Only asset	40.6
■ Only liability	12.8

Product Suite

Our wide product spectrum



ASSETS

MicroBanking

Group loans

- Customer: Groups of women on a joint liability basis
- Ticket size: ₹2,000 - ₹60,000 (unsecured)
- Tenor: 1 - 2 years

Individual loans

- Customer: Individuals for business, livestock, home improvement
- Ticket size: ₹51,000 - ₹2,00,000 (unsecured)
- Tenor: 6 months - 36 months (2 years - 7 years for higher education after commencement of repayment)

Two wheeler loans*

- Customer: Existing microfinance customers and their families
- Ticket size: ₹20,000 - ₹75,000, LTV up to 80%
- Tenor: 1 - 3 years

* Pilot launched in 5 branches across India

Micro & Small Business (MSE)

Unsecured loans

- Customers: MSEs meeting eligible turnover criteria
- Ticket size: ₹2,00,000 - ₹7,50,000 (unsecured)
- Tenor: 1 - 3 years

Secured loans

- Customer: MSEs meeting eligible turnover criteria
- Ticket size: ₹10,00,000 - ₹50,00,000
- Tenor: 3 - 10 years

LAP

- Customer: MSEs meeting eligible turnover criteria
- Ticket size: ₹3,00,000 - ₹10,00,000
- Tenor: 3 - 7 years

Affordable Housing

- Loans for home construction, home purchase and home improvement
- Ticket size: ₹2,00,000 - ₹50,00,000
- Tenor: 3-20 years

Personal Loans

- Loans for salaried customers with net income of over ₹15,000
- Ticket size: ₹50,000 - ₹15,00,000 (unsecured)
- Tenor: 1 - 5 years





NEW BUSINESS LINES

Financial Institutions Group (FIG) - Institutional lending

- Loans to NBFC and MFIs
- Tenor: 1 - 3 years (maximum upto 5 years)
- Ticket size: ₹10 Crore to ₹25 Crore per client (maximum upto ₹50 Crore)
- Cap of 10% of gross loan book
- ₹240 Crore total disbursements as on March 31, 2019

Agriculture and rural business

Agriculture Group Loan

- Joint liability group-based loans for small and marginal farmers for allied activities such as dairy, sericulture and tractor maintenance
- Ticket size: ₹30,000 to ₹60,000
- Tenor: 24 months

Kisan Suvidha Loan

- Combination of loans, which are aimed at customers engaged in an array of farming and allied activities such as dairy, poultry, fishery, and so on
- Ticket size: ₹60,000 to ₹2,00,000 for existing customers (₹1,50,000 for new-to-bank customers)
- Tenor: 24 months



LIABILITIES

Savings Account (SA)

- Promotion of RuPay debit card offers
- Effective communication to new-to-bank and existing customers lead to an increase in mobile banking usage from 16% to 40%
- Unlimited free transactions at Ujjivan SFB's ATM for all SA products
- No charges on minimum balance requirement

Current Account (CA)

- Business Edge Accounts to cater to MSE customers
- Other variants of current account, catering to the requirements of the mass market segments:
 - Regular Current Account
 - Premium Current Account
- Platinum Debit Card to Business Edge Accounts, effective from December 2018
- Rationalisation of product features for all CA variants with regard to competition effective from November 1, 2018, which made the product competitive for the respective target segment, leading to the acquisition and balance build-up
- Cash Management Services (CMS) launched for Business Edge Current Account customers

Retail Deposits

- Interest rates for 1-2 years and 799 days revised to 8.3% and 8.6% respectively, effective from November 26, 2018 (additional interest rate of 0.5% for senior citizens)
- No penalty upon premature and partial withdrawal after six months
- Attractive entry level - ₹1,000 for FD and ₹100 for RD

Product Suite - Contd.



THIRD PARTY PRODUCTS

Life Insurance

Partners

- Bajaj Allianz Life Insurance
- Aditya Birla Sun Life Insurance
- HDFC Life Insurance

Product portfolio

- Credit Life Insurance
- Term Insurance, Endowment, POS and ULIP

General Insurance

Partners

- ICICI Lombard General Insurance
- Bajaj Allianz General Insurance

Product portfolio

Motor, Property, Home content and Personal accident



381

Distribution networks for retail Life Insurance across branches



68

Distribution networks for General Insurance across branches

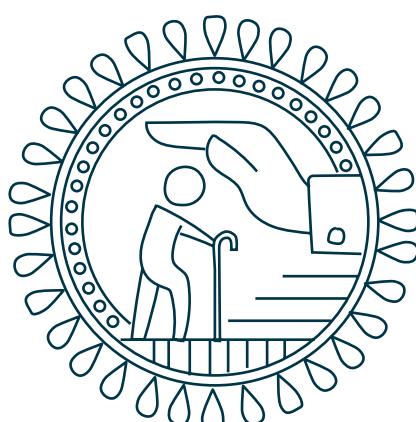




Health Insurance

Partner

- Apollo Munich Health Insurance
- Max Bupa Life Insurance



Message from the Chairman

Driving inclusion with new-age banking



In our journey to become a mass market bank, we have invested significantly in technology and evolved tech-based solutions as per our customers' requirements to make banking paperless, fast, secure and easily accessible.

Dear Shareholders,

We are living in exciting times. India remains one of the fastest growing major economies in the world. Its ranking on the World Bank's ease of doing business report improved 23 places to the 77th spot. Consumption remains robust, and credit and investment growth are showing signs of uptick. The government's structural reforms during the past two to three years related to insolvency and bankruptcy, and Goods and Services Tax have started to yield fruitful results. With the general election overhang behind us and the incumbent government returning to power with a thumping majority, policy continuity and speedy reform implementations is expected to propel sustainable economic growth.

In line with the government's thrust on financial inclusion, Small Finance Banks (SFBs) were introduced in the Indian banking system in 2015 with an overarching objective of formalising the economy further by making banking services accessible and affordable to the hitherto unbanked and the underbanked population.

We started our journey as an SFB on February 01, 2017 to effectively leverage our experience of providing financial services since 2005 as a Non-Banking Finance Company-Micro Finance Institution (NBFC-MFI) to the economically active but underprivileged segment that wasn't adequately served by traditional financial institutions. We have successfully created a robust banking platform with the right blend of products, processes, technology and people. Today, as an SFB, we are serving more than 4.5 million customers across India through 524 branches across 24 states and union territories with a full range of banking products and services.



Aspiring to become a mass market bank, we have invested heavily in technology and design tech-based solutions in keeping with our customers' needs to make banking paperless, fast, secure and easily accessible. We rolled out Digi Buddy in a few branches to interact with customers and create awareness, facilitating use of biometric ATMs, phone and mobile banking. The sustainability of our business model relies heavily on serving large volumes of transaction of small ticket sizes. We aim to leverage effective use of technology: assisting the transition of the customers' journey from being 'person to person' to 'assisted technology' transactions and finally to 'self-service' for delivery and access to

financial facilities. This will enable us to emerge as a formidable mass market player, championing the cause of economic inclusion.

I am happy to share that we have reported spectacular business performance with Asset Under Management at ₹11,049 Crore (growth of 46.2% over FY18), Disbursement for FY19 at ₹11,089 Crore (an increase of 37.7% over FY18); Gross Non-Performing Asset (GNPA) at 0.9% and Net Non-Performing Asset (NNPA) at 0.3% in FY19 (against 3.7% and 0.7% respectively in FY18). Our Profit After Tax (PAT) rose from ₹6.86 Crore to ₹199.22 Crore; Return on Assets (RoA) increased from 0.1% to 1.7% and Return on Equity (RoE) improved from 0.4% to 11.5% during FY19.

On the asset side, we witnessed strong growth in Assets Under Management (AUM) driven by steady growth in microfinance portfolio. We scaled up our Micro & Small Enterprise (MSE) and Affordable Housing business share of the total loan book, which has increased to 13% against 7% in the previous year. On the liability side, we put greater emphasis on building our deposit base pertaining to both retail and institutional. We garnered a total deposit base of ₹7,379 Crore, of which 37.1% constituted retail deposits. We are leveraging all our distribution channels to sell and service our full range of products and services respectively. The third-party insurance products, in alliance with insurance companies, have found traction.

I am delighted to share that Nitin Chugh would be joining the Bank as President in August 2019 and will be taking over as the MD & CEO of the Bank w.e.f December 1, 2019 post retirement of Samit Ghosh. Nitin brings in extensive experience in Retail and Digital banking from a highly acclaimed bank. His illustrious track record combined with exceptional leadership and values, makes him the right choice to take the Bank to its destined journey of becoming a leading mass market bank.

I am equally delighted to share that Sachin Bansal would join the Bank as an Independent Director (w.e.f June 1, 2019). He has pioneered the e-commerce space with his technological acumen and foresight which is critical in achieving Ujjivan SFB's mission of creating a state-of-the-art mass market bank.

I want to personally thank Samit who conceptualised and brought Ujjivan to life. His vision of achieving comprehensive financial inclusion and improving the quality of life of the vast unserved and underserved population in India has brought Ujjivan to where it is today. The Bank will miss his leadership, guidance and direction under which it established a demonstrated track record of consistent and superlative business and financial performance.

I also want to thank all our valued team members for relentlessly contributing to our core mission. We continued to invest in refining the skills of our people, so that they deliver seamless experience

to our customers. We undertake various employee engagement and training programmes to upskill and motivate our people.

We, in partnership with the Parinaam Foundation, commenced the very successful and highly acclaimed financial literacy programme to facilitate economic inclusion of close to a million unserved and the underserved members across the country. It is designed to provide knowledge and tools they need to save safely, borrow judiciously, reduce financial risk and make informed and intelligent monetary decisions.

It gives me immense pleasure to share that we received several prestigious awards during FY19:

- Consistently ranked as 'The Best Place to Work' by Great Place to Work (GPTW)
- 'Best Security Practices in Small Finance Bank' award during AISS 2018
- IBA Banking Technology Innovation Awards for 'The Best IT Risk Management and Cyber Security Initiative'
- DSCI Excellence Awards 2018 for 'Security Practices in Small Finance Banks'
- ERM 'Strategy of the Year' award at the ERM World Summit by RSA
- Best Legal Department of the Year (Medium-Large Category) at IDEX LEGAL Awards 2019

On behalf of the Board of Directors and the entire leadership team, I want to thank our shareholders, customers, business associates and the wide fraternity of stakeholders for keeping faith in our ability to create sustainable value for all.

Overall, the fundamentals of the business are strong, and we look forward to achieving further dynamic growth on the banking platform we have built.

Warm regards,

Sunil Patel



Message from the MD & CEO Building better lives



Looking back at the year gone by

FY19 was our first year where we could focus without hindrance on:

- Scaling of the established businesses: MicroBanking, Affordable Housing, Micro and Small Business Enterprise, Retail Deposits, Financial Institutions Group, TASC and Treasury.
- Setting up new business enterprises and products: Third-party Products in partnership with insurance companies, Personal Lending and Vehicle Finance.
- Expanding the use of multiple channels: Branches, ATMs, phone, mobile and internet banking.
- Stabilising new operations and technology, which are the foundations of the bank and ensuring we meet the standards of the Reserve Bank of India.
- Building on the control framework comprising risk, compliance, legal and audit to meet the higher governance standards of the Bank.
- Managing the massive influx of new recruits at all levels, enabling their integration and ongoing training programmes to contribute to their overall development.

We started the year slowly but built momentum consistently to close the year with excellent financial and business results. The journey has not been easy. We introduced a lot of new technology and digital processes; making full use of Aadhaar, India Stack and NPCI infrastructure. Our objective was to introduce paperless account opening and transaction processing at each of our customer's doorstep, through assisted technology using hand-held devices. We also empowered customers to do their banking through self-service via internet and mobile banking. Setbacks in new processes are inevitable and with the Supreme Court restricting usage of Aadhaar, we faced our fair share of obstacles. We have overcome these setbacks as blips in our journey championing technology. While doing all this, we have maintained Ujjivan's position amongst the Top 25 best companies to work for in India. We have also been the best employer among SFBs ever since we started banking operations, and we have been ranked 6th amongst India's Best Companies To Work For 2019 as per a study conducted by Great Place to Work® Institute and Economic Times across 20 industries.

As a Small Finance Bank we have to reinvent ourselves

Target customers and products: We are looking at a much wider customer base, which extends from the microfinance segment at the bottom of the pyramid to the lower end of the middle class, who still remain underbanked and access financial services largely from the unorganised sector. The Universal Banks mostly serve the affluent and the top half of the middle class. We must focus on the lower half of the middle class and the microfinance customer segment, which constitutes the mass retail market and is nearly 70% of India's population.

The microfinance customer base that we have built over the last 14 years provides us access to 4.5 million households. By extending banking services to all members of a household, we can multiply our customer base by three to four times. The economic well-being and adoption of technology has dramatically changed the lives of this segment of the population. The impact is not uniform among rural, semi-urban and urban. MicroBanking must develop customised products and services to each of these segments to achieve success in

Customer segments and business verticals



3RD PARTY PRODUCTS

* Trusts, Associations, Societies and Clubs
^ Above Poverty Level

Message from the MD & CEO - Contd.

the future. A one-size-fits-all approach will not succeed. The key is to design services which specifically meet the needs of different age groups and to keep the products simple. On the business side there is the vast micro and small business enterprises which are underserved and constitute a vast market. Tackling this market needs a better understanding of the various customer segments, and designing products and services for each segment. These customers will easily adopt and appreciate a superior service using technology.

Within the rural areas a number of small and marginal farmers constitute another large potential market. Again, we will need to design our products depending on their farming activities. The risk associated with frequent waiver requests needs to be carefully evaluated.

The potential for affordable housing is also well known. However, the requirement of the rural, town and urban population for housing are different and the legal framework changes from state to state. Success will depend on designing housing loan products customised to each of these segments, while ensuring legal and regulatory risks are covered.

The remittance business using the excellent infrastructure of NPCI is huge and the entire population is fast adopting digital applications. The banks are already being disintermediated by the likes of Paytm.

Business model: The business model will require us to scale at a fast pace to bring down the cost to income ratio. This can only be done with the support of technology and we have to remain at the top of our game. Customers will need to be taken through a journey:

'Person to Person' -> 'Assisted Technology'-> 'Self-Service'

The tide is with us, as the poor needs technology to avail these services and that drives faster adoption. We must facilitate this process, through the financial education of customers in collaboration with Parinaam Foundation and deployment of 'digi-buddies' at branches.

One Bank, One Ujjivan: Over the last year we have developed and upgraded a wide range of products and services across all business verticals. Building separate verticals was necessary to bring focus and develop the specialisations required. For the Bank to succeed we need to offer customers a bouquet of products and services irrespective of verticals. Customers prefer one source of multiple banking products and services and this promotes customer retention even in these fickle times. This is the secret of success for most top performing institutions. The Organisation needs to 'fuse' and present itself as one to the customer.

We have developed and upgraded a wide range of products and services across all business verticals. Building separate verticals was necessary to bring focus and develop the specialisations required.

Key tasks ahead in this year

Succession plan: We will go through a leadership transition this year and induct a new MD & CEO to take Ujjivan to the next phase – transforming to a leading mass market bank while preserving our unique culture and mission. Succession planning and smooth execution is extremely important for any great organisation. We, under the leadership of the Board, started the process last year and we have completed the first phase with the selection of Nitin Chugh. Nitin has led digital banking in HDFC bank and comes with over 20 years of rich banking experience. The handover process will start mid-August and continue till end of November 2019.

Listing of the Bank: In order to comply with one of the licencing conditions of the Bank, we will work towards listing the Bank for minimum percentage of capital permitted by the regulators. We have been in discussions with the regulators and the door to reverse merge after five years of operations is open. We will work towards it and apply closer to the end of the fifth year.

Thanksgiving

I was blessed with the opportunity to find my 'calling' in setting up and leading Ujjivan since inception for last 15 years. This is a rare opportunity to work where your head and heart meet. The journey has seen many highs and few lows. Ujjivan has always come out with flying colours and built an impeccable reputation as a pioneering leader in the financial inclusion space. This has been possible because of the incredible Ujjivan team - past and present; our Board members who provided us valuable direction; our investors with all of whom we have enjoyed an

excellent relationship; industry colleagues who banded together and worked their way through various crises; various partners who worked with us in multiple areas like technology, law, premises, data processing and so on; various banks and financial institutions who kept us funded; multiple auditors and regulators who have guided us through our various transitions. We believe and strive to be the best to all our key stakeholders: customers, staff, investors, partners, regulators and the communities within which we work. This generates enormous goodwill which powers our success.

I would like to close by thanking five outstanding individuals who have been a pillar of strength and without whom Ujjivan would not be what we are today.

Sunil Patel, Chairman of the Bank's Board, whose contribution and guidance started well before Ujjivan was born. I had the idea and he put together the business plan, which enabled me to raise the initial capital way back in 2004. Since then he has been engaged in various capacities on our Board to support and guide Ujjivan in his quiet and unassuming way. My friendship with Sunil goes back to our University days in the US at Wharton in 1972-74 and he was one of the reasons why I relocated to Bangalore in 1996.

Mr. K.R. Ramamoorthy, Chairman of the holding company Board, who has steadfastly guided us from the inception and ensured that our governance was immaculate. I had approached Mr. Ramamoorthy to chair our Board when we started Ujjivan in 2004, while he was the Chairman and Managing Director of Vysya Bank. He not only provided us with unstinting support, but his reputation rubbed off on us to provide a sheen, which he enjoyed with the regulators and the BFSI space in India. My association with Mr. Ramamoorthy dates back to my days with Bank Muscat 1998-2004.

Carol Furtado, our current Head of Human Resources is one of the eight founding members of the Ujjivan team. She has undertaken multiple key leadership roles in Ujjivan and has been a go-to person in times of crisis. All these diverse roles she took up without a murmur. Her commitment to Ujjivan is unparalleled and is the repository of Ujjivan culture. I worked with her in Bank Muscat and even when Ujjivan was a farfetched idea. She, at my request, quit her well paid and stable job with Centurion Bank and plunged into the adventure of Ujjivan.

Vandana Viswanathan, has been our Director for almost as long as I can remember. She initially came to us as a consultant in 2005 through Unitus Capital, one of our early investors, to help us build the Organisation. Vandana is passionate about Ujjivan and continues to

play a key role on our Board in multiple areas. At times, specially in the areas of human resource management and service quality, we are happy for her to lead the way. She knows us better than we know ourselves.

Elaine Marie Ghosh, my late wife and founder of Parinaam Foundation. She has been the tower of strength for me and a mentor to a lot of leaders in Ujjivan. After retiring from banking in 2004, she and I discussed the possibility of starting Ujjivan. She provided me unstinting support, as she knew this was my dream for a long time. However, with my 24/7 involvement, she rued, that she had become a widow! She plunged herself to build Parinaam in her uncompromising manner, as she believed poverty could be alleviated only in a holistic manner. She worked with the same intensity, purely on an honorary basis and in her forthright manner stated that she "did not intend to make money or fame on the backs of the poor!" She was very pleased that Parinaam was covered extensively by the International Financial Times before Ujjivan. I am happy that her legacy is carried ably by our daughter, Mallika.

It is not time to say goodbye. I will be associated in a different role on the Board of the holding company as a mentor and guide. I believe Nitin will be an excellent leader given his space and freedom and he will take Ujjivan to great heights.

Warm regards,

Samit Ghosh

MD & CEO

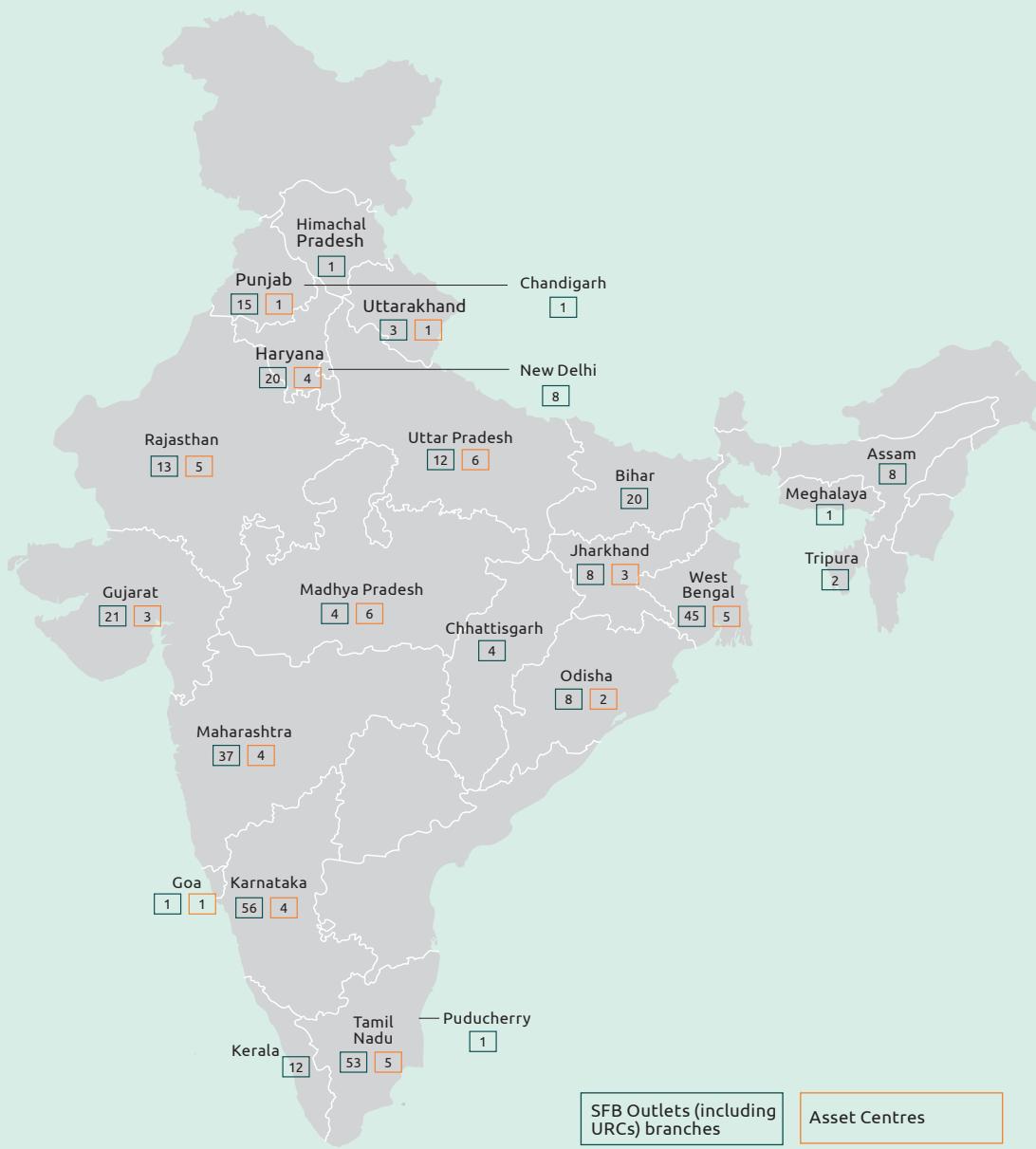


Geographic Reach

Accelerating our mass market banking mandate

We offer a host of asset, liability and third-party products across every banking outlet. Today, we have presence in 22 states and two union territory with 474 banking outlets and 50 Asset Centres.

State wise asset centres spread and full-fledged banking outlets



Our banking infrastructure continues to be industry-leading, which includes easy access, encouraging working environment, transcending barriers and building on our culture of transparency, trust, flexibility, efficiency and on-time delivery. Our strategic partners have played a major role in making such huge expansion possible by maintaining the timeline, quantity and quality standard. Our partners maintain the highest quality standard, which includes certification of ISO 9001, ISO 14001-2004 and ISO 18001-2007.

We have also set up phone banking units at Karnataka and Pune, learning and development centre at Shadipur (Delhi) and extended state-of-art model unit as Ujjivan tech block at our head office.

We entered the rural areas of Haryana and Gujarat and opened our banking outlets known as Unbanked Rural Centres (URCs), following our ultra-light model. This provides them easy access, open culture to interact with our teams and a secure environment to execute their banking transactions.

It was very challenging to open banking outlets in such remote locations with poor transportation, electricity and materials availability to develop a branch infrastructure. However, it is always a good feeling to see the excitement of rural people to be a part of an inclusive banking ecosystem.

During FY19, we have added another line of defence in our security system by working on technology-based security solution and introduced Remote Monitoring System (RMS) across all branches. Such security control helps us safeguard against security threats, frauds and other undesirable developments.

Region-wise employee base (%)



South	33
East	28
North	22
West	17

Region-wise deposits (%)



North	31
West	27
South	21
East	21

Region-wise loan book (%)



South	34
East	30
North	20
West	16

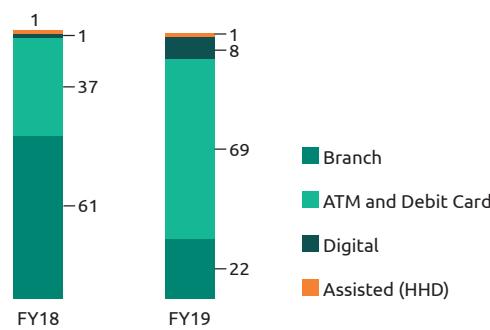
Multi-channel Banking

New avenues to touch millions

We have successfully scaled our multi-channel network of banking services efficiently to cater to our customers in a hassle-free manner. Our multi-channel network comprises 467 unique full-service bank branches across urban, semi-urban and rural locations, hand-held devices (HHD) to deliver doorstep services with every field officer, electronic banking through ATMs, debit cards at POS, phone banking, internet banking and mobile banking.

Customer-centricity is at the core of everything we do, adopting solutions and empowering at scale. In two years, digital transactions have increased significantly as customers embrace conveniences delivered at an accelerated pace, combined with assisted banking in adopting new methods of engagement in a digital age.

Distribution of banking transactions (%)



Note

The numbers indicate count of debit and credit transactions from customer touch points comprising :

- Assisted (HHD) – Debit transactions from Hand Held Devices
- Digital - Debit transactions from Internet Banking, Mobile App, UPI, Bill Payments and Corporate Banking platform
- ATM and Debit card - Debit transactions at Ujjivan ATM, E-com and POS
- Branch - Customer transactions at the branch including transactions in BR.NET

We have a network of 385 ATMs, accepting RuPay, Visa and MasterCard. The Bank has issued over 17.50 Lakh RuPay debit cards to customers. Debit card usage at 66% is a leading indicator of convenience and acceptance of a robust network of ATMs and Point-Of-Sale terminals. The mobile banking application has an industry-leading customer rating of 4.6/5 on the Google Playstore. The application is valued for simplicity, a user-friendly interface, stability and consistent performance. Over 1.5 Lakh customers of the Bank use internet and mobile banking with average engagement rate of five contacts per month. Customer downloads have grown five times, but we have just scratched the surface in value creation.

Our mission is to be the best mass market bank. Towards that objective, this year we introduced solutions including:

- Platinum debit card
- Corporate internet banking for non-individual current accounts
- Seamless fund transfer in an open loop system through UPI
- Utility and mobile bill payments/recharges in internet and mobile banking
- Remote unbanked locations with ATMs for improved financial accessibility and inclusion
- 24X7 phone banking services at a second unit in Pune, responding to customers in nine languages
- A safe and secure EMV and smart chip enabled debit cards and ATMs

Digital buddies (Digi-buddy), agents of change at the grassroots level assisted customers and the Ujjivan SFB team to adopt digital channels through experiential sharing, live demonstrations, and transforming branch staff into new-age bankers. This highlights digital platforms for empowered self-service, especially to the micro-banking customer segment.

One of our objectives is to establish alternate banking as an engaging customer touch point not only for primary banking needs, but also to acquire new customers, upsell and cross-sell our banking services. To accelerate this objective, the following developments are underway :

- Digital deposits and Savings Accounts
- On-the-call transactional banking through our 24*7 phone banking unit
- Developing a unique digital solution for micro-banking customers
- Smart account statements

We are progressively deepening relationships by providing a personalised banking experience in the manner most convenient to a customer, handholding them in their journey from assisted banking to empowered banking.

77%

of the Bank's transactions were executed through self-service alternatives

12%

of the Bank's retail deposits were created using self-service internet banking and mobile application



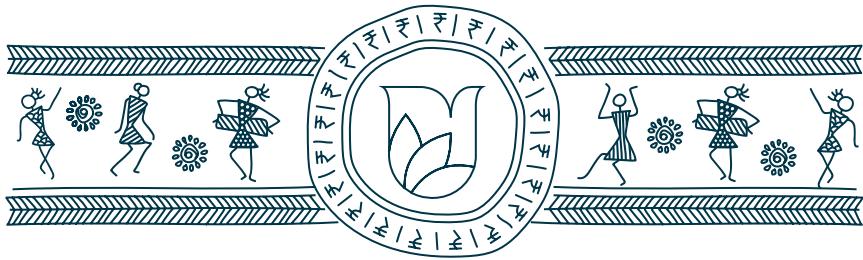
Mobile App
Debit card
ATM
UPI **SMS Banking**
Missed Call
Banking
Internet Banking
Phone Banking
Corporate
Internet banking
Bill payments

Marketing and Branding

A refreshing brand experience

In FY19, we aimed at positioning Ujjivan as a one-stop destination for a wide spectrum of banking solutions and services. We took initiatives and conducted several campaigns to create brand awareness and enable mass penetration. We launched a 360-degree mass media campaign, which was further reinforced through campaigns on regular and senior citizen fixed deposits. These campaigns helped us reach out to 42% of the potential target segment, creating an enormous brand impact.





The Bank launched 287 new branches in FY19, and we created visibility through print and online campaigns. Catchment area specific campaigns amplified the impact of mass media on the ground. Alongside, we complemented the same with lead generation activities namely Parichay and Yatra Shuru. Ujjivan SFB has the highest Share of Voice at 57% among all small finance banks.

On the first-year anniversary of Ujjivan SFB, we unveiled the book 'Ujjivan – Transforming with Technology' written by a renowned financial writer Mr. Subir Roy. This book chronicles the history, challenges and opportunities that established Ujjivan as a brand that features among the leading Micro Finance Institutions (MFIs) and banks.

Key campaigns and highlights, FY19

- The television campaign on brand awareness garnered a reach of 28% of the potential target market
- Fixed deposit campaign reached out to 26% of the potential target market
- On-ground BTL initiatives ensured segmented campaigns for lead generation across products for existing and potential customers, which delivered a business Return on Investment (ROI) of 19 times
- Extensive market research helped bridge the unmet banking requirements of customers by enriching the products/services features

Clear roadmap

- Widen our banking operations
- Craft an effective communication strategy, based on customer segments
- Enhance digital marketing initiatives
- Focus on CASA drive with emphasis on acquiring new customers

287

New branch launches in FY19

57%

Share of Voice



MicroBanking

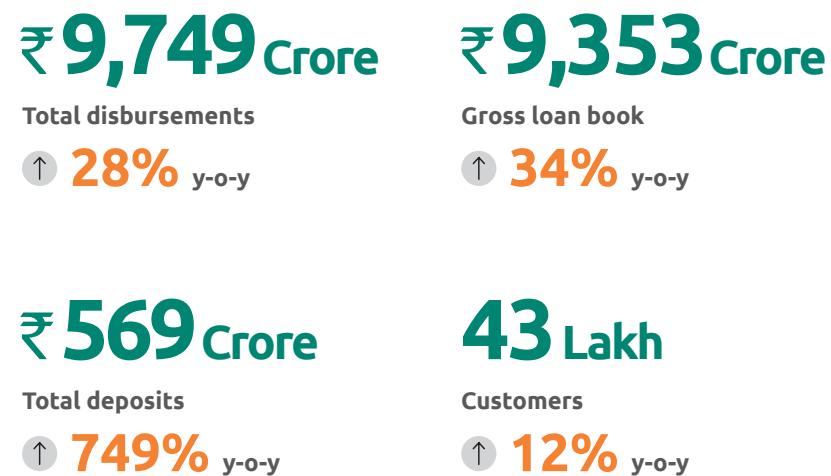
Taking MicroBanking Farther

Leveraging our remotely penetrating distribution channels, varied product suite, advanced technology and prompt customer service, we are committed to serving the unserved and underserved segments of society through MicroBanking. We are present in four verticals under microfinance - group lending, individual lending, rural banking and family banking. With the right mix of technology and rich human capital, FY19 was record-breaking for us in so many ways.

We leverage technology in every aspect of banking. Tab-based loan origination system is made available for both Group and individual loans to bring down loan origination and servicing TAT for our customers. The credit processing for these loans is digitised and loans can now be approved in a few minutes post sourcing. Automated collection receipt system has been launched to enable seamless collection process for our team and customers. Services are made available to customers through various banking channels including internet banking, phone banking, mobile banking, SMS and missed call banking for both retail and corporate customers.

Key highlights, FY19

- Q4 FY19, closed Q4 with the highest MicroBanking asset business of over ₹3,100 Crore
- The maximum ticket size disbursed under Group loans increased from ₹50,000 in FY17 to ₹60,000 in FY19
- The liability book size grew by 749%, reflecting efficacy through our range of products and services for the targeted market segment
- The portfolio grew from ₹7,002 Crore to ₹9,353 Crore and saw an appreciable decline in Portfolio at Risk (PAR) from 4.1% to 1.3%
- The collections closed at the lowest incremental overdue, post demonetisation



Clear roadmap

- Achieve 10X growth in the coming seven years, our focus is on introducing a wider range of products comprising pre-approved loans for our pioneer segment, kids-based solutions, monthly income schemes and goal based recurring deposit (RD) under family banking; top up loans to meet the interim financial requirements of customers, and so on
- Target new market segments by offering products like Micro LAP, Gold loan and Transaction based loan
- Score based lending methods would be incorporated for mitigating risk and having better control over portfolio quality
- Deliver services through technologically advanced channels.
- Introduce customer friendly, customised applications in various regional languages for MicroBanking customers
- Make the process of documentation easier
- Establish the availability of UPI QR based transaction options and transaction points at rural but easily accessible areas for customers

Financial Inclusion

Parinaam and Ujjivan's financial literacy initiatives

Parinaam Foundation and Ujjivan in 2010 saw synergy in creating a classroom-based financial literacy programme for marginalised communities. Since then the relationship forged continued to support each other in various initiatives. The Foundation through its strong data drive approach has built a robust financial literacy curriculum which has benefitted lakhs of women and their families. The reach of the programme has been to 20 states across India and has trained more than 9.5 lakh women. The collaborative work between Parinaam Foundation and Ujjivan has been recognised by the Reserve Bank Of India (RBI).

Diksha, our in-classroom Financial Literacy Programme has been a key driver of change for the customer segment we work with. The learning from the programme has re-emphasised the need for the programme and is increasing significantly in today's context with the emergence of Small Finance Banks. Despite a struggle between balancing work and financial education, more than 80% of our enrolled customers complete the programme. The programme is designed to reach masses and there is a dedicated team working hard to realise the dream in the field. More than 1 lakh customers are trained every year. Many such women and their families leverage

their learning and lead the path of better financial planning for the present and future.

After women, the financial habit needs to be inculcated among children, the Chiliar Bank Programme is designed to empower children and the motto is to catch them young. Students get a fair understanding of finances from the age of 10 and above when they start to handle money in small amounts. The programme helps to build a dream and save a part of their earning for their own future. The programme reached more than 36,000 children and has slowly integrated the parents of these children in driving the importance of planning for the



MicroBanking - Contd.

future. There training has been more electrifying with parental engagement in the children programme. The programme has more results as parents take immediate ownership and start planning for their children.

The digital medium has always proven to be captivating the attention of the customer. "Paison Ki ABCD" a 20 minute movie by Parinaam connects with Ujjivan customers' real-life experiences and sends a strong message of banking and why it is important for everyone. Of course, the means and mediums to leverage banking for your benefits remains the crux of the movie. The movie is seen as a connect with customers where the storyline and characters linger in their minds for a very long time. More than 14.6 Lakh customers viewed the film last year.

Sowing the seeds of inspiration motivates an individual towards a dream. Individual dreams of customers are identified and are converted into goals. With the knowledge of financial planning, they should be able to reach their goals. That's how the 'Ujjivan Goal Card' was conceived. More than 1 Lakh goal cards were executed last year where we helped customers to have a strong plan to achieve their short-term and long-term goals.

Staying close to the ground, we are open to receiving feedback from customers. Creating a proper channel to hear them and to have formal interaction is great for any business. In most of the cases at Ujjivan, we go to the customer more than a customer coming to us. Customers bring their family and friends to 'Financial Literacy

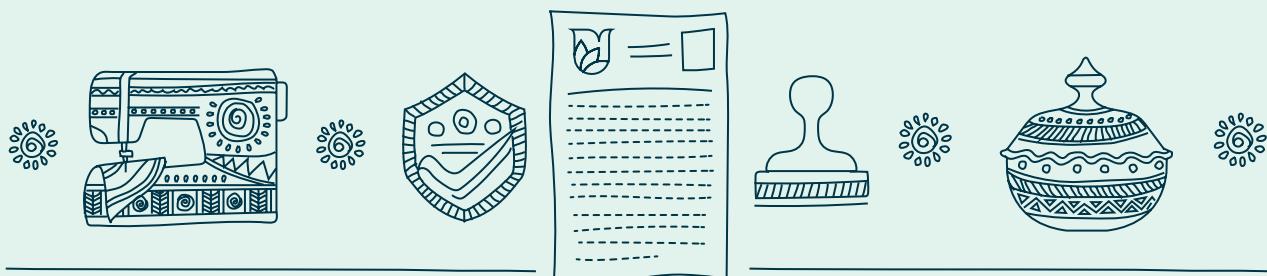
Camp', a formal channel, where they get to learn about the bank and its products. Close to 27,000 customers and potential customers have participated in the events across the country.

Initiatives like goal cards, movie screening, financial literacy camps have proven to be light touch model with deeper impact. With proof of the pudding in the hand, the core business has integrated these programmes as a part of their business and have internalised them within their teams for continued effectiveness.



Some of the significant achievements are:

- Financial literacy training (Diksha) in classroom training for women: 9.5 Lakh
- Chhillar Bank for children of age group 10-17: 1.4 Lakh
- Paison Ki ABCD movie screening: 61,738 Banking Centers and 1,46,7303 participants
- Total number of savings bank accounts opened: 6.4 Lakh
- Financial Literacy Camps: 183 and 31,510 participants
- Goal Cards: 1,19,010 customers



Rural Banking

Rural is not remote any more

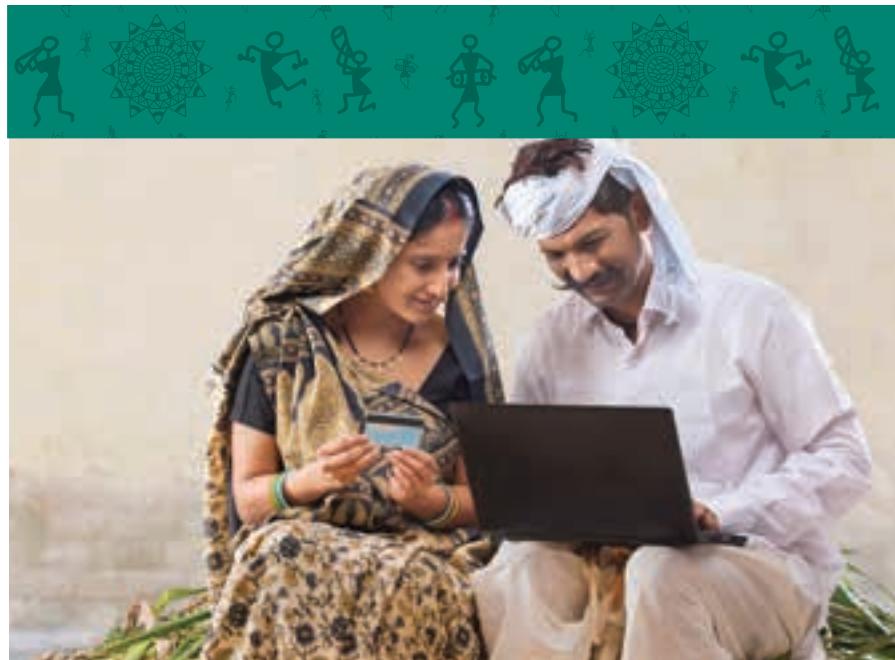
To make basic banking needs available to the remotest corners of our country, we are focused on strengthening our operations in rural regions. We intend to provide seamless, hassle-free and digitalised banking experience to customers by explaining and educating them about the benefits of banking. We added branches to existing states like West Bengal, Odisha, Karnataka and Tamil Nadu, along with venturing into new states like Gujarat and Haryana.

During FY19, we also embarked upon the development of products pertaining to agri. business. We focused on small and marginal farmers, who constitute 86% of the total farming community. Customised, affordable and collateral-free offerings were rolled out in the year for farmers in general and small and marginal farmers in particular.

Kisan Pragati Club is also being strengthened. Kisan Pragati Club is a mixed group of 15-20 farmers who volunteer to disseminate the principles of development through credit, inculcate better repayment ethics and promote people's participation. Ujjivan SFB's aim is to facilitate skillset development, financial literacy and other developments of these farmers by enabling banking services, imparting technical and vocational skillset trainings and running financial literacy programmes for the members of Kisan Pragati Club.

Key highlights, FY19

- 73 brick-and-mortar branches were opened in potential unbanked areas, taking the total count of unbanked centres for the bank to 120
- Liability business stood at ₹46.60 Crore balance
- The new products contributed 20% of the total disbursement from rural banking and had 85% cashless repayment
- 14 Kisan Pragati Clubs were opened



Clear roadmap

- Expand the product suite by incorporating a mix of secured retail and enterprise loans like loans for Farmer Producer Organisations and Agri. Processing Units
- Introduce Kisan Credit Card with the deployment of loan origination systems for existing product suites
- Launch enterprise loan products
- Venture into agri. value chain funding and tie-up with other players to provide value added services to its customer base
- Open at least one Kisan Pragati Club per unbanked rural branch in FY20

₹ 205 Crore

Total disbursements

₹ 185 Crore

Gross loan book

₹ 66,379

Borrower base

Micro & Small Enterprises (MSE)

Small can have big impact

The Micro & Small Enterprises (MSE) business of Ujjivan SFB caters to the funding requirements of MSE units to meet their business needs and provide growth capital. We service both the registered and unregistered MSE segments. Enhanced focus on secured loans, rise in loan ticket sizes and expansion of geographic footprint are the key growth drivers for the business. In addition, our continued efforts in customer service, reduction in loan service time, rewards and recognition programmes and marketing initiatives enable strong vertical growth.

During FY19, we introduced our Overdraft product, which gained considerable traction and differentiated us from other small finance banks. The portfolio quality remained good with the collection rate at over 97%.

Key highlights, FY19

- Geographic footprint increased through the expansion in existing and new SFB branches - 91 clusters, spanning 241 branches
- Business scaled up significantly to close at a loan book of ₹591 Crore, 167% growth from March 2018
- 6,800 new customers on-boarded

Clear roadmap

- Continue to expand geographic distribution of the MSE business
- Drive secured lending up to ticket sizes of ₹50 Lakh



- Move towards a complete relationship model by offering a full range of products and services to MSE customers
- Focus on internal customer referrals, cross-selling and deepening of liability relationships through close liaison with the branch banking teams
- Maintain strong growth in disbursement and portfolio growth
- Increase distribution efficiency through the improvement of TAT for loan processing by the introduction of Mobility Module in Loan Origination System (LOS)

- and its integration with Loan Management System (LMS)
- Partner with Fintech platforms to explore alternative sourcing channels
- Leverage corporate internet banking for deepening banking relationship with existing customers and drive on-boarding in corporate segment

₹499 Crore

Total disbursements

↑ **142%** y-o-y

₹591 Crore

Gross loan book

↑ **167%** y-o-y

13,000+

Customers

↑ **67%** y-o-y

Affordable Housing Loans

Providing homes, securing lives

Housing loans currently constitute 8% of Ujjivan SFB's portfolio. We have emerged as one of the significant players in the affordable housing finance space.

FY19 saw the housing team drive the business with rigour to reach every last-mile customer. Ujjivan SFB targets to fulfill the aspirations of every Indian, who belongs to the economically weaker sections (EWS) and lower income groups (LIG) category, with a vision to contribute to nation-building. By the end of March 2019, of the total 11,825 active housing loan customers, 829 customers received subsidy under the Pradhan Mantri Awas Yojana (credit linked subsidy scheme) amounting to ₹17.78 Crore.

Key highlights, FY19

- Made a mark in the affordable housing finance space by on-boarding 6,374 new-to-bank Housing loan (HL) customers with ₹590 Crore disbursals during FY19
- Built a Housing loan portfolio of ₹830 Crore (GNPA 0.5%) in FY19 vis-à-vis ₹323 Crore in FY18 with 157% growth
- Made additions in portfolio from ready property purchase from builders, self-construction and home improvement segment with the focus being on Tier 1 cities
- Added composite loan (Plot + Construction) to acquire more customers in Tier 2 and Tier 3 locations

Clear roadmap

- Expand Housing loan services in Tier 2 and 3 towns in Ujjivan SFB's branch universe to serve the masses in affordable Housing Loan space
- Launch new product variants to enhance our current customer offerings and to expand our customer segment
- Increase distribution by collaborating and establishing business partnerships in mortgage related online domains
- Sharpen focus on digital processing, reduction of Turn Around Time (TAT) and quicker disbursement
- Introduce a self-service model for customers in the form of service request, for any of their requirements post disbursement

₹590 Crore

Total disbursements

↑ **136%** y-o-y

₹830 Crore

Gross loan book

↑ **157%** y-o-y

11,825

Customers

↑ **117%** y-o-y



Personal Loans

Personalised and convenient solutions

Ujjivan SFB's Personal Loan segment started in September 2018 and it has garnered considerable response from customers. We converged customer convenience with conventional banking and underwriting policy to make the product proposition unique and differentiated from the market. The online platform has proved to be very useful in this regard. The product is primarily for salaried individuals working in private, public or government sector, having an annual income of up to ₹5 Lakh. Aside from applying through branches and sales team, self-application by customers is the key differentiator, and will also be bundled with the corporate salary programme.



Key highlights, FY19

- Launched an end-to-end digital process in September, 2018, which is a combination of Fintech flow and traditional bank underwriting
- Reengineered our process from 'completely digital' to 'Phygital' in January 2019 following the verdict on Aadhaar Card by the honourable Supreme Court of India
- Scaled channels through sales team, DSA partners, online aggregators and digital media
- Utilised the first omni-channel loan originating platform for the Bank

Clear roadmap

- Focus on the 'Kaizen' principle of continuous process improvement
- Launch in new markets, scale distribution across all channels and explore partnerships with select Fintech companies on a dynamic lending programme
- Deliver best-in-class TAT and enable self-service to achieve quick closures and attain client satisfaction
- Expand geographically to achieve scale
- Launch new product variants to help salary acquisition, retain customers and bring enhanced drive to distribution channels

₹12 Crore

Total disbursements

₹11 Crore

Gross loan book

Trust, Association, Society and Club (TASC)

Exciting TASC ahead



Institutional business unit caters to the banking needs of trusts, associations, societies, clubs, corporates, PSUs and government offices in the catchment areas of the branches through our team of versatile relationship managers. FY19 was important for the Bank as several large government entities started relationships with us.

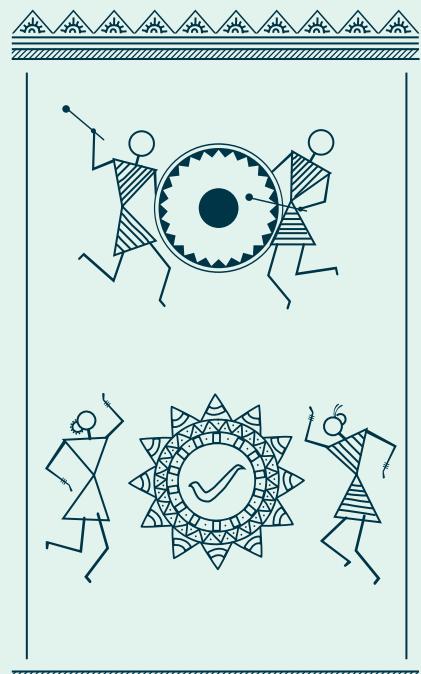
Clear roadmap

- Focus on offering customised banking solution
- Activate branch network for establishing relationship with institutional customers

₹841 Crore

Total deposits

↑ **378%** y-o-y



Key highlights, FY19

- Made major inroads into public sector units for deposit mobilisation
- Created a joint programme with branch banking to exploit the reach of branch channels to source TASC accounts in FY20

Financial Institutions Group (FIG) FIG holds considerable optimism

Financial Institutions Group (FIG) unit caters to all types of financial institutions like banks, co-operative banks, mutual funds, insurance companies, non-banking finance companies, micro finance entities, capital & commodity market entities, private equity firms and similar other financial Institutions. Our team of experienced relationship managers handle funds mobilisation from

banks and financial institutions in the form of fixed deposits, current accounts, term money and certificate of deposits.

FIG team helps avail inter-bank limits from various banks, along with managing the Bank's institutional lending book that primarily lends to other Non-Banking Finance Companies (NBFCs) and Micro Finance Institutions (MFIs).

Key highlights, FY19

- Mobilised ~₹2,700 Crore of deposits from financial institutions
- Onboarded 67 new financial institutions to initiate deposit relationship
- Empanelled our Bank with NSE and BSE to accept Margin FDRs
- Initiated Institutional Lending business, and did ~₹240 Crore of disbursements and on-boarded 13 new asset relationships

Clear roadmap

- Achieve 50% growth rate in deposits for FY20
- Focus on a well-diversified pan-India client base, leveraging the branch network
- Expand the asset base significantly

₹3,682 Crore

Total deposits*

₹240 Crore

Total disbursements

₹225 Crore

Gross loan portfolio

109

Customers**



* Includes FD & CD

** Includes 96 Active clients as on 31.3.2019 for Liabilities and 13 Active clients as on 31.3.2019 for Assets

Third Party Products

Securing lives

INSURANCE

We have introduced a full range of financial services to our customers. Considering an unmet need for insurance, we launched our insurance offerings for the mass market. We also launched group insurance to provide financial support to customers and their families in case of any unfortunate exigencies.

We have corporate agency arrangements with third parties for the three products as mentioned below:

Life Insurance

- Bajaj Allianz Life Insurance Co Ltd
- HDFC Life Insurance Co Ltd
- Aditya Birla Sun Life Insurance Co Ltd

General Insurance

- Bajaj Allianz General Insurance Co Ltd
- ICICI Lombard General Insurance Co Ltd

Health Insurance

- Apollo Munich Health Insurance Co Ltd
- Max Health Insurance Co Ltd

Key highlights, FY19

- Launched the General Insurance business
- Signed the Corporate Agency Agreement with ICICI Lombard General Insurance Co Ltd, Apollo Munich Health Insurance Co Ltd and Max Health Insurance Co Ltd
- Set up the retail insurance business in branches

Clear roadmap

- Launch Hospital Daily Cash product for MicroBanking customer
- Launch Indemnity Health Insurance
- Cross-sell opportunity through branches
- Provide analytics driven customised solutions

54 Lakh

Lives insured

↑ **21%** y-o-y

₹231 Crore

Gross premium collected

↑ **89%** y-o-y

₹14 Crore

Revenue

↑ **159%** y-o-y

Branch Banking

More than brick-and-mortar banking

FY19 was a year of major expansion of branch network for the Bank. The branch network grew from 156 to 381. There was significant growth in the retail business from ₹312 Crore on April 1, 2018 to ₹2,091 Crore as on March 31, 2019*.

* The branch figures (branch Nos and book size) are only for Branch Banking vertical ie Open market figures excluding TASC/TPP and branch, etc.

Key highlights, FY19

₹2,091 Crore

Total deposits

3,02,113

Customers

New product and services launched, FY19

Corporate Salary Account

We launched the product to cater both to banking and financial needs of salaried individuals by offering Personal loan as a bundled proposition.

Key features

- No restriction on maintenance of minimum balance
- Free Immediate Payment Service (IMPS) facility for easy money transfer
- Lifetime free debit card with accidental cover of ₹1 Lakh
- User friendly mobile banking application with regional language capability
- 25 free cheque leaves at the time of account opening
- Free SMS alerts on transactions
- Unlimited free transactions at Ujjivan SFB ATMs and 6 free transactions at other bank ATMs

Business Edge Current Account

With a view to provide comprehensive banking solution to the retail segment, the Bank launched this Current Account variant. It caters to the payment needs of retailers and wholesalers.

Key features

- Unique option provided to customer to choose their free branch cash deposit

limit depending upon the business' seasonality

- Free of cost Average Monthly Balance (AMB) linked value added services
- Free unlimited National Electronic Funds Transfer (NEFT), Real Time Gross Settlement (RTGS) and Immediate Payment Service (IMPS) across all channels





- RuPay Platinum debit card with enhanced daily limits of ₹1,50,000 in ATMs as well as for shopping

Corporate Internet Banking (CIB)

With the goal of providing a smooth, reliable and secure digital banking platform to mid-sized corporates, Ujjivan SFB launched the state-of-the-art CIB platform.

Key features

- It is flexible in assigning of roles as per the requirement and can also set transaction limits along with the option of enabling specific types of transactions
- Solid security with dual level and two factor authorisation
- Sorted payments via IFT/NEFT/RTGS/IMPS, bulk transfers, multi fund transfer, bill payments and so on

- Offers device agnostic solutions as CIB can be accessed from any device without the requirement of hard/digital tokens
- Totally digital wherein customers won't have the need to visit the branch

Non-resident Indian (NRI) banking services

Ujjivan SFB obtained AD II licence from Foreign Exchange Department of Reserve Bank of India (RBI) in August 2018. We launched our NRI banking services across 92 branches pan India in September 2018. It offers Non-Resident External Savings Account, Non-Resident Ordinary Savings Account, Non-Resident External Fixed Deposit and Non-Resident Ordinary Fixed Deposit. The business has grown 10x in terms of balances within a short span of four months.

Improved services for senior citizens

More than 45% of the Bank's deposits are generated from the senior citizens and to improve the service experience of the customers, the Bank made some key changes in the products (Savings Accounts and Fixed Deposits).

Key features

- Door step banking facilities for all senior citizen customers
- Free 25 cheque leaves per quarter
- Lifetime free classic debit card with unlimited free ATM transactions along with free accidental insurance cover of up to ₹1 Lakh
- Best-in-class mobile banking services in regional languages along with 24*7 customer support without Interactive Voice Response (IVR)
- Priority service at branches without restriction on maintenance of minimum balance
- Life event-based services offered at branches
- Highest interest rates on fixed deposits of up to 9.1% on a FD of 799 days

Clear roadmap

In FY20, the Bank plans to be more focused on driving the business on need-gap basis for each segment and providing the best-in-class services as a bundled offering to its customers. There will be two key segments - Individual and Business - for generating the business.

Our People

Enriching banking experience through empowered talent pool

We, at Ujjivan SFB believe that we can build agile and effective responses to emerging opportunities and challenges in the fast-evolving banking landscape by preparing a talent pool that sharpens its skills and knowledge base through continuous learning and evolution. Powered by our philosophy of 'One Bank, One Ujjivan', we made every effort during FY19 to build a more collaborative environment across the organisation.

We foster a transparent culture that encourages free thinking, independent action and enthusiastic innovation. FY19 saw us deepen the spirit of inclusiveness, learning, engagement and opportunities for our 14,752 people at Ujjivan.

Encouraging diversity and inclusiveness

The teams associated with us across 524 branches in 24 states have been carefully handpicked and reflect the spirit of unity in diversity. Alongside expanding our presence across the country, we have also hired colleagues from different backgrounds, languages, age and religions into the fold. In a bid to ensure vibrancy of thought, perspectives and a rich talent pool, we have begun hiring management trainees from prestigious universities across India, including the Indian Institute of Management (IIM). A total of 109 management trainees with varied educational backgrounds across different verticals were on-boarded.

We also devote attention to the cause of gender diversity and believe that women within a workforce play crucial roles in influencing our customer base and propelling them towards right decisions for financial stability within their families. Close to 19% of our workforce comprises women and we make continued effort towards increasing this share by creating fresh opportunities for them.

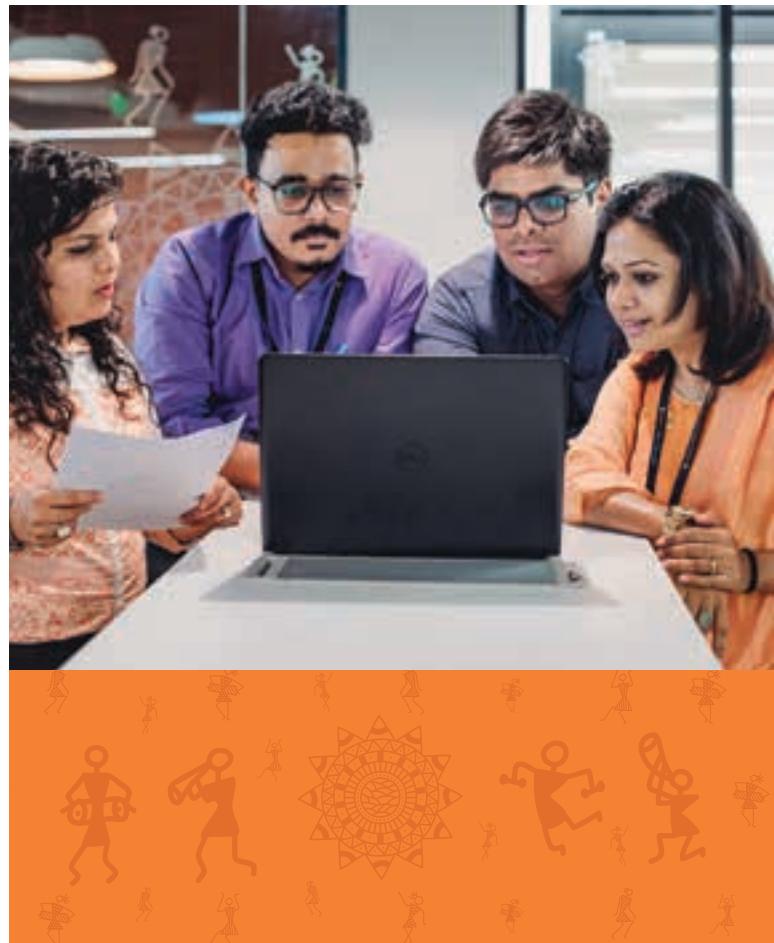
Ujjivan SFB's inclusive philosophy puts people above all and new opportunities and roles are always first directed towards our existing employees. Nearly 25% of job openings were closed through internal job postings in FY19; 7,258 new employees joined the Bank in FY19, of which 60% were hired through employee referrals.

Growing team size (Number)

FY19	14,752
FY18	11,242
FY17	10,167
FY16	8,049
FY15	7,089

7,258

New employees joined the Bank in FY19, of which 60% were hired through employee referrals.



Training and development

In FY19, we introduced several new approaches to learning and enabling employee engagement across levels with role-based training. We conducted specific programmes to address role specific regulatory requirements and build a culture of compliance. SWAYAM, our learning application, was introduced in October 2018, which allowed our foray into technology-enabled, self-paced learning. Employees are educated on products, processes, compliance and basic banking knowledge with the help of SWAYAM across all regions.

Additionally, specific exercises were undertaken to upskill employees for various business roles to facilitate a sales-driven culture. A large proportion of our people across designations were encouraged for specific certifications by esteemed organisations such as College of Agriculture Banking (CAB), Centre for Advanced Financial Research and Learning (CAFRAL), Institute for Development and Research in Banking Technology (IDRBT), Indian Institute of Banking and Finance (IIBF), National Institute of Bank Management (NIBM), and many more.

Key figures pertaining to FY19

128

Employees who attended external certifications

₹18.02 crore

Invested for various training initiatives

405

Employees who attended supervisory skills training

6,73,245

Hours of compliance training

1,754

Employees who attended trainings on selling skills

6,941

Employees who attended induction trainings

16,802

Employees who attended various types of classroom training

14,553

Swayam app downloads



Our People - Contd.

Nurturing leaders

With our employee strength steadily multiplying, we invested in enhancing leadership and managerial capabilities of personnel. We devised customised executive skills programmes to equip our leaders with competencies required to efficiently handle their roles as supervisors. We also commenced our senior leadership interventions by running assessments and development centres. Two female leaders were recognised for a programme sponsored by the Women's World Banking at New York for Women in Leadership section, designed to up-skill potential women leaders.



Grooming talent

Our approach to talent management has evolved over the years, and we provide better opportunities to our teams to learn and grow, especially the ones exhibiting remarkable talent. In FY19, 11% of the employees took up advanced roles in the Bank. To leverage the skills of our people, we have put in place robust object assessment exercises to facilitate identification of behavioural competencies for various key roles.

We reached out to around 10,000 beneficiaries across 11 affected branches. Health checks were also organised in the affected areas of Kerala.



Compassionate outreach

We supported employees and customers and helped them during their times of need. We extended aid towards colleagues and customers in Kerala, who were affected by the devastating Kerala floods. Relief work was initiated following the identification of affected branches, customers and staff. We reached out to around 10,000 beneficiaries across 11 affected branches. Health checks were also organised in the affected areas of Kerala.



Employee engagement

'Bolo Ujjivan' employee engagement survey

To understand employee pulse in their work environment, we sought open and candid feedback from them. This survey was launched across all regions for nearly 12,000 employees and received 79% response rate. Survey results were discussed in various forums among leaders, which encouraged them in taking effective action against the results obtained.

Staying connected

We organise regular team outings and invite family members of 'Ujjivanites' to come together once a year and celebrate 'Family Day'. The employees and their family members, during these outdoor sessions, get to spend quality, leisure time either in a resort or at a picnic spot, getting acquainted with and strengthening the culture and values of Ujjivan. This fosters a spirit of belonging and inclusion among employees.

Employee feedback forums

We introduced a platform of cross-functional problem-solving to strengthen teams and collaboration wherein Branch Representative Meetings for staff working in branches and departmental meetings for staff working in regional teams were encouraged in the presence of national and regional leaders. These forums help quickly resolve queries raised by the branch team.

Honouring employees

Ujjivanites who completed 10 years and more were honoured in an elaborate '10th Anniversary Awards' event. These employees received a personalised appreciation letter from the MD & CEO with a custom-made gold coin.

Ujjivan annual awards event

This event is looked upon as a platform to recognise and reward our best performing branches and individuals. Family members of winners are invited as

Employee benefits

We offer a comprehensive benefits package that includes medical insurance covering family, term life and accident insurance for employees. The health insurance benefit includes parents on the policy too; around 77% employees enrolled their parents or parents-in-law.

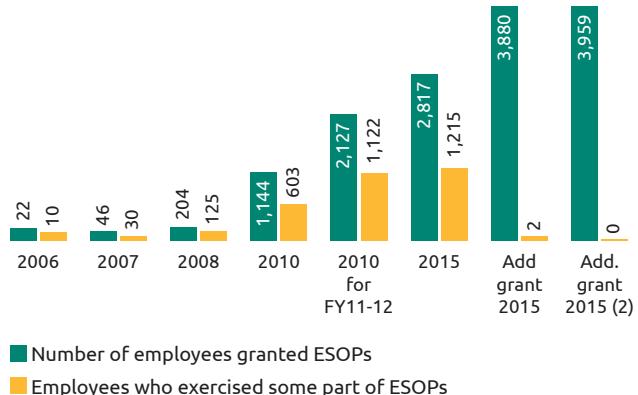


well. The Annual Awards functions include a day-long celebration of employees' talents, wherein cultural events are arranged too.

Employee Stock Option Plan (ESOP)

Ujjivan strives tirelessly towards inclusive people practices. We offer ESOP of the holding Company, UFSL to top performing employees across all levels. A new ESOP grant was made keeping in mind the Bank's employees in June 2018, on the basis of their performance. Employees (3,959) benefited from this grant.

ESOP Schemes



Risks and Mitigation

Managing risks prudently

During FY19, the Bank designed an initial framework for Enterprise Risk Management (ERM) which sought to move away from silo-based risk approach to a comprehensive and holistic approach to risk management. The framework is designed around Risk Adjusted Return on Capital (RAROC) based decision making; a significant departure from the commonly used accounting-based performance review. The same is expected to be operationalised in FY20.

Risk category	Risk description	Treatment measures
 Credit risk	<p>Ind-AS 109 is the framework for Expected Credit Loss (ECL) which requires a new provisioning approach that is a fully data-driven anticipatory loss model. The change had to be adopted as this was different from the current incurred loss model (in accordance with the present Income Recognition and Asset Classification (IRAC) norms issued by RBI)</p>	<ul style="list-style-type: none"> Computed key risk factors under ECL Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) has been kept in line with Ind-AS 109
	<p>Default on a debt that may arise from MSE or Housing loan borrowers failing to make required payments</p>	<ul style="list-style-type: none"> Designed risk rating scorecards at product level and customer segment level for its MSE and Housing loan portfolio respectively. These scorecards are designed to provide an objective and unbiased assessment on potential customers, duly factoring their personal income, repayment track records and collateral aspects. The Bank has initiated the necessary changes and modifications at system level for its effective implementation and it is expected to be in place during the second quarter of FY20
	<p>Risks associated with the extension of the credit facility to borrowers</p>	<ul style="list-style-type: none"> Revamped various processes in credit appraisal for MSE and Secured Housing loans w.r.t documentation management, loan deviations, exposure norms, and new policies or enhancements to name a few
	<p>Risks arising out of recovery from Portfolio at Risk (PAR)</p>	<ul style="list-style-type: none"> Recovery from delinquent accounts are undertaken through various channels including direct contact by the collections team, tele-calling reminders, collection through legal notices and settlement recoveries. Some of the salient achievements in collections were as follows: <ul style="list-style-type: none"> Recovered physical collection of ₹83.8 Crore from NPA during the year Collected ₹20.8 Crore from written off assets Credit cost as a percentage of portfolio has reduced to 0.45% during FY19 as compared to 4.6% in FY18 Initiated recovery drives and campaigns such as 'Samadhan' during the year which aimed at write off recoveries, normalisation of accounts and negotiation of settlements
 Liquidity and market risk	<p>Risks arising from erratic cash flows and the potential mismatches it gives rise to</p>	<ul style="list-style-type: none"> Commenced a behavioural analysis of cash flows, especially for CASA balances using Value at Risk (VaR) based approaches to identify potential mismatches
	<p>Risks arising out of concentrating the funding mix under one bouquet and facing reduction in legacy borrowings</p>	<ul style="list-style-type: none"> As part of its Contingency Funding Plan (CFP) and to diversify its funding sources, the Bank has been sanctioned a committed line of credit from a large private sector bank to the tune of ₹5,000 Lakh

Risk category	Risk description	Treatment measures
Operational risk 	Risks arising out of negligence in Quality Check (QC)	<ul style="list-style-type: none"> Undertook deep dive analysis on documentation issues. Loan documents were reviewed on a sample basis across MSE/SHL verticals and key observations were provided to operations department to enhance QC mechanism 229 loan files were verified from loans disbursed during November 2018 to February 2019 across all regions. Each sample file was checked on 17 key parameters. The documentation check will now be an ongoing activity
	Risks arising in the normal course of operations	<ul style="list-style-type: none"> Defined 20 Key Risk Indicators (KRIs) as part of the Operational Risk Management framework. The KRIs are monitored on bimonthly basis. The thresholds for the KRIs have been decided in consultation with the stakeholders and the report is shared with them for necessary action regularly
	Outsourcing risks arising out of failure in technology or fraud, inadvertent errors on the part of the service provider	<ul style="list-style-type: none"> The Bank had undertaken risk assessment for 13 vendors who are material as defined by the Reserve Bank of India. The assessment included Business Correspondents (BC). Detailed notes were recorded on the risk assessment procedures carried out on each vendor Each observation was discussed with relevant stakeholders when a timeline for closure of gaps was prepared
	Business continuity risk arising out of potential threats that a company would not be able to sustain its operations	<ul style="list-style-type: none"> Tested business continuity at a ground level. Each branch is mapped to a neighbouring branch. Likewise, each regional office of the Bank is mapped to its closest regional office The testing process involved the shutting down of some essential services in the affected branches and operating these services from the backup branches Aimed to complete the testing in all branches in FY20
	Risks arising out of inadequacy in the Internal Financial Controls (IFC)	<ul style="list-style-type: none"> Mandated requirement for annual financial audit was done within closed doors by the operational risk team to check the IFC In consultation with the external auditors, the Bank identified 26 key processes for which Risk Control Matrices (RCMs) were prepared to capture the process flow. The RCMs recorded the manual and automated controls for each of the processes. The exercise required the testing of 368 controls, both automated and manual Recorded and tested Entity Level Controls (ELCs) for the Bank as a whole
Natural risk 	Risks arising out of unforeseen natural events in the ecosystem we live in. The Gaja cyclone had caused widespread disruption in the coastal areas of Tamil Nadu and Puducherry that affected two of the Bank's branches. Also, the floods in Kerala had disrupted normal banking operations, interrupting the process of recovery from accounts	<ul style="list-style-type: none"> Undertook various relief measures in the form of distribution of groceries and offered small loans to all customers as part of distress relief in Tamil Nadu and Puducherry. The branches showed signs of recovery which is evidenced in the decline in Portfolio at Risk (PAR) from ₹10.02 Crore (17.8%) in November 2018 to ₹6.48 Crore in March 2019 Extended a repayment holiday to all customers in the affected branches in Kerala. The branches showed signs of recovery which is demonstrated in the decline in PAR from ₹60.8 Crore in September 2018 to ₹23.5 Crore in March 2019

Board of Directors

Strong governance



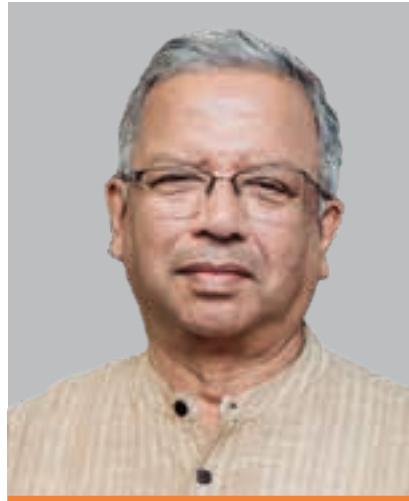
Sunil Vinayak Patel

Non-Executive Chairman and Independent Director

Educational qualification:

He is a practicing Chartered Accountant and holds a post-graduate degree in Business Administration from Wharton Business School, University of Pennsylvania.

Profile: Sunil Patel is a former director of A. F. Ferguson and Co. and Former Partner of A. F. Ferguson Associates. He was an Independent Director in L&T Investment Management Ltd. from 1997 to 2013.



Samit Ghosh

Managing Director and Chief Executive Officer

Educational qualification:

He holds a post-graduate degree in Business Administration from the Wharton School of Business at the University of Pennsylvania.

Profile: Samit Ghosh was a career banker for over 30 years and worked both in South Asia and the Middle East. He started his career with Citibank in 1975 and later worked with Standard Chartered Bank, HDFC Bank and the Bank Muscat. He was the former president of Microfinance Institutions Network and the Chairman of Association of Karnataka Microfinance Institutions (AKMI). He was an Executive Managing Director & Chief Executive Officer of UFSL till January 31, 2017.



Vandana Viswanathan

Non-Executive Director

Educational qualification:

She holds a post-graduate degree in Personnel Management and Industrial Relations from the Tata Institute of Social Sciences and a Bachelor's degree in Science from Bangalore University.

Profile: Vandana Viswanathan is an Independent Director in UFSL. She is a co-founder of Cocoon Consulting, a management and human resources consulting firm since 2000.



Nandlal Sarda

Non-Executive, Independent Director

Educational qualification:

He received his post-graduate degree in Technology and Doctorate in Philosophy from Indian Institute of Technology, Mumbai.

Profile: Nandlal Sarda is a professor (Emeritus Fellow) in the department of Computer Science and Engineering at Indian Institute of Technology, Mumbai. He has served as director on the board of Union Bank of India, The Clearing Corporation of India Ltd., IDBI Intech Ltd. and Andhra Bank. He is the Director on boards of NSE Infotech Services Ltd. as well as Cybertech Systems and Software Ltd.

Luis Miranda

Non-Executive, Independent Director

Educational qualification:

He holds an MBA from University of Chicago and is a Chartered Accountant. He also has a post-graduate degree in Commerce from University of Mumbai.

Profile: Luis Miranda was the President and CEO of IDFC Private Equity till 2010. He was earlier a partner and managing director in ChrysCapital. He has worked with various banks like Citibank, HSBC and HDFC in the past and has extensive experience in dealing with early stage companies and private equity investing. He is currently involved as an advisor to various profit and non-profit organisations.

Prabal Kumar Sen

Non-Executive, Independent Director

Educational qualification:

He holds a post-graduate degree in Economics from Calcutta University. He has been conferred (a) the Best Teacher Award in September 2011 by Higher Education Forum of India, Mumbai and (b) Lifetime Achievement Award in April 2017 by Headstart Network Foundation.

Profile: Prof. Prabal K. Sen has over 41 years of experience in teaching, training, research and corporate management. He has been professor of Economics and founding chairperson of Entrepreneurship Development Centre (EDC) at XLRI, Jamshedpur till September 30, 2017, when he retired. He has also worked for the Institute of Rural Management Anand (IRMA) as a Chair Professor for six years (2001-2007) and served a public sector bank for over 23 years (1978 -2001). Earlier, he was associated with Burdwan University as a lecturer in the post-graduate department of Economics for around a year. He has also been a visiting professor at several premier institutions including IIM Ahmedabad, IIM Ranchi, IIM Amritsar, Rural Development Centre (RDC) of IIT Kharagpur, XIMR, Mumbai and National Academy of Direct Taxes (NADT), Nagpur.

Board of Directors - Contd.

**Biswamohan Mahapatra**

Non-Executive, Independent Director

Educational qualification:

He is Master's of Science in Management and has done a Master in Business Administration and Master in Arts.

Profile: Biswamohan Mahapatra is a central banker with a career spanning over 33 years in the Reserve Bank of India and retired as its Executive Director at the end of August 2014. He is presently an independent director in Gruh Finance Ltd., Edelweiss Financial Services Ltd., HDFC Credila Financial Services Private Ltd., etc. Recently he has been inducted as an independent director and non-executive chairman of National Payments Corporation of India (NPCI), for a period of two years on February 8, 2018.

**Jayanta Kumar Basu**

Non-Executive Director

Educational qualification:

He holds a post-graduate diploma in Management from the Indian Institute of Management, Ahmedabad and a bachelor's degree in Economics from University of Delhi.

Profile: Jayanta Kumar Basu has over 20 years of experience in the field of investment. He is currently the managing partner at CX Advisors LLP. He has previously worked with Citibank India. He is on the Board of UFSL as a non-executive director and also serves as a director in many other companies including Transaction Solutions International (India) Private Ltd., Matrix Cellular (International) Services Ltd., CX Advisors LLP (designated partner) and Imperativ Hospitality Private Ltd.

**Mona Kachhwaha**

Non-Executive, Independent Director

Educational qualification:

She has graduated in Mathematics (Hons.) from Delhi University (1992) and holds an MBA from XLRI, Jamshedpur (1994). She has also completed an Executive Programme in Private Equity from Said Business School, Oxford University (2010).

Profile: Mona Kachhwaha has 25 years of financial services industry experience, which includes 12 years with Caspian Impact Investment Advisers (2007 to 2019) and 13 years with Citibank India (1994-2007). At Caspian, she managed the India Financial Inclusion Fund (IFIF), a US\$ 89 Million impact fund with a focus on financial inclusion. Over the last 11 years she has served on various Corporate Boards as a Nominee Director of Caspian Funds which includes UFSL, Aptus Value Housing Finance India Ltd., Micro Housing Finance Corporation Ltd., Arohan Financial Services Private Ltd. and VBHC Value Homes Private Ltd.



Chitra K Alai

Nominee Director (w.e.f. May 9, 2019)

Educational qualification:

She is a banking professional and an associate of Indian Institute of Bankers with a Commerce background. She has done her post-graduate diploma in Business Administration.

Profile: Chitra Alai started her career with SIDBI since its inception and has vast experience in Operations and Policy. She has considerable experience in project lending to large industrial/service sector projects and MSME projects besides developing expertise on Development Banking. Previously, she was on the Boards of Securities and Future Commission (SFCs), Micro Finance Institutions (MFIs) and TCO as well. Currently, she is on the Board of Tamil Nadu's Industrial Investment Corporation Limited (TIIC) as a Small Industries Development Bank of India (SIDBI) nominee. In her recent stint, she was the COO of Receivable Exchange of India Ltd. (RXIL), an associate company of SIDBI, which facilitates the financing of trade receivables of MSMEs through multiple financiers on an electronic platform. Currently, she is the regional head and responsible for the entire operations of the SIDBI in the States of Tamil Nadu, Kerala and Puducherry.



Sachin Bansal

Additional Director (Independent Director) (w.e.f. June 1, 2019)

Educational qualification:

He is a graduate from IIT-Delhi with a degree in Computer Science, acquired in 2005.

Profile: Sachin Bansal is the former Chairman and co-founder of Flipkart, India's leading e-commerce marketplace, which was acquired by Walmart in 2018. Under his tenure, Flipkart has pioneered innovations that have redefined the e-Commerce ecosystem in India, e.g. cash on delivery, replacement guarantees on products, UPI payments, owned logistics network, and so on. He was named under World 40 under 40 list by Fortune Magazine in 2012, as Entrepreneur of the year by Economic Times in 2013 and among TIME Magazine's 100 most influential people in the world in 2016. He has served on government committees for skill development in India.

Leadership Team Strong governance



Samit Ghosh

Managing Director and Chief Executive Officer



Sanjay Kao

Chief Business Officer



Carol Furtado

Head of Human Resources



Jaya Janardanan

Chief Operating Officer



Upma Goel

Chief Financial Officer



Arunava Banerjee

Chief Risk Officer



Jolly Zachariah

Head of Channels



Alok Chawla

Head of Audit



Rajat Kumar Singh

Business Head of MicroBanking and Rural Banking

Key Awards

Rewarding year

Ranked #6 amongst India's Best Companies To Work 2019

We have been ranked No. 6 amongst India's Best Companies To Work For 2019 as per a study conducted by Great Place to Work® Institute and Economic Times across 20 industries. Ujjivan has consistently featured among the top 25 Companies to Work For in India for nearly a decade now. We are also recognised as the best in Banking, Financial Services and Insurance Industry (BFSI) and best among all organisations with more than 10,000 employees for inspiring trust among our employees, instilling pride in them, creating an environment within the workplace that promotes camaraderie and many other reasons that make Ujjivan one of India's best companies to work for. We strongly believe this achievement was made possible because of our employees who carry the passion with purpose to serve the unserved and underserved.





We have been consistently recognised as the best place to work by the Great Place To Work (GPTW) polls. Ujjivan was ranked 19th in 'India's Best Companies To Work For' and 18th in 'Asia's Best Large Workplaces' List for the year 2018



Received 'Best Security Practises in Small Finance Bank' award during AISS 2018



Received the 6th ASSOCHAM SMEs Excellence Award, 2018 for 'Excellent Service'



Received the IBA Banking Technology Innovation Awards for 'The Best IT Risk Management and Cyber Security Initiative'



Received the DSCI Excellence Awards, 2018 for 'Security Practices in Small Finance Banks'



Received the Finnoviti Awards, 2019 for 'Best innovation in IT'



Received the IDEX Legal Awards, 2019 for the 'Best In-house Legal Team' under medium-large category

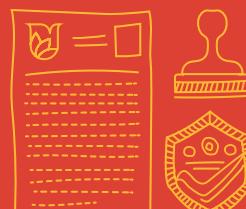


USFB was also hailed as the 'Best HR Practice in Finance Sector' at the BFSI Awards, 2019



UFSL received an IFC & liAS award in February 2019 for Indian Corporate Governance

Ujjivan Financial Services Limited
Statutory Reports and
Financial Statements



Management Discussion and Analysis

Please read this Management Discussion and Analysis in conjunction with Management Discussion and Analysis of Ujjivan Small Finance Bank Limited (wholly owned subsidiary of the Company and hereinafter in this section referred to as the Bank) provided on page number 248 of this annual report.

FY19 has been a remarkable year in terms of performance. Notwithstanding inherent challenges of the industry and existing competition among peer companies, Ujjivan has emerged triumphant in posting robust numbers year-on-year. Catering to the unserved and the underserved sections of the community we have been able to abide by the values that enable our growth towards becoming a mass market bank. We are confident that as we progress we shall continue to perform profitably to the best of our capacities.

Key highlights pertaining to our consolidated financials are showcased below:

Consolidated Financials (as per Ind-AS)

Particulars (₹ In Crores)	FY19	FY18	y-o-y
Total Income	2,013.6	1,544.7	30.3%
Credit Cost	40.6	310.8	-86.9%
Finance Cost	727.0	601.6	20.9%
Operating Expense	1,683.1	1,222.3	37.7%
PAT	150.4	25.9	479.7%
Operating Expense Ratio*	11.2%	9.8%	1.4%
Cost to Income Ratio*	76.5%	67.1%	9.4%
NII	1,189.8	898.6	32.4%
Net Interest Margin (%)*	11.1%	10.6%	0.5%
Total Assets	14,025.9	9,522.2	47.3%
Total Debt	4,433.0	3,202.8	29.1%
Net worth	1,877.7	1,731.9	8.4%

*Ratios are as per previous Indian GAAP

Key highlights of the Bank's business and functions

Business growth

Disbursements have been growing at a robust pace, achieving a healthy growth rate of 37.7% year-on-year which now stands at ₹11,089 Crores. This has also led to loan book growth which is now pegged at ₹11,049 Crores up by 46.2% over March 2018. Such augmentation is largely on account of increased customer base and branch expansion.

Segment-wise performance

Our MicroBanking disbursements were commendable this year at ₹9,749 Crores, witnessing a growth of 28% over March 2018. Introduction of new products and better credit enhancement process has helped this vertical to achieve sustainable growth. Our Micro and Small Enterprises (MSE) business has also witnessed meaningful growth, disbursing ₹496 Crores for FY19 as opposed to ₹203.2 Crores for FY18. Operating within the Affordable Housing space, our Housing vertical has seen a steep growth of over 150% from previous year ended March 2018, taking disbursements for FY19 to nearly ₹590.3 Crores. Increased focus on secured lending, higher loan ticket sizes and expansion of the geographical footprint has been key growth drivers for the business.

Deposits and Reduction in cost of funds

As of March 2019, we have managed to double our deposit base which is now at ₹7,379 Crores up from ₹3,772 Crores.

This advancement is owing to growth in retail as well as institutional book. Our retail deposit was at ₹2,736 Crores up from the previous figure of ₹428 Crores. The reliance on Certificate of Deposits (COD) was also kept minimal this year. Our continuous efforts to reduce cost of funds is showing results which is now at 8.5% as compared to 9.0% during the previous year. Our Branch banking team has launched 'Sampoorna Family Banking' programme. This programme will be a key enabler of retail deposit growth in FY20.

Credit Quality

Our credit portfolio is showing significant improvement due to continued efforts towards cultivating asset quality. We have managed to bring our Gross Non-Performing Asset (GNPA) figures significantly down to 0.9% from 3.6% in March 2018. The improved portfolio performance is due to sound credit policy framework and technology driven robust loan sanctioning.

Technology

Technology has always wielded crucial influence over the operations associated with Ujjivan. Employment of superlative expertise along with stable Information Technology (IT) practices will continue to leverage performance enabling cost effectiveness and higher productivity. We have world class IT systems in place which will continue to meet customers' needs and expectations.

Risk and Compliance

On the strong foundation of risk and compliance policies and framework, enhancement with core competencies were built in newer areas like cyber security, cyber governance, transaction monitoring, anti-money laundering and regulatory reporting. Key initiatives included comprehensive checklist for branch banking process, connect programmes, score cards for monitoring operational risks at granular level, migration to Enterprise Governance Risks and Compliances (EGRC) module in Statistical Analysis System (SAS), comprehensive review of all operational and financial controls under International Finance Corporation (IFC), and mid office treasury function with proactive approach to Asset Liability Mismatch (ALM). The Compliance team rigorously monitors adherence to each of the licensing conditions and the operating guidelines for Small Finance Banks (SFB) with certification and implemented a framework for Risk based supervision.

Network expansion

The Bank rolled out 287 banking outlets including 73 in Unbanked Rural Centres (URCs). The Bank branches are equipped with a blend of technology and people to offer our customers best-in-class banking experience. We offer both asset and liability products under one umbrella from our branch, given the banking needs of the unserved and underserved customer base that we focus on. Our asset verticals including microfinance, Housing, MSE and so on coupled with the liabilities come together, developing a synergetic effect in relation with tremendous cross sell opportunities as well as strong team connect. We believe this will have a significant impact in business growth as well as networking in the impending years with a larger potential customer base.

Channels

Apart from 'brick and mortar' structures, the Bank is investing heavily in creating multiple channels which are being promoted as touchpoints among our customers. The Bank has created a robust platform of internet banking, mobile banking, phone banking, SMS, missed call banking, ATMs etc. and is encouraging customers to take advantage of alternate channels.

Awards

The Bank ranked 16th on the 'Best Place to Work for in Asia' polls. The Bank was also rewarded for its Field Process Automation (Glow), IT security and legal function. The Bank has also been awarded 'The Best IT Risk Management and Cyber Security Initiatives' award for the second consecutive year among other competing SFBs for its continued commitment to cyber security and resilience. 'Best HR Practice in Finance Sector' at BFSI Awards- 2019 was also conferred to the Bank.

Risk management framework of the Company

The Company being principally concerned with core investment, has ventures primarily in its wholly owned subsidiary, which being an SFB, has a risk management committee in place which consists of well experienced directors from diverse backgrounds who bring in the best risk practices to the organization. The Committee of the bank reviews its risk management framework and verifies adherence to various risk parameters and compliances.

As a core investment Company with a key venture in the bank which is our 100% subsidiary, the Company's Board has an oversight function of the Bank. We have signed a Memorandum of Understanding with UFSL which includes sharing of information related to business and performance of the Bank, to facilitate effective oversight and compliance with statutory and regulatory requirements.

Thus, a set of information including monthly and quarterly business and regulatory reports and returns, Board and committee meeting related minutes and other information is systematically shared by the Bank and reviewed by the Company's Board.

By virtue of the MoU, the Company is also required to provide capital support by means of raising external equity or Tier-I/Tier-II bonds depending on business growth and requirements of the Bank. The Company can extend financial support to the Bank by way of loan or arrangement such as letters of support/non-divestiture for smooth functioning of the latter at market related terms, which are subject to statutory and regulatory guidelines as applicable.

Treasury

Being a Non-Banking Finance Company (NBFC)-Corporate Information Companies (CIC), it does not have any operations apart from investment in the Bank and a treasury of around ₹120.7 Crores. As part of the treasury investments, we finance our surplus funds in liquid investments like Fixed Deposits (FDs) and mutual funds as provided in our investment policy and monitor them on a regular basis. Our standalone cash expenses are borne out of our income from these investments.

Corporate Social Responsibility (CSR) activities

During the year, Ujjivan has undertaken its CSR responsibilities through external Non-Governmental Organisations (NGO) with a focus on community development programmes, medical campaigns, clean water drinking initiatives, alongside extending support through contribution to Kerala Chief Minister Disaster Relief Fund, delivering food and medical aid to flood disaster support and offering provisions to schools affected by the flood in Kerala. The Bank also offered food and medical aid to Cyclone Gaja relief funds in Tamil Nadu, enabling certain NGOs to carry their efforts towards social welfare forward.

The Company has been spending on the CSR programmes even before it was made mandatory under the Companies Act, 2013. Since the manpower and network to carry all the CSR initiatives on our own was not present within the Company then, we primarily engaged external NGOs like Parinaam Foundation and Piramal Foundation to execute the same for and on behalf of the Company.

Parinaam in collaboration with Ujjivan has undertaken the execution of a Community Development Programme (CDP) under the brand 'Chote Kadam' that brings together stakeholders, the community and the society at large to build a better life for the unserved and underserved. We endeavour also to provide basic infrastructural facilities to the unserved and the underserved communities across the country. During the year, Parinaam has implemented 70 projects in the areas of public infrastructure, health and education under Chote Kadam Programme for and on behalf of the Company.

Board of Directors' Report

To the Members,

Your Directors are pleased to present the 15th Annual Report of Ujjivan Financial Services Limited together with the audited financial statements for the financial year ended March 31, 2019. For the benefit of all stakeholders, the annual report for the FY 2018-19 of the material wholly owned subsidiary 'Ujjivan Small Finance Bank Limited' is also included in a separate section of this document.

1. Financial Results

The Directors' submit the Annual Report of Ujjivan Financial Services Limited (the "Company" or "Ujjivan") alongwith the audited financial statements for the financial year (FY) ended March 31, 2019.

Particulars	(₹ in Crores)			
	Standalone*		Consolidated*	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Operating Income	22.00	-	1,952.98	1,514.78
Other Income	8.62	7.74	60.64	29.92
Total Income	30.62	7.74	2,013.62	1,544.70
Less: Operational Expenses				
Personnel Expenses	1.63	0.93	540.53	373.35
Administrative Expenses	5.08	3.21	415.58	247.35
Finance Charges	0.00	0.01	727.03	601.56
Depreciation	0.02	0.01	60.62	41.38
Impairment Losses on Financial Instruments	-	-	65.76	236.43
Total Operational Expenses	6.73	4.16	1,809.52	1,500.07
Profit/(Loss) Before Tax	23.89	3.58	204.10	44.63
Less: Income tax	2.31	2.56	37.22	33.88
Less Deferred tax	0.00	0.01	16.44	-15.20
Profit/(Loss) After Tax	21.58	1.00	150.44	25.95

* as per Indian Accounting Standards (Ind-AS)

Profitability (Ind-AS versus IGAAP):

FY 2018-19	Ind-AS		IGAAP	
	Standalone	Consolidated	Standalone	Consolidated
Pre-Tax Profits (PBT)	23.89	204.10	23.46	269.88
Profit after Tax (PAT)	21.58	150.44	21.15	198.37
Total Comprehensive Income	21.58	149.83	NA	NA

2. Dividend

In accordance with the Dividend Distribution Policy of the Company and in continuation to its dividend payment track record, the Company with the approval of its directors through their resolution passed on March 14, 2019 has declared and paid an interim dividend of ₹ 0.85 (8.5%) per equity share for the FY 2018-19. The record date for the purpose of determining the members eligible to receive the interim dividend was fixed as Saturday, March 23, 2019 and the interim dividend amount of ₹ 10.30 Crores was distributed to the shareholders on March 28, 2019.

Further, the Directors are pleased to recommend a final dividend at the rate of ₹ 0.45 per share (4.5%) for the FY 2018-19. The final dividend will be subject to the approval by the members of the Company at the ensuing 15th Annual General Meeting ("AGM") of the Company.

The aforesaid final dividend, if approved by the shareholders would involve a cash outflow of ~ ₹ 7.2 Crores (including dividend distribution tax).

3. Transfer to reserves

The Company transferred ₹ 4.32 Crores to Statutory Reserves. Transfer of 20% of the Profit after Tax to the statutory reserves in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934.

4. Credit Rating

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

5. Capital Requirements

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

The Company as of March 31, 2019 is in compliance with the below capital requirements and all other mandatory ratios as required under RBI CIC Master Directions:

Ratios	RBI Requirement	Actuals (%)
CAR	>30% of RWA	98.46%
Investment ratio	>90% of Net Assets	99.98%
Equity Investment Ratio	>60% of Net assets	87.98%
Leverage Ratio	<2.5 Times	0.0790%

6. Corporate Governance and Management Discussion and Analysis Report

In accordance with SEBI LODR Regulations, Management Discussion and Analysis Report and Corporate Governance Report together with the Certificate thereon from the Independent Practicing Company Secretary is provided separately and forms part of this Directors' Report.

7. Extract of Annual Return

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

8. Business Responsibility Reporting

The Board of the Company in its meeting held on May 30, 2019 has approved the Business Responsibility Report ("BRR") of the Company as stipulated under Regulation 34 (as amended) of SEBI Listing Regulations which mandates that top 500 listed companies based on market capitalization as on March 31 should include its BRR in its Annual Report. The Company is ranked 363 in the list as on March 31, 2019.

As a green initiative, a copy of the BRR has been hosted on the website of the Company at www.ujjivan.com and can be accessed from the link below http://ujjivan.com/html/ujjivan_policies.php

9. No. of Meetings of the Board during the FY 2018-19

During the Financial Year 2018-19, our Board has met 7 (seven) times and the meetings of our Board of Directors were held on April 13, 2018, April 23, 2018, May 10, 2018, August 06, 2018, November 14, 2018, January 23, 2019 and March 26, 2019. For further details, please refer to the Corporate Governance Report, which forms part of this report.

10. Appointment / Reappointments / Retiring Director

(a) Appointment of Mr. Narayan Anand as Director

On the recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Narayan Anand (DIN: 02110727) as an additional director (non-executive, non-independent) with effect from May 01, 2019. He is holding office till the ensuing 15th Annual General Meeting of shareholders of the Company. The proposal for his appointment is being placed for consideration of shareholders of the Company. Mr. Narayan is eligible for appointment and in respect of whom the Company has received a notice in writing from a member under Section 160(1) of the Act proposing his candidature for the office of Director of the Company. His office will be liable to retire by rotation. The Board recommends the shareholders to approve his appointment. Please refer item no. 4 of the 15th AGM Notice for further details.

(b) Independent Director upcoming completion of tenure

Ms. Vandana Viswanathan (DIN: 05192578) was appointed as an Independent Director by the shareholders for a term of 5 years commencing from September 22, 2014 to September 21, 2019 in accordance with the provisions of the Companies Act, 2013. She has communicated her inability to be considered to be appointed for a second term on completion of her tenure due to other commitments. Her office will be vacated on completion of her tenure on September 21, 2019.

(c) Retiring Director opting for non-appointment

As per the provisions of the Companies Act, 2013, Mr. Amit Gupta (DIN: 02282600) retires by rotation at the ensuing 15th AGM and though being eligible for re-appointment is not seeking his re-appointment due to his other commitments. Hence, Mr. Amit Gupta will retire at the ensuing 15th AGM of the Company.

11. Directors' Responsibility Statement

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

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

- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the annual accounts on a going concern basis;
- (v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, audit of internal financial controls and the reviews performed by management and the audit committee of the board, the board is of the opinion that the Company's internal financial controls were adequate and effective during the FY 2018-19.

12. Declaration by Independent Directors

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

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

13. Nomination and Remuneration Policy

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

14. Statutory Auditors

Price Waterhouse Chartered Accountants LLP (FRN: 012754N/N500016) (hereinafter referred to as PW CA LLP), who were appointed as Statutory Auditors of the Company for a tenure of five years commencing from the conclusion of the 13th AGM of the Company

held on August 04, 2017 has vide their letter dated May 30, 2019 tendered their resignation from the position of Statutory Auditors from the conclusion of the ensuing 15th AGM of the Company scheduled to be held on Friday, August 02, 2019.

PW CA LLP has offered to resign from their position of statutory auditor of the Company as our Company is desirous of having same network of firms as auditors for both the Company and its wholly owned subsidiary 'Ujjivan Small Finance Bank Limited' for mutual interests for both PW CA LLP and the Company. PW CA LLP has tendered their resignation as the statutory auditors of the Company effective immediately after conclusion of the annual general meeting for the FY 18-19 scheduled to be held on August 02, 2019.

Ujjivan Small Finance Bank Limited contributes more than 98% business (total income) of the Company at a consolidated level and that the audit function at the standalone level of the Company has very minimal scope for financial audit as it is a non-operating holding Company registered as a Core Investment Company with the RBI. There will also be cost implications for the Company and the group overall, as it will presumably be more expensive to use two firms of auditors to provide an audit opinion instead of one for the same set of business since the Company derives almost all its value from its investments in its wholly owned subsidiary.

Pursuant to the aforesaid resignation of PW CA LLP, the Board based on the recommendation of the Audit Committee in its meeting held on May 30, 2019, subject to the approval of the shareholders, has appointed MSKA & Associates, Chartered Accountants (FRN - 105047W) as the Statutory Auditors of the Company for a period of 5 (five) years commencing from the conclusion of the ensuing 15th AGM till the conclusion of 20th AGM of the Company to be held in the year 2024. MSKA & Associates, Chartered Accountants (FRN - 105047W) being the existing Statutory Auditors of Ujjivan Small Finance Bank Limited, the Board considered it prudent to appoint MSKA & Associates, Chartered Accountants (FRN - 105047W) as the Statutory Auditor of the Company as well for smooth consolidation of the financials and also for commercial reasons. Please refer to item no. 3 of the 15th AGM notice for further details.

15. Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made –

(i) Statutory Auditor's Report

There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report

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

Mr. K. Jayachandran, Practicing Company Secretary (ACS No. 11309 and Certificate of Practice No. 4031) was appointed as the Secretarial Auditor of

the Company to conduct secretarial audit of the Company for the Financial Year 2018-19 as required under Section 204 of the Companies Act, 2013 and the Rules made thereunder. The secretarial audit report for FY 2018-19 is appended as "Annexure 2" to the Board's Report.

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

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

Further, Mr. K. Jayachandran, Practicing Company Secretary (ACS No. 11309 and Certificate of Practice No. 4031) has through his certificate dated May 30, 2019 has certified that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the Board / Ministry of Corporate Affairs or any such statutory authority. The said certificate is appended as "Annexure 4" to the Board's Report.

16. Particulars of loans, guarantees or investments under Section 186

The Company has not given any loans and guarantees to any-body corporate and has not made any investment under Section 186.

17. Transaction with related parties

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

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2019, which were not at arm's length basis.

Your Directors draw attention of the members to Note 28 to the Financial Statements which sets out other related party disclosures.

All Related Party Transactions as required under Accounting Standards AS-18 are reported in Note 28 - Notes to Accounts of the Standalone financial statements of the Company.

18. The state of the Company's affairs

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

based on the stipulation of the Reserve Bank of India while approving the Company to set up the small finance bank business.

The Company is the non-operating 100% holding Company of 'Ujjivan Small Finance Bank Limited' and being a CIC the Company has its investments primarily in the bank. The Board of the Company has an effective oversight on the statutory and policy related compliances which the Bank has to ensure in its day to day functioning.

19. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;

None

20. The conservation of energy, technology absorption, foreign exchange earnings and outgo, in the manner as prescribed in Rule 8(3) of the Companies (Accounts) Rules, 2014

Conservation of energy and technology absorption

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

The Foreign Exchange earnings and outgo

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

21. Development and implementation of risk management policy

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

As a Core Investment Company with a key investment in the bank which is our 100% subsidiary, the Company's Board has an oversight function of USFB. We have entered into a Memorandum of Understanding (MoU) which includes sharing of information related to business and performance of SFB, with the Company and to its Board, to facilitate effective oversight and compliance with statutory and regulatory requirements under SEBI Listing Regulations. Thus a set of information including monthly and quarterly business and regulatory reports and returns, Board and committee meeting related minutes and other information is systematically shared by the bank and reviewed by the Board of the Company.

USFB has a Risk Management Committee in place which consists of well experienced Directors from diverse background who bring in the best risk practices to the organization and that the Committee of the bank reviews its risk management framework and verifies adherence to various risk parameters and compliances.

The Company is satisfied that its wholly owned subsidiary has a well-defined risk management strategy based on clear understanding of various risks, disciplined risk assessment and continuous monitoring.

The risk management Committee of the subsidiary approves and makes recommendations to its Board regarding all its risk-related responsibilities, including the review of major risk management and regulatory compliances.

As required under the Regulation 21(5) of the SEBI Listing Regulations, the Company has constituted the Risk Management Committee of the Board with effect from April 01, 2019 and its terms of reference comprises of the following:

- (i) To review its investment in its subsidiary, Ujjivan Small Finance Bank and to evaluate overall risks faced by its subsidiary and help in mitigating the risks
- (ii) To oversee the risk management policies and procedures of its subsidiary
- (iii) As the listed holding Company of the Bank, to closely monitor the reputational risk of both entities
- (iv) To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws

The Company has in place an effective risk management policy which highlights the functions, implementation and the role of the committee and the board.

22. Corporate Social Responsibility

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

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

A brief outline of the company's CSR policy is disclosed on our website at the below link-
http://ujjivan.com/html/ujjivan_policies.php

The initiatives undertaken by the Company on CSR activities are out in "Annexure 4" of the Board's Report in the format prescribed in the Companies

(Corporate Social Responsibility Policy) Rules, 2014. For other details regarding the CSR Committee, please refer to the Corporate Governance Report, which forms part of the Board's Report.

23. Board Evaluation

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

Performance evaluation criteria for Board, Committees of the Board and Directors were approved by the Nomination Committee of the Board at its meeting held on March 26, 2019. Evaluation formats and criteria of evaluation duly incorporated the criteria and other parameters as suggested by SEBI vide their guidance note on evaluation through their circular dated January 05, 2017.

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

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

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

Independent Directors' Evaluation of Non-Independent Directors

In a separate meeting of independent directors held on March 26, 2019, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board.

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

24. Details as required under Rule 8 of the Companies (Accounts) Rules, 2014

(i) The financial summary or highlights;

Particulars	₹ in Crores)			
	Standalone*		Consolidated*	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
Operating Income	22.00	-	1,952.98	1,514.78
Other Income	8.62	7.74	60.64	29.92
Total Income	30.62	7.74	2,013.62	1,544.70
Less: Operational Expenses				
Personnel Expenses	1.63	0.93	540.53	373.35
Administrative Expenses	5.08	3.21	415.58	247.35
Finance Charges	0.00	0.01	727.03	601.56
Depreciation	0.02	0.01	60.62	41.38
Impairment Losses on Financial Instruments			65.76	236.43
Total Operational Expenses	6.73	4.16	1,809.52	1,500.07
Profit/(Loss) Before Tax	23.89	3.58	204.10	44.63
Less: Income tax	2.31	2.56	37.22	33.88
Less Deferred tax	0.00	0.01	16.44	-15.20
Profit/(Loss) After Tax	21.58	1.00	150.44	25.95

* as per Indian Accounting Standards (Ind-AS)

Key Performance Highlights of the wholly owned subsidiary 'Ujjivan Small Finance Bank Limited' (USFB):

USFB Business and Operational Highlights

- Loan Book at ₹ 11,049 Crores in March 2019 as against ₹ 7,560 Crores in March 2018; growth of 46%
- Disbursement for FY 2018-19 at ₹ 11,089 Crores as against ₹ 8,047 Crores in FY 2017-18; an increase of 38%
- Non-Micro Finance book at 15% as against 7% in March 2018
- Deposit of ₹ 7,379 Crores in March 2019 as against ₹ 3,772 Crores in March 2018; growth of 96%; Traction in senior citizen and long tenure term deposits (TDs) – 47% and 43% respectively of total TDs
- Retail deposit at 37% in March 2019 as against 11% in March 2018; significant growth in retail deposits
- CASA at 11% in March 2019 as against 4% in March 2018
- 46.1 Lakhs unique active customers in March 2019 as against 38.7 Lakhs in March 2018
- 27.4 Lakhs active liability customers in March 2019 as against 7.7 Lakhs in March 2018
- Profit after Tax of (PAT) of ₹ 199 Crores (IGAAP) as against ₹ 7 Crores in FY 17-18
- ROA of 1.7% for FY 18-19 as against 0.1% in FY 2017-18
- ROE of 11.5% for FY 2018-19 as against 0.4% in FY 2017-18
- Cost of Funds for FY 2018-19 at 8.6% as against 9.0% in FY 17-18
- CRAR of 19% in March 2019 as against 23% in March 2018
- GNPA at 0.9% in March 2019 as against 3.7% in March 2018;
- NNPA at 0.3% in March 2019 as against 0.7% in March 2018
- Write-off Rs178 Crores in FY 18-19 as against ₹177 Crores in FY 17-18
- Exponential growth in Housing & MSE, coupled with robust growth in Micro Banking
- Forayed in to new business segments - Rural Banking, FIG Lending & Personal Loans
- Expansion of Banking Branch network
- New product launches across verticals
- Expansion of digital services suite
- Penetration of Internet & Mobile Banking
- Improved portfolio quality
- Diversified funding and Cost of funds at 8.6% down from 9.0% in FY 2018
- 16th Best Place to Work for in Asia by Great Place To Work

• **Profitability (Ind-AS versus IGAAP):**

FY 2018-19	Ind-AS		IGAAP	
	Standalone	Consolidated	Standalone	Consolidated
Pre-Tax Profits (PBT)	23.89	204.10	23.46	269.88
Profit after Tax (PAT)	21.58	150.44	21.15	198.37
Total Comprehensive Income	21.58	149.83	NA	NA

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

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

The highlights of the financial performance of USFB (in I-GAAP) are as under:

Particulars	FY 18-19	FY 17-18	Variance %
Income from Loans & Advances	1,849	1,442	28%
Other Income	189	137	38%
Total Income	2,038	1,579	29%
Finance Cost	726	607	(19)%
Operating Cost	1003	653	(54)%
Total Cost	1,729	1,260	(37)%
Credit Cost	110	313	(65)%
Profit/(Loss) Before Tax	268	9	2878%
Profit After Tax	199	7	2787%

Key Ratios - USFB

Particulars	FY 18-19
Actual	
Yield	20.0%
Cost of Funds (CoF)	8.6%
Net Interest Margin (NIM)	10.9%
Return on Assets (ROA)	1.7%
Return on Equity (RoE)	11.5%
Cost to income	76.5%
Capital Adequacy (CRAR)	19.0%

USFB contributes 98.5% of the consolidated total income of the Company. Please also refer to the full standalone financials of the USFB which is separately included in this annual report.

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

There is no change in the nature of the business of the Company during the FY 2018-19. The Company continues to be a Non Deposit taking Systemically Important Core Investment Company (NBFC-ND-SI-CIC).

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

Sr. No.	Name	Designation	DIN	Date of Appointment/ Change/ Cessation	Reason
1	Ms. Sudha Suresh	MD & CEO	06480567	June 30, 2018	Resignation
2	Mr. Ittira Davis	MD & CEO	06442816	July 01, 2018	Appointment

(v) **The names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year;**
None

However, the subsidiary of the Company 'Ujjivan Small Finance Bank Limited' which is a Small Finance Bank has outstanding deposits of ₹ 7,379 Crores as on March 31, 2019.

(vi) **Deposits from public**

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

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

None

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

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

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

25. ESOP related & other disclosures

(i) Details of equity shares with differential rights

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

(ii) Details of sweat equity shares issued

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

(iii) Details of employee stock option scheme

The Company has established Employee Stock Option Plan (ESOP) for compensation to its employees, being ESOP 2006, ESOP 2007, ESOP 2008, ESOP 2010, MD-ESOP 2010 and ESOP 2015. For all ESOP Schemes, each option on exercise is eligible for one equity share on payment of exercise price.

ESOP 2006

The ESOP 2006 was for a total of 64,000 Equity Shares for all the eligible employees of the Company. As on March 31, 2019, out of the 64,000 options granted, 28,629 options have been exercised and 35,371 options were lapsed. All the 35,371 lapsed options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018. There is no outstanding option left to be exercised under ESOP 2006.

ESOP 2007

The ESOP 2007 was for a total of 189,440 Equity Shares for all the eligible employees of the Company. As on March 31, 2019, out of the 189,400 options granted, 1,41,390 options have been exercised, 44,500 options lapsed and 3,550 valid options are left to be exercised. All the 44,500 lapsed options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

ESOP 2008

The ESOP 2008 was for a total of 396,680 Equity Shares for all the eligible employees of the Company. As on March 31, 2019, out of the 396,680 options granted, 2,38,360 options have been exercised, 1,54,130 options lapsed and 4,190 valid options are

left to be exercised. All the 1,54,130 lapsed options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

ESOP 2010

The ESOP 2010 was for a total of 3,384,300 Equity shares for all the eligible employees of the Company. As on March 31, 2019, out of the 3,384,300 options granted, 16,03,893 options have been exercised, 15,68,973 options lapsed and 2,12,944 valid options are left to be exercised. Out of the 15,68,973 lapsed options 15,63,769 options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

MD-ESOP 2010

The MD-ESOP 2010 was for a total of 1,249,172 options. As on March 31, 2019, all the 1,249,172 granted options under MD-ESOP 2010 have been exercised. There is no outstanding option left to be exercised under MD-ESOP 2010.

ESOP 2015

The ESOP 2015 was for a total of 5,561,188 options. In compliance with Regulation 12 of Securities and Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOP Regulations), the Company got its ESOP Scheme 2015 ratified by its shareholders subsequent to its IPO in their AGM held on August 10, 2016. Further, pursuant to the shareholders' approval at their AGM held on June 27, 2018, 10,18,711 options lapsed under ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010 were added to the pool of ESOP 2015.

As on March 31, 2019, the ESOP 2015 pool comprises of 65,79,899 (including the original pool of 5,561,188 options plus 10,18,711 options added back from the lapsed options of ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010)

The Company has granted 23,49,230 options under the ESOP 2015 to eligible employees during the financial year 2018-19 at exercise price of ₹ 385.05 (23,37,670 options) and ₹ 290.60 (11,560 options)..

As on March 31, 2019, out of the 55,15,880 options granted, 4,83,080 options have been exercised, 8,61,798 options are lapsed, 15,58,904 vested options are left to be exercised. Further, 26,12,098 options are yet to be vested. Out of the 8,61,798 options which are lapsed, 4,55,388 options were added back to the pool of ESOP 2015 with the approval of the shareholders at the AGM held on June 27, 2018.

The Board (including its authorized committee) has been authorized by the shareholders to include the lapsed / cancelled options under its ESOP 2010 and ESOP 2015 back to the pool of ESOP 2015 and that the Board is hereby authorized to grant such added back options to its eligible employees (which includes the employees of its subsidiary).

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

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

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

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

Rewards in the ESOP Schemes during the Year

None; however during the year shareholders' approval was sought at their AGM held on June 27, 2018 for adding back 10,18,711 lapsed options under ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010 to the pool of ESOP 2015. Further, in compliance with the SEBI ESOP Regulations, shareholders' approval by way of a separate special resolution at their AGM held on June 27, 2018 was obtained by the Company for extending the benefits of the ESOP 2015 to the employees of its subsidiary Company.

ESOP Schemes Compliance Status

ESOP 2006, ESOP 2007, ESOP 2008, ESOP 2010 and MD-ESOP 2010 were adopted prior to the commencement of the Companies Act, 2013.

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

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

Under Ind AS, the Company has to account for ESOPs on the basis of fair value of options instead of intrinsic value of options under older GAAP. The fair value of options has been computed by the independent consultant appointed by the Company and the fair valuation report has been relied upon. As per older GAAP, the Company was recharging the expenditure relating to ESOPs given to the employees of the subsidiary Bank. However, under Ind-AS, the Company has exercised the accounting policy choice and treated this as cost of investment in subsidiary.

The weighted average fair value of the share options granted during the FY 2018-19 is ₹ 132.33. Options were priced using Black and Scholes Model. Vested ESOPs can be exercised within three years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date. The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. While the Company has been listed since May 10, 2016, the period of listing up to the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies has been considered for the purposes of valuation.

Administration of ESOP Schemes

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

Mandatory ESOP Disclosures

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

Sr.	Particulars		March 31, 2019
1.	Number of options granted and outstanding at the beginning of the year	(A)	27,58,986
2.	Number of options granted during the year	(B)	23,49,230
3.	Number of options vested during the year		8,31,645
4.	Number of options exercised during the year		3,04,916
5.	Number of shares arising as a result of exercise of options	(C)	3,04,916
6.	Money realized during the year by exercise of options (in ₹)		3,32,60,112
7.	Number of options Forfeited/Expired during the year	(D)	4,11,614
8.	The exercise price of the options (in ₹)		10, 12.5, 28, 40, 57, 146.35, 417.15, 385.05 & 290.60
9.	Number of options granted and in force at the end of year =	(A)+(B)-(C)-(D)	43,91,686
10.	Weighted average of remaining contractual life (years) at the year end		3.09
11.	Variation of terms of the options		None

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

Options Granted to Key Managerial Personnel during the year

Employee Name	Designation	Options Granted	Exercise Price (in ₹)
Mr. Ittira Davis	MD & CEO (w.e.f. July 01, 2018)	20,920	385.05
Mr. Sanjeev Barnwal	CS and Compliance Officer	10,270	385.05
Mr. Deepak Khetan	Chief Financial Officer	5,580	385.05

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

- None

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

- None

26. Vigil Mechanism

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

Sr. No.	Directors	Designation
1.	Mr. K.R. Ramamoorthy	Chairman (Independent Director)
2.	Mr. Abhijit Sen	Independent Director
3.	Mr. Jayanta Basu	Non-Independent, Non-Executive

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

Further in compliance to Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing Regulations, the Company has established a Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct or Ethics Policy. The Company has a vigil mechanism process wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to the whistle and ethics officer of the Company. Further, this policy also specifically enables the employees of the Company and those of its subsidiary to report instances of any leak of unpublished price sensitive information by the employees of the Company to any outsider which is not for legitimate business purposes. This is to ensure the compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015, including the amendments carried out in 2018 and made effective from April 01, 2019 and Code of Conduct for Prevention of Insider Trading of Ujjivan Financial Services Limited.

Name and Address of the Whistle and Ethics Officer
Mr. Sanjeev Barnwal – Company Secretary and Compliance Officer (w.e.f. April 27, 2017)

Ujjivan Financial Services Limited
Grape Garden, No. 27, 3rd A Cross, 18th Main,
6th Block, Bangalore – 560095, Karnataka
Email- sanjeev.barnwal@ujjivanfin.com

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

Name and Address of MD & CEO of the Company:
Mr. Ittira Davis

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

Name and Address of the Chairman (Audit Committee):
Mr. K. R. Ramamoorthy

D - 302, Mantri Gardens, Jayanagar, 1st Block, Bangalore - 560011, Karnataka
Email: ram@bankconsult.co.in

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

The whistle blower policy of the Company is disclosed on our website at the below link-
http://ujjivan.com/html/ujjivan_policies.php

27. Remuneration details of Directors, KMPs, employees

Sr.	Particulars	Disclosures	
1.	The ratio of the remuneration of each Whole time director to the median remuneration of the employees of the company for the financial year	MD & CEO: 3.29x	
2.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	KMP	% increase in remuneration
		Ms. Sudha Suresh – MD & CEO (until June 30, 2018) Mr. Ittira Davis – MD & CEO (appointed w.e.f. July 01, 2018) Mr. Sanjeev Barnwal – CS Mr. Deepak Khetan – CFO (appointed w.e.f. March 14, 2018)	Nil Nil 20% Nil
3.	The percentage increase in the median remuneration of employees in the financial year;	6% increase in the median remuneration of employees in the FY 2018-19.	
4.	The number of permanent employees on the rolls of company as on March 31, 2019	5	
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average increase in the salaries of employees was 13.5% and the average increase in the managerial remuneration during the last financial year was also 6.67%.	
6.	Affirmation that the remuneration is as per the remuneration policy of the company	Yes	

A statement showing the name of every employee of the company, who-

- a. if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one Crores and two Lakhs rupees;
- None
- b. if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight Lakhs and fifty thousand rupees per month;
- None
- c. if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.
- None

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

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

The Company as on March 31, 2019 had only the following 5 (five) employees:

Sr.	Particulars	Ittira Davis	Sanjeev Barnwal	Deepak Khetan	Shashidhara S.	Aditya Das
i.	Designation	MD & CEO	Company Secretary and Compliance Officer	Chief Financial Officer	Assistant Company Secretary	Assistant Manager – Investor Relations
ii.	Remuneration received	67,50,000 (for the period July 01, 2018 to Mar 31, 2019)	43,20,590	45,69,600	10,56,744	2,23,754 (for the period Dec 05, 2018 to Mar 31, 2019)
iii.	nature of employment, whether contractual or otherwise;	Permanent	Permanent	Permanent	Permanent	Permanent

Sr.	Particulars	Ittira Davis	Sanjeev Barnwal	Deepak Khetan	Shashidhara S.	Aditya Das
iv.	qualifications and experience of the employee	MBA (IIM Ahmedabad) 36+ years' experience	CS, LLB, DBM 15+ years' experience	PGDBM (Finance) 12 years' experience	CS, LLB, M.Com 11 years' experience	MBA (Finance) 2 years' experience
v.	date of commencement of employment	July 01, 2018	August 12, 2014	March 14, 2018	November 01, 2017	Dec 05, 2018
vi.	the age of such employee	64	37	35	34	28
vii.	the last employment held by such employee before joining the company	Ujjivan Small Finance Bank Limited	SMC Capitals Limited	Welspun Corp Limited	GMR Ose Hungund Hospet Highways Private Limited	None
viii.	the percentage of equity shares held by the employee in the company	0.04%*	Negligible	Nil	Nil	Nil
ix.	whether any such employee is a relative of any director or manager of the company	No	No	No	No	No

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

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

The Company has only 5 employees as on March 31, 2019 and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 is not applicable. However, the Company has a policy for prevention of sexual harassment at workplace.

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

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

Green Initiatives

Electronic copies of the Annual Report for the FY 2018-19 and the Notice of the 15th AGM are being sent to all the members whose email addresses are registered with the Company / Depository Participants. For members who have not registered their email address, physical copies are sent in the permitted mode.

Acknowledgement

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

For and on behalf of the Board of Directors of

K. R. Ramamoorthy
Chairperson
DIN: 00058467

Ittira Davis
Managing Director & Chief Executive Officer
DIN: 06442816

Date: May 30, 2019
Place: Bengaluru

Annexure-1

Extract of Annual Return in Form MGT-9 as on the Financial Year ended on March 31, 2019
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration and other details:

i)	CIN	:	L65999KA2004PLC035329
ii)	Registration Date	:	December 28, 2004
iii)	Name of the Company	:	Ujjivan Financial Services Limited
iv)	Category / Sub-Category of the Company	:	NBFC-Core Investment Company
v)	Address of the Registered Office and Contact Details	:	Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka
vi)	Whether Listed Company	:	Yes
vii)	Name, address and Contact Details Of Registrar And Transfer Agent	:	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot No 31&32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 008 P : +91 040 6716 1562 e-mail: mohsin.mohd@karvy.com Website: www.karvyfintech.com

II. Principal Business Activities of the Company

Non-Banking Finance Company – Core Investment Company

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

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

III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Ujjivan Small Finance Bank Limited Registered Address: Plot No. 2364/8, Khampur Raya Village, Shadi Kampur, Main Patel Road, New Delhi, India, 110008	U65110D12016PLC302481	Wholly owned subsidiary	100%	2(87)(ii)

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

IV. Shareholding pattern (Equity Share Capital breakup as Percentage of Total Equity)

I) Category-Wise Share Holding

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

Category	Category of Shareholder	No. Of shares held at the beginning of the year 31/03/2018					No. Of shares held at the end of the year 31/03/2019					% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares			
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)		
(A)	Promoter and Promoter Group											
(1)	Indian											
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
	Sub-Total A(1) :	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(2)	Foreign											
(a)	Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
	Sub Total (A) (2)	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
	Total A=A(1)+A(2)	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(B)	Public Shareholding											-
(1)	Institutions											-
(a)	Mutual Funds /UTI	1,13,78,010	-	1,13,78,010	9.41	1,21,31,644	-	1,21,31,644	10.01	0.60		
(b)	Financial Institutions / Banks	2,23,292	-	2,23,292	0.18	1,92,703	-	1,92,703	0.16	-0.03		
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0	0.00	0.00
(d)	Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	0.00	0.00	
(e)	Insurance Companies	71,41,474	-	71,41,474	5.91	47,60,750	-	47,60,750	3.93	-1.98		
(f)	Foreign Institutional Investors	4,47,02,252	-	4,47,02,252	36.99	4,23,96,004	-	4,23,96,004	34.99	-2.00		
(g)	Foreign Venture Capital Investors	-	-	-	0.00	-	-	-	0.00	0.00	0.00	
(h)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00	0.00	
(i)	Others (Alternative Investment Fund)	41,88,085	-	41,88,085	3.47	78,97,487	-	78,97,487	6.52	3.05		
	Sub-Total (B)(1)	6,76,33,113	-	6,76,33,113	55.96	6,73,78,588	-	6,73,78,588	55.61	-0.35		
(2)	Non-institutions											
(a)	Body Corporate	1,48,67,426	-	1,48,67,426	12.30	1,37,98,228	-	1,37,98,228	11.39	-0.91		
(b)	Individuals											
(i)	Individuals holding nominal share capital upto ₹ 1 Lakhs	2,02,15,195	25,385	2,02,40,580	16.75	2,15,68,670	19,022	2,15,87,692	17.82	1.07		
(ii)	Individuals holding nominal share capital in excess of ₹ 1 Lakhs	1,47,21,484	3,10,000	1,50,31,484	12.44	1,32,16,929	1,00,000	1,33,16,929	10.99	-1.45		
(c)	Others											
	Clearing Members	3,85,775	-	3,85,775	0.32	5,33,566	-	5,33,566	0.44	0.12		
	Foreign Bodies	5,83,339	-	5,83,339	0.48	20,13,368	-	20,13,368	1.66	1.18		
	Non-Resident Indians	16,73,990	-	16,73,990	1.39	18,00,355	-	18,00,355	1.49	0.10		
	NRI non-repatriation	2,76,313	-	2,76,313	0.23	6,12,497	-	6,12,497	0.51	0.28		
	Trusts	1,69,761	-	1,69,761	0.14	1,25,474	-	1,25,474	0.10	-0.04		
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00	0.00	
	Sub-Total (B)(2)	5,28,93,283	3,35,385	5,32,28,668	44.04	5,36,69,087	1,19,022	5,37,88,109	44.39	0.35		
	Total B=B(1)+B(2) :	12,05,26,396	3,35,385	12,08,61,781	100.00	12,10,47,675	1,19,022	12,11,66,697	100.00	0.00		
	Total (A+B) :	12,05,26,396	3,35,385	12,08,61,781	100.00	12,10,47,675	1,19,022	12,11,66,697	100.00	0.00		

Category	Category of Shareholder	No. Of shares held at the beginning of the year 31/03/2018				No. Of shares held at the end of the year 31/03/2019				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(C)	Shares held by custodians, against which Depository Receipts have been issued									
1	Promoter and Promoter Group	-	-	-	0.00	-	-	-	0.00	0.00
2	Public	-	-	-	-	-	-	-	0.00	0.00
Grand Total (A+B+C):		12,05,26,396	3,35,385	12,08,61,781	100.00	12,10,47,675	1,19,022	12,11,66,697	100.00	

(ii) Shareholding of Promoters

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

(iii) Change in Promoters' Shareholding

Not Applicable

(iv) Shareholding pattern of Top 10 Shareholders between March 31, 2018 and March 31, 2019 (other than Directors, Promoters and Holders of GDRs and ADRs) –

Sr. No.	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year				Cumulative Shareholding during the Year		
				No of Shares	% of total shares of the company	Date	Increase/ Decrease in share holding	Reason	No of Shares	% of total shares of the company
1	FII	Opening Balance	Alena Private Limited	1,07,90,943	8.93	31/03/2018			1,07,90,943	8.93
		Closing Balance				30/03/2019			1,07,90,943	8.91
2	FII	Opening Balance	International Finance Corporation	71,41,684	5.91	31/03/2018			71,41,684	5.91
		Sale				27/07/2018	-7,76,000	Transfer	63,65,684	5.26
		Sale				03/08/2018	-5,37,780	Transfer	58,27,904	4.82
		Sale				10/08/2018	-4,71,641	Transfer	53,56,263	4.43
		Closing Balance				30/03/2019			53,56,263	4.42
3	FII	Opening Balance	NewQuest Asia Investments II Limited	70,28,022	5.81	31/03/2018			70,28,022	5.81
		Closing Balance				30/03/2019			70,28,022	5.80
4	FPI	Opening Balance	Ardisia Limited	59,70,000	4.94	31/03/2018			59,70,000	4.94
		Purchase				21/12/2018	80,000	Transfer	60,50,000	5.00
		Purchase				11/01/2019	15,10,000	Transfer	75,60,000	6.24
		Purchase				18/01/2019	2,32,100	Transfer	77,92,100	6.43
		Purchase				25/01/2019	3,73,400	Transfer	81,65,500	6.74
5	MUT	Opening Balance	Sundaram Mutual Fund A/C Sundaram Select Midcap	58,07,565	4.81	31/03/2018			58,07,565	4.81
		Purchase				06/04/2018	1,68,134	Transfer	59,75,699	4.94
		Sale				06/04/2018	-1,68,134	Transfer	58,07,565	4.81
		Purchase				18/05/2018	19,513	Transfer	58,27,078	4.82
		Purchase				01/06/2018	30,000	Transfer	58,57,078	4.84
		Sale				10/08/2018	-2,03,859	Transfer	56,53,219	4.67
		Sale				17/08/2018	-3,60,000	Transfer	52,93,219	4.38
		Purchase				31/08/2018	85,296	Transfer	53,78,515	4.45

Sr. No.	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year			Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company					No of Shares	% of total shares of the company
		Sale		31/08/2018	-90,397	Transfer	52,88,118	4.37			
		Purchase		02/11/2018	4,57,585	Transfer	57,45,703	4.75			
		Sale		07/12/2018	-78,793	Transfer	56,66,910	4.68			
		Sale		14/12/2018	-27,719	Transfer	56,39,191	4.66			
		Sale		21/12/2018	-25,118	Transfer	56,14,073	4.64			
		Sale		04/01/2019	-5,39,785	Transfer	50,74,288	4.19			
		Sale		18/01/2019	-5,000	Transfer	50,69,288	4.19			
		Sale		25/01/2019	-13,000	Transfer	50,56,288	4.17			
		Purchase		08/02/2019	6,608	Transfer	50,62,896	4.18			
		Purchase		01/03/2019	12,673	Transfer	50,75,569	4.19			
		Sale		01/03/2019	-12,614	Transfer	50,62,955	4.18			
		Closing Balance		30/03/2019					50,62,955	4.18	
		Purchase		08/02/2019	2,00,000	Transfer	83,65,500	6.91			
		Purchase		15/02/2019	37,00,000	Transfer	1,20,65,500	9.96			
		Closing Balance		30/03/2019					1,20,65,500	9.96	
6	FII	Opening Balance	Sequoia Capital India Investments III	42,01,276	3.48	31/03/2018			42,01,276	3.48	
		Sale		08/02/2019	-42,01,276	Transfer	-	0.00			
		Closing Balance		30/03/2019					-	0.00	
7	MUT	Opening Balance	Franklin India Balanced Fund	6,43,069	0.53	31/03/2018			6,43,069	0.53	
		Sale		06/04/2018	-2,10,346	Transfer	4,32,723	0.36			
		Sale		11/05/2018	-4,32,723	Transfer	-	0.00			
		Purchase		02/11/2018	34,05,462	Transfer	34,05,462	2.81			
		Purchase		30/11/2018	18,651	Transfer	34,24,113	2.83			
		Purchase		14/12/2018	2,80,380	Transfer	37,04,493	3.06			
		Sale		18/01/2019	-3,04,493	Transfer	34,00,000	2.81			
		Closing Balance		30/03/2019					34,00,000	2.81	
8	LTD	Opening Balance	Bajaj Holdings And Investment Ltd	31,25,407	2.59	31/03/2018			31,25,407	2.59	
		Closing Balance		30/03/2019					31,25,407	2.58	
9	INS	Opening Balance	Shriram Life Insurance Company Limited	29,51,524	2.44	31/03/2018			29,51,524	2.44	
		Sale		29/06/2018	-1,70,000	Transfer	27,81,524	2.30			
		Purchase		06/07/2018	1,70,000	Transfer	29,51,524	2.44			
		Closing Balance		30/03/2019					29,51,524	2.44	
10	AIF	Opening Balance	IIFL Focused Equity Strategies Fund	18,77,828	1.55	31/03/2018			18,77,828	1.55	
		Sale		08/06/2018	-12,500	Transfer	18,65,328	1.54			
		Purchase		15/06/2018	90,731	Transfer	19,56,059	1.62			
		Purchase		22/06/2018	91,000	Transfer	20,47,059	1.69			
		Sale		20/07/2018	-25,152	Transfer	20,21,907	1.67			
		Sale		27/07/2018	-27,348	Transfer	19,94,559	1.65			
		Purchase		19/10/2018	1,18,000	Transfer	21,12,559	1.75			
		Purchase		02/11/2018	54,500	Transfer	21,67,059	1.79			
		Purchase		21/12/2018	35,000	Transfer	22,02,059	1.82			
		Purchase		28/12/2018	5,05,000	Transfer	27,07,059	2.24			
		Closing Balance		30/03/2019					27,07,059	2.23	

Sr. No.	Category	Type	Name of the Share Holder	Shareholding at the beginning of the Year			Reason	Cumulative Shareholding during the Year	
				No of Shares	% of total shares of the company	Date		No of Shares	% of total shares of the company
11	FII	Opening Balance	CX Partners Fund 1 Limited	26,04,342	2.15	31/03/2018		26,04,342	2.15
		Closing Balance				30/03/2019		26,04,342	2.15
12	FPI	Opening Balance	Mousseganesh Limited	25,00,000	2.07	31/03/2018		25,00,000	2.07
		Purchase			26/10/2018	1,84,000	Transfer	26,84,000	2.22
		Purchase			02/11/2018	3,16,000	Transfer	30,00,000	2.48
		Purchase			09/11/2018	2,97,000	Transfer	32,97,000	2.72
		Purchase			16/11/2018	74,994	Transfer	33,71,994	2.78
		Purchase			07/12/2018	66,924	Transfer	34,38,918	2.84
		Purchase			14/12/2018	61,082	Transfer	35,00,000	2.89
		Closing Balance			30/03/2019			35,00,000	2.89

Note: During the year, the outstanding number of shares of the Company has increased from 12,08,61,781 to 12,11,66,697 due to the allotment of shares pursuant to the exercise of vested options by the eligible employees.

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year			Increase / Decrease	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company			No. of Shares	% of total shares of the Company
1.	Mr. K.R. Ramamoorthy*	1,000	Negligible	No change	1,000	Negligible	
2.	Mr. Ittira Davis@	50,000	0.04%	No change	50,000	0.04%	
3.	Mr. Sanjeev Barnwal	0	Nil	1,210 (increased)	1,210	Negligible	

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

(vi) Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness	(₹ in Crores)
Indebtedness at the beginning of the financial year (01-04-2018)					
i) Principal Amount	-	-	-	-	-
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
Total (i+ ii + iii)	-	-	-	-	-
Changes in Indebtedness during the financial year					
Addition	-	-	-	-	-
Reduction	-	-	-	-	-
Net Change	-	-	-	-	-
Indebtedness at the end of the financial year (31-03-2019)					
i) Principal Amount	-	-	-	-	-
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	-	-	-	-	-
Total (i + ii + iii)	-	-	-	-	-

(vii) Remuneration of Directors and Key Managerial Personnel**A. Remuneration to Managing Director, Whole Time Directors and / or Manager:**

Sl. No.	Particulars of Remuneration	Name of Managing Director	Total Amount (in ₹)	Name of Managing Director	Total Amount (in ₹)
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	Ms. Sudha Suresh (April 01, 2018 to June 30, 2018)	20,80,398	Mr. Ittira Davis (July 01, 2018 to March 31, 2019)	63,91,452
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961		-		-
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961		-		-
2.	Stock Option		13,70,716		-
3.	Sweat Equity		-		-
4.	Commission		-		-
	- As % of profit		-		-
	- Other, specify		-		-
Total (A)			34,51,114		63,91,452
Ceiling as per the Act (@ 5% of Remuneration within the ceiling prescribed under Section 198 and Schedule V of the profits calculated under section 198 Companies Act, 2013 of the Companies Act, 2013					

B. Remuneration to other directors:

Particulars of Remuneration	(in ₹)			Total Amount
1) Independent Directors	Mr. K. R. Ramamoorthy	Mr. Abhijit Sen	Ms. Vandana Viswanathan	
• Fees for attending board and board committee meetings	9,48,300	9,37,400	4,14,200	22,99,900
• Commission	-	-	-	-
• Other, please specify	-	-	-	-
Total (A)	9,48,300	9,37,400	4,14,200	22,99,900
2) Other Non-Executive Directors	Mr. Jayanta Basu	Mr. Amit Gupta		Total Amount
• Fees for attending board and board committee meetings	4,90,500	4,36,000		9,26,500
• Commission	-	-		-
• Other, please specify	-	-		-
Total (B)	4,90,500	4,36,000		9,26,500
Total Managerial Remuneration				32,26,400
(A) + (B)				
Overall ceiling as per the Act (sitting fees not to exceed ₹ 1,00,000 per meeting)	During the year, the Company has paid sitting fees of ₹ 50,000 for every board meeting and ₹ 40,000 for every board committee meeting attended to Non-Executive Directors.			

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

(in ₹)

Sr. No.	Particulars of Remuneration	Mr. Sanjeev Barnwal Company Secretary	Mr. Deepak Khetan Chief Financial Officer	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	42,84,570	45,69,600	88,54,170
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961	-	-	-
2.	Stock Option	36,020	-	36,020
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- As % of profit	-	-	-
	- Other, specify	-	-	-
	Total	43,20,590	45,69,600	88,90,190

VII. Penalties / Punishment / Compounding of Offences:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2019

Annexure-2

Form No. MR-3

Secretarial Audit Report

For the financial year ended 31st march, 2019

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

To,
The Members,
UJJIVAN FINANCIAL SERVICES LIMITED

CIN: L65999KA2004PLC035329
Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bangalore KA - 560095

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

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made there under and the relevant provisions of The Companies Act, 1956;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (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; and
 - (f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- (vi) Following laws, Norms and Directions as applicable specifically to Core Investment Company(CIC):
 - (a) Reserve Bank of India Act, 1934;
 - (b) Master Directions – Non Banking Financial Companies, Acceptance of Public Deposits (Reserve Bank) Directions, 2016;
 - (c) Master Directions - The Core Investment Companies (Reserve Bank) Directions, 2016;
 - (d) Core Investment Companies – Overseas Investments (Reserve Bank) Directions, 2016;
 - (e) Master Circular– Regulatory Framework for Core Investment Companies (CICs); and
 - (f) Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions 2016 and Modifications thereof.

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

- (i) The Listing Agreement entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange Limited; and
- (ii) Secretarial Standard issued by The Institute of Company Secretaries of India.

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

I further report that:

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

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

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

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

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

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

I further report that during the Audit Period:

1. The Company has issued and allotted 3,04,916 Equity shares during the Financial Year under ESOPS Schemes.

2. The Company has entered into related party transactions on arm's length basis with 'UJJIVAN SMALL FINANCE BANK LIMITED' (CIN: U65110DL2016PLC302481), Wholly Owned Subsidiary and the Company has obtained necessary approvals from the Board of Directors.
3. Ms. Sudha Suresh (DIN: 06480567) resigned as Managing Director and Chief Executive Officer of the Company with effect from 30th June, 2018 and Mr. Ittira Davis (DIN: 06442816) was appointed as Managing Director and Chief Executive Officer of the Company for a period of 3 years with effect from 1st July, 2018 and the Company has obtained approval of the Shareholders for appointment in the Annual General Meeting held on 27th June, 2018.
4. Mr. K. Ramamoorthy (DIN: 00058467), who is over the age of 75 years was re-appointed as Independent Non-Executive Director for a period of 5 years with effect from 1st April, 2019 to 31st March, 2024 and the Company has obtained approval of the shareholders through postal ballot by passing a special resolution.
5. The Company has obtained a separate approval of the Shareholders by way of a Special Resolution in the Annual General Meeting held on 27th June, 2018 for granting Stock Options to Employees of 'Ujjivan Small Finance Bank Limited', a Wholly Owned Subsidiary of the Company.
6. The Reserve Bank of India vide its letter dated 24th October, 2018 has reiterated that 'Ujjivan Small Finance Bank Limited'(USFBL), a wholly owned subsidiary of the Company should comply with the requirement of listing of USFBL within three years from the date of commencement of its operations i.e. by January 31, 2020 and to maintain the promoter shareholding in USFBL at least at 40 per cent, for a period of five years from the date of commencement of business of USFBL i.e. until January 31, 2022 as per the Guidelines for Licensing of Small Finance Banks dated 27th November, 2014 and as per the terms and conditions of the banking licence issued to USFBL.

Date: May 30, 2019
Place: Bengaluru

K. Jayachandran
ACS No.: 11309
CP No.: 4031

Annexure-A

To,
The Members,
UJJIVAN FINANCIAL SERVICES LIMITED
CIN: L65999KA2004PLC035329
Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bangalore KA - 560095

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

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

K. Jayachandran

ACS No.: 11309

CP No.: 4031

Date: May 30, 2019

Place: Bengaluru

Annexure-3

SECRETARIAL COMPLIANCE REPORT
of
UJJIVAN FINANCIAL SERVICES LIMITED (CIN: L65999KA2004PLC035329)
for the year ended 31st March, 2019

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

- (a) all the documents and records made available to us and explanation provided by **UJJIVAN FINANCIAL SERVICES LIMITED** (CIN: **L65999KA2004PLC035329**) ("the listed entity"),
 - (b) the filings/ submissions made by the listed entity to the stock exchanges,
 - (c) the website of the listed entity,
 - (d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,
- for the year ended 31st March, 2019 ("Review Period") in respect of compliance with the provisions of :
- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 /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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
 - (f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; and circulars/guidelines issued thereunder; and based on the above examination, I hereby report that, during the Review Period:
- (a) The listed entity has complied with the provisions of the above Regulations and circulars, guidelines issued thereunder, except in respect of matters specified below:-

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

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

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

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

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

Sr. No.	Observations of the Practicing Company Secretary in the previous report	Observations made in the Secretarial Compliance Report for the year ended March 31, 2019	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1.	Nil	Nil	Nil	Nil

Date: May 30, 2019

Place: Bengaluru

K. Jayachandran

ACS No.: 11309

CP No.: 4031

CERTIFICATE

(Pursuant to Regulation 34 Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

I K. Jayachandran, do hereby certify that NONE of the Directors on the Board of **UJJIVAN FINANCIAL SERVICES LIMITED (CIN L65999KA2004PLC035329)** have been debarred or disqualified from being appointed or continuing as Directors of the Company by the Board, Ministry of Corporate Affairs and any Statutory Authority.

Date: May 30, 2019

Place: Bengaluru

K. Jayachandran

ACS No.: 11309

CP No.: 4031

Annexure-5

Annual Report on CSR Activities

- A brief outline of the Company's CSR Policy, including overview of the projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

CSR KEY INITIATIVES: FY 2018-19

During the year, Ujjivan has undertaken its CSR responsibilities through external NGOs with a focus on the community development programs, medical campaigns, clean water drinking initiatives and also extended support by its contribution to Kerala Chief Minister Disaster Relief Fund and delivered food and medical aid towards flood disaster support in Kerala and provided support to schools in Kerala affected by the flood, flood relief funding and others, provided food and medical aid towards the Cyclone Gaja support in Tamil Nadu, and also gave aid to other NGOs.

- The Composition of the CSR Committee**

The Company has a CSR committee of Directors comprising of Ms. Vandana Viswanathan (Chairman of the Committee), Mr. Abhijit Sen and Mr. Ittira Davis. For further details, please refer to the Corporate Governance Section.

- Average Net Profit of the Company for the last three financial years for the purpose of computation of CSR:**

Financial Year	2015-16	2016-17	(₹ in Lakhs) 2017-18
Profit before Tax	27,198.86	32,085.00	298.73
Average Profit before Tax		19,860.86	

- Prescribed CSR Expenditure (2% of the amount as in item 3 above):** ₹ 397.22 Lakhs; further there was a carried forward of ₹ 365.18 Lakhs which the Company was unable to spent towards its CSR obligation in the previous FY 2016-17 and FY 2017-18.

- Details of CSR spent during the financial year**

- Total amount to be spent for the financial year: ₹ 397.22 (excluding ₹ 365.18 Lakhs carried forward from the previous financial years)
- Amount Spent: ₹ 351.06 Lakhs
- Amount unspent if any: ₹ 46.16 Lakhs without considering the carried forwards and ₹ 411.34 (including the carried forward of ₹ 365.18 Lakhs for the FY 2016-17 and FY 2017-18); the Company completely recognizes its social responsibility and is fully committed to spend all the carry forwards in the next two years.
- Manner in which the amount has been spent during the financial year: Please refer to the table at the end of this section.

- In case the Company has failed to spend the two percent, of the average net profit of the last three financial years or any part thereof,**

the Company shall provide the reasons for not spending the amount in its Board report.

The Company has been spending on the CSR programs even before it was made mandatory under the Companies Act, 2013. The Company didn't have the manpower and the network to carry all its CSR initiatives on its own and hence the Company primarily engaged external NGOs like Parinaam Foundation and Piramal Foundation to execute the CSR programs for and on behalf of the Company.

Due to lack of quality project and with the restricted network and manpower, the Company was unable to spend the budgeted CSR expenditure (CSR for the FY 2018-19 and the carried forwards). The Company hereby has its commitment in place and all efforts will be made to cover the shortfall in the CSR spends of the last financial years in the coming years. The Company managed to spend 88% of the CSR liability for the FY 2018-19 (without considering the carried forwards from the previous years).

Brief notes on the work being undertaken by the external NGOs for and on behalf of the Company are as under:

(a) Parinaam Foundation

Parinaam in collaboration with Ujjivan has undertaken to execute a Community Development Programme (CDP) under the brand 'Chote Kadam' that brings

together stakeholders, the community and the society at large to build a better life for the unserved and underserved.

Community Development Program under the brand name 'Chote Kadam' is being undertaken by Parinaam Foundation for and on behalf of the Company through which we strive to provide basic infrastructural facilities to the unserved and the underserved communities across the country. During the year, Parinaam has implemented 70 projects in the areas of public infrastructure, health and education under Chote Kadam Program for and on behalf of the Company.

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

Project Objectives:

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

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

CSR Commitment

The Company based on the approvals of its CSR Committee and the Board has granted ₹ 1.45 Crores to Parinaam Foundation to undertake the aforesaid Community Development Programs across various places in the Country for and on behalf of the Company.

(b) Piramal Foundation

Piramal Foundation is a philanthropic arm of Piramal Group. The foundation undertakes projects under the four broad areas – healthcare, education, livelihood creation and youth empowerment. These projects are rolled out in partnership with various communities, corporate citizens, NGO's and government bodies.

The Company in continuation to its efforts made in the FY 2017-18, has continued its partnership with Piramal Foundation during the FY 2018-19 and executed the below CSR projects for and on behalf of the Company:

(i) Piramal Swasthya

In this project Piramal Foundation provides medical awareness and medical facility especially in rural areas and their focus is on providing primary healthcare facilities to rural people. They provide mobile health services based on fixed day where Medical Vans with doctors & teams visit villages/areas at regular intervals, conduct diagnostic and lab testing and test reports & give treatment in real time.

The approach to design the proposal is to provide primary healthcare service at doorstep of beneficiaries

through Mobile Medical Unit (MMU) at select Villages / Towns in identified locations. The MMU will be staffed with a medical team consisting of a Doctor & paramedic staff and equipped with basic diagnostics, medication and android tablets. Each of the targeted villages / towns would be served once in a fortnight each service session would last for 6 hours covering the entire population of village. The objective of the Program is to create a technology enabled health service that provides comprehensive health services for the identification, screening, diagnosis, referrals, monitoring and treatment of select communicable & non-communicable diseases and minor illnesses, thus managing the morbidity & mortality.

Aligned to Ujjivan strategy for reaching out for health services in areas of stress, Ujjivan has provided the MMU facilities across two states of Maharashtra (Mumbai, Nashik and Pune) and Karnataka (Bangalore) which is being operated and managed by Piramal Swasthya Management and Research Institute.

During the FY 2018-19, the Company has granted ₹ 151.97 Lakhs for this project.

(ii) Piramal Sarvajal

Piramal Sarvajal is a social initiative of the Piramal Foundation – was established in 2008. Sarvajal has established real-time online monitoring of the drinking water infrastructure which enables viability of distributed remote operations, quality control and streamlined maintenance services. Sarvajal leases its water purification technology/equipment (kind of Water ATM) to a local entrepreneur who becomes the franchise owner. They pay fee that represents a proportion of the cost of the filtration unit, they also provide training, marketing material, sustained services & maintenance for each franchisee. Owners takes up responsibility for distribution ATM cards to customers also they give rechargeable facilities to customers, they provide clean water to the underserved consumer at an affordable price of 1 ₹ /litre, they are working on 3 points approach affordability, accessibility & purity.

The Company is providing water ATM facility through 5 PD Units, 1 unit each in the village of Lisana, Chillar, Jagta Basai, Hansaka and Jharokhadi all of which falls under the Rewari district.

(c) Other CSR Work

(i) Disaster relief Program in states of Kerala and Tamil Nadu

The Company undertaken several initiative directly by way of direct contribution to Kerala Chief Minister Disaster Relief Fund and providing food and medical aid towards flood disaster support in Kerala and provided support to schools in Kerala affected by the flood. Further, the Company provided food and medical aid towards the Cyclone Gaja support in Tamil Nadu. The Company has made a CSR spend of ₹ 45.36 Lakhs towards the above disaster relief. Further, the Company provided support of ₹ 2.73 Lakhs to schools in Kerala which were adversely affected in flood.

(ii) Grants to NGOs

The Company donated ₹ 6 Lakhs to couple of registered NGOs (Samarthanam Trust and Educo) for supporting their operations.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives of and policy of the Company.

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

Ms. Vandana Viswanathan

Chairman, Corporate Social Responsibility Committee

DIN: 05192578

During the FY 2018-19, below are the various projects which were carried out by external NGOs like Parinaam Foundation, Piramal Foundation and others for and on behalf of the Company:

CSR Projects or Activity Identified	Sector in which the project is covered	Geographical areas where project was implemented	Amount Outlay (budget) project or programmes wise ₹ in Lakhs)	Amount spent on the projects or programmes (1) Direct Expenditure (2) Overhead (₹ in Lakhs)	Mode of implementation (direct or implementing agencies)
Community Development Programs	Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation and including contribution to the Swachh Bharat Kosh Set up by the Central Government for the promotion of sanitation and making available safe drinking water;				
Drinking water facility	-do-	All India Coverage	250.00	145.00	Indirect (through Parinaam Foundation)
Facilities for Schools	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;				
Bus stand construction / renovation / Public facilities	Rural development projects. Street lighting and providing barricades and traffic signal facilities to improve public safety				
Healthcare	Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation and including contribution to the Swachh Bharat Kosh Set up by the Central Government for the promotion of sanitation and making available safe drinking water;	Pune, Nashik, Mumbai, Bangalore	170.00	151.97	Indirect (through Piramal Foundation – Piramal Swasthya)
Drinking water facility	-do-	Various places in Haryana and Rajasthan	75.00	-	Please refer to Note 1
Disaster Relief	-do-	Kerala, Tamil Nadu	100.00	45.36	Direct
Facilities for Schools	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Kerala	15.00	5.73	Direct
Social Welfare of orphans/ disabled etc.	-do-	Mumbai, Bangalore	12.00	3.00	Direct
Total			622.00	351.06	

Note 1: The Company planned to execute 16 water projects in partnership with its CSR Partner, Piramal Sarvajal. However, on account of inordinate delays in finalisation of locations, lack of raw water availability and resistance from the local panchayats, only 5 projects went live during the year for which the Company granted ₹ 30 Lakhs to Piramal Sarvajal in March 2018 itself. Hence, during the FY 2018-19, no further grants were made for this project.

The Company is committed to spend the shortfall of the CSR spends of the last two financial years in the coming years together with the CSR liability for the respective financial year.

Corporate Governance Report

1. Company's Philosophy on Corporate Governance

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

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

2. Board of Directors

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

- a. the Board of Directors (the "Board");
 - b. the independent directors on the Board;
 - c. the Audit Committee;
 - d. the Stakeholders Relationship Committee;
 - e. the Governance, Nomination and Remuneration Committee; and
 - f. the Corporate Social Responsibility Committee.
 - g. the Risk Management Committee (constituted effective from April 01, 2019)
- i. As on March 31, 2019, the Board of Directors of the Company consists of 6 (six) director out of which 1 is an executive director (Managing Director & CEO), 2 Non Executive, Non-Independent Directors and 3 are Independent Directors. Out of the total 6 directors, all 3 (three) Independent Directors meets the eligibility criteria as required under SEBI Listing Regulations and the Companies Act, 2013. The Board of Directors of the Company has one woman independent director Ms. Vandana Viswanathan;
- ii. During the Financial Year 2018-19, our Board has met 7 (seven) times and the meetings of our Board of Directors were held on April 13, 2018, April 23, 2018,

May 10, 2018, August 06, 2018, November 14, 2018, January 23, 2019 and March 26, 2019. There has not been a time gap of more than 120 days between any two meetings of the Board;

- iii. No Director is related to each other;
- iv. Not less than one-half of the board of directors of the Company comprise of non-executive directors;
- v. Every director has duly informed the Company about the committee positions he/she occupies in other Companies;
- vi. None of the directors of the Company is a member of more than ten committees, across all public limited companies in which he/she is a director; and
- vii. None of the directors of the Company is a chairman of more than five committees across all public limited companies in which he/she is a director.
- viii. None of the directors of the Company is a director in more than 8 (eight) listed entities and no independent director of the Company serves as an independent director in more than 7 (seven) listed entities.
- ix. The managing director of the Company is not an independent director in more than 3 (three) listed entities.
- x. During the year, a separate meeting of independent directors was held on March 26, 2019. The Independent Directors inter alia, reviewed the performance of non-independent directors, Chairman and the Board as a whole.
- xi. The terms and conditions of appointment of Independent Directors are disclosed on the website of the Company.
- xii. The details of the familiarisation programme of the Independent Directors are available on the website of the Company (http://ujjivan.com/html/ujjivan_policies.php)
- xiii. The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the number of Directorships and Committee Chairmanships / Memberships held by them in other public companies as on March 31, 2019 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013. Chairmanships/ Memberships of Board Committees shall include Audit Committee and Stakeholders Committee only.

Name of the Director	Category	Number of Board Meetings during the Year 2018-19		Whether attended last AGM held on June 27, 2018	Number of Directorships in other Public Companies		No of Committee positions held in other Public Companies	
		Held during their tenure	Attended		Chairman	Member	Chairman	Member
Mr. K.R. Ramamoorthy DIN: 00058467	Non-Executive Chairman and Independent Director	7	7	Yes	-	3	2	1
Mr. Abhijit Sen DIN: 00002593	Non-Executive Independent Director	7	6	Yes	-	4	4	1
Ms. Vandana Viswanathan DIN: 05192578	Non-Executive Independent Director	7	6	No	-	1	-	1
Mr. Jayanta Basu DIN: 01268046	Non-Executive Director	7	5	No	-	2	-	-
Mr. Amit Gupta DIN: 02282600	Non-Executive Director	7	4	No	-	1	-	1
Mr. Ittira Davis DIN: 06442816*	Managing Director and Chief Executive Officer	4	4	NA	-	-	-	-
Ms. Sudha Suresh** DIN: 06480567	Managing Director and Chief Executive Officer	3	3	Yes	-	-	-	-

*Mr. Ittira Davis appointed w.e.f. July 01, 2018

**Ms. Sudha Suresh resigned w.e.f. June 30, 2018 (close of business hours)

xiv. Details of equity shares of the Company held by the Directors as on March 31, 2019 are given below:

Name	Category	No. of Equity Shares
Mr. K.R. Ramamoorthy*	Independent, Non-Executive	1,000
Mr. Ittira Davis@	Managing Director & CEO	50,000

* jointly held with Ms. Vasantha Ramamoorthy

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

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

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

2. Committees of the Board

A. Audit Committee

- The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI LODR Regulations.
- The composition of the Audit Committee and the details of meetings attended by its members are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2018-19	
			Held during their tenure	Attended
1.	Mr. K.R. Ramamoorthy	Chairman (Independent Director)	5	5
2.	Mr. Abhijit Sen	Independent Director	5	5
3.	Mr. Jayanta Basu	Non-Independent, Non-Executive	5	3

- Of the above, all the members of Audit Committee are financially literate, as defined in the SEBI LODR Regulations; all the members have accounting or related financial management expertise.
- The Audit Committee has met 5 (five) times during the year and the gap between two meetings did not exceed one hundred and twenty days. The Audit Committee meetings were held on May 10, 2018, August 06, 2018, November 14, 2018, January 23, 2019 and March 26, 2019.
 - The terms of powers, role and terms of reference of the Audit Committee are in accordance with the Companies Act, 2013 and the SEBI LODR Regulations.
- The scopes of the Audit Committee are:
- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
 - (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) matters required to be included in the director's responsibility statement to be included in the

- b) board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - c) changes, if any, in accounting policies and practices and reasons for the same;
 - d) major accounting entries involving estimates based on the exercise of judgment by management;
 - e) significant adjustments made in the financial statements arising out of audit findings;
 - f) compliance with listing and other legal requirements relating to financial statements;
 - g) disclosure of any related party transactions;
 - (5) modified opinion(s) in the draft audit report;
 - (6) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - (7) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
 - (8) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
 - (9) approval or any subsequent modification of transactions of the listed entity with related parties;
 - (10) scrutiny of inter-corporate loans and investments;
 - (11) valuation of undertakings or assets of the listed entity, wherever it is necessary;
 - (12) evaluation of internal financial controls and risk management systems;
 - (13) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
 - (14) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 - (15) discussion with internal auditors of any significant findings and follow up there on;
 - (16) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
 - (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 - (18) to review the functioning of the whistleblower mechanism;
 - (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
 - (20) The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.
 - (21) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision
 - (22) Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- The audit committee shall mandatorily review the following information:
- (1) management discussion and analysis of financial condition and results of operations;
 - (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
 - (4) internal audit reports relating to internal control weaknesses; and
 - (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
 - (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015.
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of SEBI (LODR) Regulations, 2015.
- B. Governance, Nomination and Remuneration Committee (Nomination Committee)**
- i. For the remuneration of Directors, key managerial personnel and other employees, the Company has constituted a Governance, Nomination and Remuneration Committee as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI LODR Regulations. The

Nomination Committee has powers of formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending a policy relating to the remuneration for the directors, key managerial personnel and other employees as per the requirements of Regulation 20 of the SEBI LODR Regulations.

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2018-19	
			Held during their tenure	Attended
1.	Mr. K.R. Ramamoorthy	Chairman (Independent Director)	5	5
2.	Mr. Abhijit Sen	Independent Director	5	5
3.	Mr. Jayanta Basu	Non-Independent, Non-Executive	5	3

- iii. All of the members of the Nomination Committee are non-executive directors, and at least half of the members of the Governance, Nomination and Remuneration Committee are independent directors
- iv. The chairman of the Governance, Nomination and Remuneration Committee is an independent director.
- v. The Nomination Committee has met 7 (seven) times during the year on April 23, 2018, May 10, 2018, June 27, 2018, August 06, 2018, November 14, 2018, January 23, 2019 and March 26, 2019.
- vi. The scope of the Governance, Nomination and Remuneration Committee are:
- (1) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
 - (2) To ensure 'fit and proper' status of proposed/existing Directors
 - (3) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
 - (4) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
 - (5) To recommend to the Board the appointment and removal of Senior Management
- (6) Recommend to the board, all remuneration, in whatever form, payable to senior management
- (7) To carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance.
- (8) To recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.
- (9) To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- (10) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- (11) To devise a policy on Board diversity;
- (12) To develop a succession plan for the Board and to regularly review the plan;
- (13) To also act as the ESOP committee for the purposes of SEBI (Share Based Employee Benefits) Regulations 2014 and administer and manage the ESOP Schemes

C. Stakeholders Relationship Committee

- i. For redressing the grievances of the stakeholders, the Company has formed Stakeholders Relationship Committee as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI LODR Regulations.
- ii. The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2018-19	
			Held during their tenure	Attended
1.	Mr. K.R. Ramamoorthy	Chairman (Independent Director)	1	1
2.	Ms. Vandana Viswanathan	Independent Director	1	1
3.	Mr. Ittira Davis	MD & CEO	1	1

- iii. The chairman of the Stakeholders Relationship Committee is a non-executive director of the Company.
- iv. The Stakeholders Relationship Committee has physically met once during the year on January 23, 2019. The committee has passed 9 circular resolutions during the year for the allotment of shares pursuant to the exercise of vested stock options.

- v. The scope of the Stakeholders Relationship Committee are:
- (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
 - (2) Review of measures taken for effective exercise of voting rights by shareholders.
 - (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
 - (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
 - (5) To perform all functions relating to the interests of security holders of the Company and as

assigned by the Board, as may be required by the provisions of the Companies Act, 2013 and Rules made thereunder, Listing Agreements with the Stock Exchanges and guidelines issued by the SEBI or any other regulatory authority.

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

D. Corporate Social Responsibility Committee (CSR Committee)

- i. The Company has constituted a Corporate Social Responsibility Committee as per the requirements of Section 135 of the Companies Act, 2013.
- ii. The Corporate Social Responsibility Committee has been constituted to formulate and recommend to the Board of Directors, a corporate social responsibility policy which shall indicate the activities to be undertaken by the company, recommend the amount of expenditure to be incurred on such activities and monitor the corporate social responsibility policy of the company from time to time. The Corporate Social Responsibility Committee consists of the following Directors.

- iii. The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2018-19	
			Held during their tenure	Attended
1.	Ms. Vandana Viswanathan	Chairman (Independent Director)	1	1
2.	Mr. Abhijit Sen	Independent Director	1	1
3.	Mr. Ittira Davis	MD & CEO	1	1

- iv. The CSR Committee met 1 (one) time during the year on August 06, 2018

be directed by the board and required to comply with the applicable laws.

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

- vi. One of the members of the Corporate Social Responsibility Committee is an independent director;

- vi. One of the members of the Corporate Social Responsibility Committee is an independent director;
 - vii. The Company has formulated a corporate social responsibility policy indicating the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013.
- a) To formulate and recommend to the board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013 and make any revisions therein as and when decided by the Board;
- b) To recommend the amount of expenditure to be incurred on the activities;
- c) To Monitor the Corporate Social Responsibility Policy of the company from time to time; and
- d) To do such other acts, deeds and things as may

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

E. SFB Listing Committee

- i. The Company has constituted the SFB Listing Committee of the Board to review and evaluate the various alternatives for the listing of 'Ujjivan Small Finance Bank Limited' (hereinafter referred to as 'Bank') and diluting the holding of the Company in the Bank.

- ii. The composition of the SFB Listing Committee and the details of meetings attended by its members are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2018-19	
			Held	Attended
1.	Mr. Abhijit Sen	Chairman (Independent Director)	2	2
2.	Mr. Jayanta Basu	Non-Independent, Non-Executive	2	2
3.	Mr. Ittira Davis	MD & CEO	2	1

- iii. The SFB Listing Committee met 2 (two) times during the year on December 17, 2018 and March 01, 2019
- iv. The scope of the SFB Listing Committee are:
 - (1) To review and evaluate the various alternatives for the listing of the Bank and diluting the holding of the Company in the Bank from present 100% to at least 40% by January 31, 2022
 - (2) To provide guidance to the management in their engagement with the regulators, legal and tax advisors and the appointment of the intermediaries (merchant banker, legal advisor, tax experts and others) involved in the process and the finalisation of the commercials for the aforesaid engagements.
 - (3) To advise on matters related to seeking clarification and exemptions, if any, from the regulators
 - (4) To ensure that the finalised structure should be legally compliant and should be most tax efficient from the perspective of both institutional and retail shareholders
 - (5) Vetting of critical documents in connection to any possible corporate restructuring, scheme of arrangement and other documents related to the listing of the Bank, as and when required.
 - (6) To actively be involved in the discussion related to the finalisation of the valuation parameters for the valuation of the Bank, matters related to the dilution of the Company's shareholding in the bank
 - (7) To delegate through written communication, if required, the powers of the Committee to the MD & CEO and to the CS of the Company w.r.t. any matters incidental to the implementation of the process of the listing of the Bank.
 - (8) Any other matters, as may be considered relevant, by the Committee under intimation to the Board for overseeing the listing of the Bank.

F. Risk Management Committee

The Board has constituted the Risk Management Committee w.e.f. April 01, 2019 in compliance to Regulation 21(5) of SEBI Listing Regulations which mandates top 500 listed companies to constitute the risk management committee of the Board. The Company is ranked 398 in the list of top 500 listed companies as on March 31, 2019.

The terms of reference of the risk management committee is as under:

- (1) To review its investment in its subsidiary, Ujjivan Small Finance Bank and to evaluate overall risks faced by its subsidiary and help in mitigating the risks

- (2) To oversee the risk management policies and procedures of its subsidiary
- (3) As the listed holding Company of the Bank, to closely monitor the reputational risk of both entities
- (4) To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws

Independent Director's Meeting

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, 2015, the independent directors held their separate meeting on March 26, 2019 without the attendance of non-independent directors and members of Management, inter alia, to discuss the following:

- (1) review the performance of non-independent directors and the Board as a whole;
- (2) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;
- (3) assess the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties;

3. Remuneration of Directors

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

The Company is paying only the sitting fees to all the Non-Executive Directors within the ceiling of ₹ 1,00,000 per meeting as prescribed under the Companies Act, 2013. During the year, the Non-Executive Directors are paid sitting fees of ₹ 50,000 for attending every Board Meeting and ₹ 40,000 for attending every Committee Meeting. In addition, the Non-Executive Directors are being paid travelling expenses including airfare, hotel stay and car on rental basis for attending the meetings of the Board and such other expenses as are incurred by the Non-Executive Directors and submitted and allowed to be reimbursed as per the provisions of the Companies Act, 2013.

Please refer to the Board's Report for disclosures with respect to remuneration of MD & CEO.

4. General Body Meetings of Shareholders

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

For the FY	Venue	Day & Date	Time	Special Resolution Passed
2017-18	Annex II, No. 23-26, Grape Garden, No. 17th Main, 6th Block, Koramangala, Bangalore-560 095	June 27, 2018	02:30 PM IST	<ul style="list-style-type: none"> 1. To approve the appointment of Mr. Ittira Davis (DIN: 06442816) as the Managing Director and Chief Executive Officer of the Company for a period of 3 years w.e.f. July 01, 2018 subject to the approval of the Reserve Bank of India 2. Cancellation of Options which are lapsed and valid under existing ESOP Schemes 2006, 2007, 2008 and 2010 and approval for adding back the cancelled options to the ESOP 2015 Pool 3. Grant of Stock Options to the Employees (present and future) of the wholly owned subsidiary 'Ujjivan Small Finance Bank Limited' under ESOP Scheme 2015
2016-17	Annex II, No. 23-26, Grape Garden, No. 17th Main, 6th Block, Koramangala, Bangalore-560 095	Friday, August 04, 2017	03:30 PM IST	<ul style="list-style-type: none"> 1. To approve the appointment of Ms. Sudha Suresh (DIN: 06480567) as the Managing Director and Chief Executive Officer of the Company for a period of 3 years w.e.f. February 01, 2017 2. To approve the revision in the limit of foreign shareholding in the Company from 49% to 47% and submission thereof to RBI
2015-16	Annex II, No. 23-26, Grape Garden, No. 17th Main, 6th Block, Koramangala, Bangalore-560 095	Wednesday August 10, 2016	02:30 PM IST	Ratification of Employee Stock Option Scheme 2015.

Postal Ballot

During the FY 2018-19, the Company approached the shareholders once through postal ballot in February 2019. A snapshot of the voting results of the above mentioned postal ballot is as under:

RES. NO.	Resolution	Type of Resolution	E-Voting		Postal Ballot		Total	Result
			For	Against	For	Against		
1	To approve for the continuation of Mr. K. R. Ramamoorthy (DIN: 00058467), who is over the age of 75 years as the Independent Non-Executive Director of the Company for a second term of 5 years w.e.f. April 01, 2019	Special	6,57,10,755	4,14,939	4,457	1,351	6,57,15,212	4,16,290 Passed with requisite majority

5. Means of Communication

The Company has an operational website www.ujjivan.com wherein inter alia its half yearly and annual financials together with all material disclosures as may be required under various laws are placed.

6. Managing Director and Chief Financial Officer Certification

As required under Regulation 17 read with Part B of Schedule II of the Listing Regulations, the MD and CFO certification on the Financial Statements, the Cash Flow Statements and the internal financial reporting for the FY 2018-19 has been obtained from Mr. Ittira Davis, Managing Director and Chief Executive Officer and Mr. Deepak Khetan, Chief Financial Officer. The said certificate is a part of this Annual Report.

7. Code of Conduct as prescribed under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015

In accordance with the requirements of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 including the amendments carried out in 2018 and made effective from April 01, 2019, the Company has instituted a comprehensive code of conduct to regulate, monitor and report trading by its employees and other connected persons. For the benefit of the designated employees who could have access to 'price sensitive information', the Company has availed the services of Karvy Fintech Private Limited (the Registrar of the Company) to provide software based reporting facility (i.e. FINTRAKS) which will enable smooth and timely compliance of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code.

8. Ujjivan Code of Conduct

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

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

9. Material Subsidiaries

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

10. Familiarization Programme for independent Directors

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

11. General Shareholder Information

Sr.	Particulars	Details
a)	Annual General Meeting for FY 2018-19 (Date, time and venue)	August 02, 2019 04:00 P.M. Annex II, No. 23-26, Grape Garden, No. 17th H Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka, India
b)	Financial Year	April 01 till March 31pr
c)	Dividend Payment date	The final dividend of 4.5% i.e. ₹ 0.45 per equity share as recommended by the Board and if declared by the shareholders, shall be paid / credited within 30 days after the AGM date
d)	Book Closure Date	Book Closures Dates: July 26, 2019 to August 02, 2019 (Both Days Inclusive)
e)	Listing on Stock Exchanges and Stock Code	The Company's equity shares are listed at both NSE and BSE Stock Code / Symbol: NSE: UJJIVAN BSE: 539874
f)	Payment of Listing fees	The Company has paid all listing fees as applicable
g)	Registrar and Transfer Agent and Address for correspondence	Karvy Fintech Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032 Telengana, India P : +91 040 6716 1562 www.karvyfintech.com

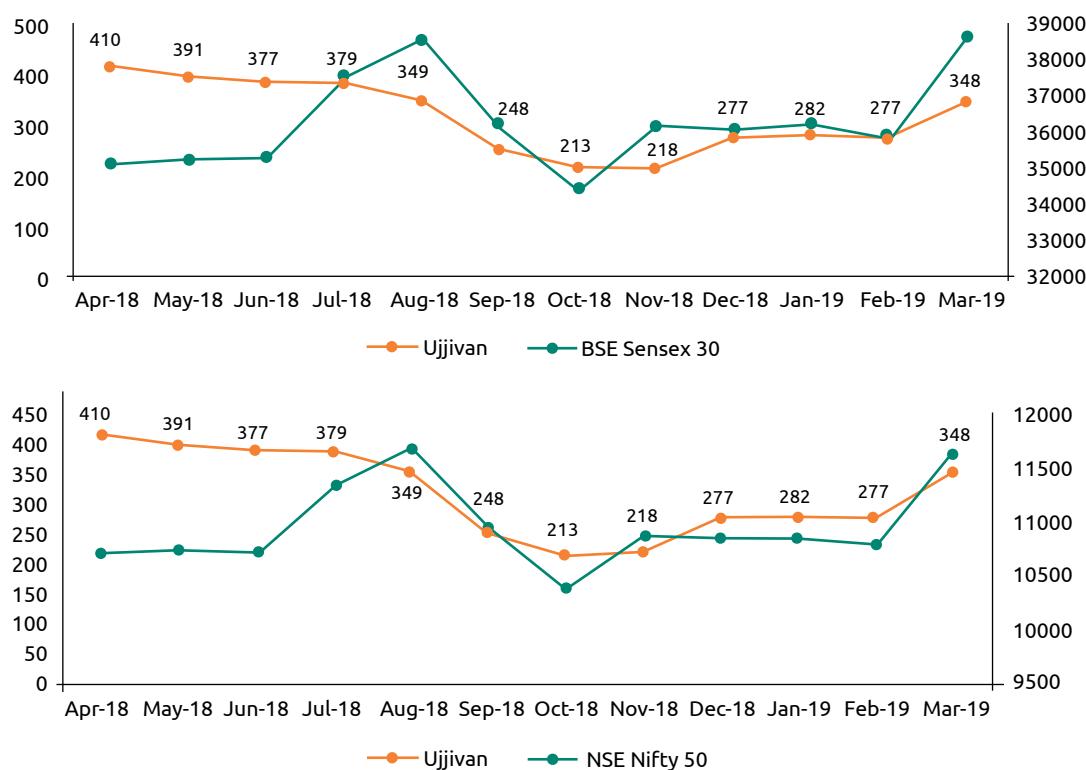
h) Share Transfer System	<p>The investor's services like share transfer, demat or remat of shares and other services are handled by the RTA of the Company.</p> <p>As on March 31, 2019, 99.90% of the equity share capital of the Company, are in dematerialized form and its transfer are done directly through the depositories.</p>																									
i) Dematerialization of shares and liquidity	<p>As required under Regulation 40(1) of SEBI Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository except in case of transmission or transposition of securities.</p>																									
j) Outstanding GDRs/ADSs/Warrants or any Convertible instruments, conversion date and likely impact on equity.	<p>The Company's Equity Shares are in compulsory demat segment and are available for trading under dematerialized form with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).</p>																									
k) Plant Locations	<table border="1" data-bbox="682 640 1416 819"> <caption>Control Report as on 31/03/2019</caption> <thead> <tr> <th>Sr.</th> <th>Description</th> <th>No of Holders</th> <th>Shares</th> <th>% To Equity</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Physical</td> <td>30</td> <td>1,19,022</td> <td>0.10</td> </tr> <tr> <td>2</td> <td>NSDL</td> <td>45,773</td> <td>8,80,25,369</td> <td>72.65</td> </tr> <tr> <td>3</td> <td>CDSL</td> <td>33,040</td> <td>3,30,22,306</td> <td>27.25</td> </tr> <tr> <td></td> <td>Total</td> <td>78,843</td> <td>12,11,66,697</td> <td>100.00</td> </tr> </tbody> </table>	Sr.	Description	No of Holders	Shares	% To Equity	1	Physical	30	1,19,022	0.10	2	NSDL	45,773	8,80,25,369	72.65	3	CDSL	33,040	3,30,22,306	27.25		Total	78,843	12,11,66,697	100.00
Sr.	Description	No of Holders	Shares	% To Equity																						
1	Physical	30	1,19,022	0.10																						
2	NSDL	45,773	8,80,25,369	72.65																						
3	CDSL	33,040	3,30,22,306	27.25																						
	Total	78,843	12,11,66,697	100.00																						
l) Address of the Compliance Officer	<p>As on March 31, 2019, 12,11,66,697 equity shares of the Company, forming 99.90% of the equity share capital of the Company, were in dematerialized form and 1,19,022 equity shares were in physical form.</p> <p>The ISIN of the Company is INE334L01012 with NSDL and CDSL) and the equity shares of the Company are frequently traded on both BSE and NSE.</p>																									
	<p>The Company does not have any outstanding GDRs/ADRs/Warrants or any convertible instruments other than outstanding ESOPs granted to employees.</p>																									
m) Address of the Compliance Officer	<p>As the Company is engaged in the business of NBFC, there is no plant location.</p> <p>Sanjeev Barnwal, Company Secretary and Compliance Officer; Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bengaluru 560 095, Karnataka, India Tel: +91 80 4071 2121; Fax: +91 80 4146 8700 E-mail: compliance@ujjivanfin.com</p>																									

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

Month	BSE		NSE		
	High Price	Low Price	Volume (No. of Shares Traded)	High Price	Low Price
Apr-18	412.35	343.55	18,59,811	413.45	343.10
May-18	432.05	371.40	31,24,400	434.75	371.30
Jun-18	406.80	367.00	16,08,486	407.50	365.55
Jul-18	415.00	368.25	11,78,806	396.00	368.05
Aug-18	406.20	341.15	18,30,584	406.80	341.00
Sep-18	356.95	241.85	15,39,926	357.25	241.20
Oct-18	267.00	166.80	63,60,434	267.35	166.50
Nov-18	239.25	203.50	38,75,654	238.65	203.30
Dec-18	286.45	208.00	54,71,939	286.50	207.05
Jan-19	305.65	267.00	50,68,604	305.95	266.95
Feb-19	303.00	251.85	40,43,243	301.10	252.00
Mar-19	352.30	279.95	29,89,898	352.95	278.70

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

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



Distribution of Shareholding as on March 31, 2019

Distribution Schedule as on 31/03/2019

SNo	Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1	1-5000	68,626	87.04	66,17,583	6,61,75,830	5.46
2	5001- 10000	4,539	5.76	34,62,496	3,46,24,960	2.86
3	10001- 20000	2,924	3.71	43,45,552	4,34,55,520	3.59
4	20001- 30000	894	1.13	22,42,879	2,24,28,790	1.85
5	30001- 40000	473	0.60	16,56,441	1,65,64,410	1.37
6	40001- 50000	321	0.41	14,75,764	1,47,57,640	1.22
7	50001- 100000	526	0.67	36,73,250	3,67,32,500	3.03
8	100001 & Above	540	0.68	9,76,92,732	97,69,27,320	80.63
Total		78,843	100.00	12,11,66,697	1,21,16,66,970	100.00

12. Investor Education and Protection Fund - Unclaimed Dividend

Pursuant to section 125 of the Companies Act, 2013, all unpaid and unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government after the completion of seven years. As on March 31, 2019, the unclaimed dividend declared by the Company for the below years are as under:

Sr.	Financial Year	Dividend Type	Unclaimed Dividend (in ₹)
1.	FY 2015-16	Final	41,225
2.	FY 2016-17	Final	163,676
3.	FY 2017-18	Final	171,882
4.	FY 2018-19	Interim	8,354

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

13. Equity Shares in the demat suspense account / unclaimed suspense account

As on March 31, 2019 there are no shares in the demat suspense account / unclaimed suspense account.

14. Other Disclosures

i. Related Party Transactions

All the contracts or arrangements or transactions entered by the Company during the year ended March 31, 2019, were at arm's length basis and with the requisite approvals from the Audit Committee and the Board. The Company has a policy on materiality and on dealing with related party transactions which has been uploaded on our website at the link http://ujjivan.com/html/ujjivan_policies.php

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

ii. Whistle Blower Policy

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

This is to ensure the compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015, including the amendments carried out in 2018 and made effective from April 01, 2019 and Code of Conduct for Prevention of Insider Trading of Ujjivan Financial Services Limited.

No person has been denied access to the Audit Committee. The Whistle Blower policy has been uploaded on our website at the link http://ujjivan.com/html/ujjivan_policies.php

- iii. The Company has adopted Policy for Determination of Materiality of Events / Information for Disclosures, Policy on Preservation of Document and Archival Policy. The policies have been uploaded on our website at the link http://ujjivan.com/html/ujjivan_policies.php
- iv. A total fee of ₹ 24.80 Lakhs plus GST and out of pocket expenses at actuals has been paid by the Company (including its subsidiary) to the Statutory Auditor of the Company, PW CA LLP towards all the services provided by PW CA LLP to the Company for the FY 2018-19.
- v. The Company has adopted the below discretionary requirements as specified in Part E of Schedule II of SEBI Listing Regulations:
- a. Separate posts of chairperson and chief executive officer
- b. Reporting of internal auditor directly to the audit committee
- vi. The Company is in compliance with the corporate governance requirements specified in regulation 17 to 27 of SEBI Listing Regulations and has an operational website www.ujjivan.com wherein the information as required under Regulation 46 of the SEBI Listing Regulations has been disseminated.

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

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

I confirm that the Company has in respect of the year ended March 31, 2019, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer and the Company Secretary as on March 31, 2019.

Date: May 30, 2019
Place: Bengaluru

Ittira Davis

Managing Director and Chief Executive Officer
DIN: 06442816

CEO & CFO Certification

To,

**The Board of Directors
Ujjivan Small Finance Bank Limited**

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

We hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year 2018-19 and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
 - (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.
- E. We further declare that all members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of the Bank.

Ittira Davis
Managing Director & CEO
DIN: 06442816

Date: May 28, 2019
Place: Bengaluru

Deepak Khetan
Chief Financial Officer

Independent Practicing Company Secretary Certificate on Corporate Governance

To,

The Members of Ujjivan Small Finance Bank Limited

CIN: L65999KA2004PLC035329

Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bangalore KA 560095

I have examined all the relevant records of "UJJIVAN FINANCIAL SERVICES LIMITED" ("the Company") for the purpose of certifying compliance of the conditions of the Corporate Governance under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the Financial Year 31st March, 2019. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

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

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

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

Date: May 30, 2019
Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309
CP. No. : 4031



UJJIVAN FINANCIAL SERVICES LIMITED

Corporate Identity Number: L65999KA2004PLC035329

Registered Office: Grape Garden, No. 27, 3rd A Cross,
18th Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka, India.

NOTICE FOR THE 15TH ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting (AGM) of the members of Ujjivan Financial Services Limited ('the Company') will be held on Friday, August 02, 2019 at 04:00 PM at Annex II, No. 23-26, Grape Garden, No. 17th H Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka, India to transact the following business:

Ordinary Business:

Item No. 1 - Adoption of Financial Statements and the Reports of the Board of Directors and Auditors

To consider and if thought fit, to assent or dissent, to the following resolution to be passed as an Ordinary Resolution:

"RESOLVED THAT the Standalone and the Consolidated Audited Balance Sheet, Profit and Loss Account and the Cash Flow Statement for the Financial Year ended March 31, 2019 together with the Director's Report and Independent Auditor's Report thereon as circulated to the members and laid before the meeting be and are hereby received, considered, approved and adopted."

Item No. 2 – To confirm the payment of Interim Dividend and Declaration of Final Dividend for the FY 2018-19

To consider and if thought fit, to assent or dissent, to the following resolution to be passed as an Ordinary Resolution:

"RESOLVED THAT a final dividend of 4.5% i.e. ₹ 0.45 per equity share as recommended by the Board of Directors of the Company at their meeting held on May 30, 2019, be and is hereby approved and declared for the year ended March 31, 2019."

Item No. 3 - Appointment of MSKA & Associates, Chartered Accountants (FRN - 105047W) as Statutory Auditors of the Company for a period of 5 (five) years starting with FY 2019-20, and fixing of their remuneration

To consider and if thought fit, to assent or dissent, to the following resolution to be passed as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142, and other applicable provisions, if any, of the Companies Act, 2013, and the Companies (Audit and Auditors) Rules, 2014, including any modification, variation or re-enactment thereof, **MSKA & Associates, Chartered Accountants (FRN - 105047W)** be and is hereby appointed as the Statutory Auditors of the Company for a period of 5 (five) years commencing from the conclusion

of this 15th AGM till the conclusion of 20th AGM of the Company and that the Audit Committee and the Board of Directors of the Company be and are hereby authorised to fix their remuneration and other terms and conditions from time to time."

Statement on retiring director: Mr. Amit Gupta (DIN: 02282600) who is retiring by rotation at this 15th AGM has not offered himself for re-appointment. He automatically retires from the conclusion of this 15th AGM. The shareholders are requested to take note of the same.

Special Business:

Item No. 4 – Appointment of Mr. Narayan Anand (DIN: 02110727) as the Non-Executive Director

To consider and if thought fit, to assent or dissent, to the following resolution(s) to be passed as an Ordinary Resolution:

"RESOLVED THAT Mr. Narayan Anand (DIN:02110727) who was appointed as an additional director of the Company with effect from May 01, 2019 and who holds office upto the date of this 15th Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act 2013 (including any statutory modification or enactment thereof), and who being eligible for appointment and in whose favour the Company has received a notice in writing from a member as required under Section 160(1) of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed by the members of the Company as the Non-Executive Non-Independent Director of the Company and whose office shall be liable to retire by rotation."

By Order of the Board of Directors

Sanjeev Barnwal

Company Secretary and Compliance Officer
Membership No.: A19180

Date: May 30, 2019

Place: Bengaluru

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (AGM or the Meeting) is entitled to appoint a proxy to attend and vote on a poll, instead of himself/ herself and the proxy need not be a Member of the Company. A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not later than forty-eight hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Members/Proxies should fill the Attendance Slip for attending the Meeting and bring their Attendance Slips along with their copy of the Annual Report to the Meeting.
4. In case of Joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members who hold shares in dematerialized form are requested to write their DP ID and Client ID number(s) and those who hold share(s) in physical form are requested to write their Folio Number(s) in the attendance slip for attending the Meeting to facilitate identification of membership at the Meeting.
6. Corporate Members are requested to send a duly certified copy of the board resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. The register of members and share transfer books of the Company would remain closed from **Saturday, July 27, 2019 to Friday, August 02, 2019** (both days inclusive).
8. **Final dividend on equity shares as recommended by the Board of Directors for the year ended March 31, 2019, if approved at the Meeting, will be payable to those Members who hold shares:**
 - (a) In dematerialized mode, based on the beneficial ownership details to be received from National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on **Friday, July 26, 2019**.
 - (b) In physical mode, if their names appear in the Company's Register of Members on or before **Friday, July 26, 2019**.
9. Members wishing to claim unclaimed dividends are requested to correspond with the Company Secretary of the Company at the Company's registered office.

Members are requested to note that dividends which are not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per the provisions of Section 205A of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), be transferred to the Investor Education and Protection Fund.

10. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of section 72 of the Companies Act, 2013. Members desiring to avail of this facility may send their nomination in the prescribed Form No. SH-13 duly filled, to Karvy Fintech Private Limited ("Karvy"), Registrar and Transfer Agent (R&T) of the Company. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
11. Brief profile and other required information about the Director proposed to be appointed/re-appointed, as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Notice.
12. Relevant documents referred to in the accompanying Notice are open for inspection by the Members at the Registered Office of the Company on all working days between **10.00 A.M. and 12.00 noon** up to the date of the Meeting. This notice and the Annual Report will also be available on the Company's website <https://www.ujjivan.com/annualreports.html> for download.
13. The Members, desiring any information relating to the accounts, are requested to write to the Company at an early date, so as to enable the management to keep the information ready.
14. Pursuant to sections 101 and 136 of the Companies Act, 2013 read with the Rules framed thereunder, the Annual Report for FY 2018-19 and this Notice, inter alia indicating the process and manner of Remote e-voting along with attendance slip and proxy form are being sent by e-mail to those Members whose e-mail addresses have been made available to the Company /Depository Participants unless the Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copies of the Annual Report for FY 2018-19 and this Notice inter-alia indicating the process and manner of Remote e-voting along with attendance slip and proxy form, will be sent to them in the permitted mode.

In support of the Green Initiative, the Company hereby request Members who have not updated their email IDs to update the same with their respective Depository Participant(s) or the Karvy for receiving communications from the Company electronically. Further, Members holding shares in electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s).

Members holding shares in physical mode are also requested to update their email addresses by writing to the R & T of the Company quoting their folio number(s).

15. The Company will use electronic mode of payment for making cash payment to the shareholders. In the cases of shareholder/s, where it is not possible to effect electronic payment, the dividend warrant instruments would be issued to them. Shareholders who are holding shares in Electronic Form are requested to contact their respective Depository Participants (DP) only for updating their bank details. They are also advised to seek 'Client Master Advice' from their respective DP to ensure that correct updation has been carried out in their record. **It may be noted that the bank details data provided by the Depositories is solely used by the Company to effect the payment of dividend. Hence, it is utmost necessary for shareholders to ensure that the correct bank details are updated with DPs.**
16. As required under Regulation 40(1) of SEBI Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository except in case of transmission or transposition of securities.
17. In terms of Sections 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 as amended, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing the e-voting facility to its Members holding shares in physical or dematerialized form, as on the cut-off date, being **Friday, July 26, 2019**, to exercise their right to vote through electronic means from a place other than the venue of the Meeting on any or all of the businesses specified in the accompanying Notice (the "Remote e-voting"). The Remote e-voting commences on, **Monday, July 29, 2019 (10:00 A.M.)** and ends on **Thursday, August 01, 2019 (5:00 P.M.)**. Detail of the process and manner of Remote e-voting along with the User ID and Password is being sent to all the Members along with this Notice.
18. In terms of the Companies (Management and Administration) Rules, 2014 with respect to the Voting through electronic means, the facility for voting through electronic voting system ('Insta Poll') shall be made available at the AGM. The Members attending the meeting should note that those who are entitled to vote but have not exercised their right to vote through Remote e-voting, may vote at the AGM through 'Insta Poll' for all businesses specified in the accompanying Notice. The Members who have exercised their right to vote through Remote e-voting may attend the AGM but shall not vote at the AGM. The voting rights of the Members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date being **Friday, July 26, 2019**.
19. The Company has engaged the services of Karvy Fintech Private Limited as the Agency to provide Remote e-voting facility.
20. The Board of Directors has appointed Mr. S. Kannan of M/s. S Kannan And Associates, bearing Firm No. S2017KR473100 (FCS 6261, holding CP No. 13016), as Scrutinizer to scrutinize the voting through Remote e-voting and voting process at AGM in a fair and transparent manner.
21. The Results on above resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favor of the resolutions.
22. The Results of voting declared along with Scrutinizer's Report(s) will be published on the website of the Company (www.ujjivan.com) and on Service Provider's website (<https://evoting.karvy.com>) within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited.
23. The route map of the venue of the Meeting is given in the Notice.
24. Detail of the process and manner of Remote e-voting along with the User ID and Password is being sent to all the Members along with this Notice. In case of any queries / grievances relating to voting by electronic means, the Members / Beneficial owners or in case any person, acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **Friday, July 26, 2019** may obtain the login ID and password by sending a request to Mr. Mohd Mohsin Uddin, Senior Manager, Karvy Fintech Pvt. Ltd., Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad 500 032, mohsin.mohd@karvy.com, Phone: +91 040 6716 1562 toll-free number 1-800-34-54-001.

**EXPLANATORY STATEMENT PURSUANT TO SECTION
102 OF THE COMPANIES ACT, 2013**

In respect of Resolution set out at Item No. 3

Price Waterhouse Chartered Accountants LLP (FRN: 012754N/N500016) (hereinafter referred to as PW CA LLP), who were appointed as Statutory Auditors of the Company for a tenure of five years commencing from the conclusion of the 13th AGM of the Company held on August 04, 2017 has vide their letter dated May 30, 2019 tendered their resignation from the position of Statutory Auditors from the conclusion of the ensuing 15th AGM of the Company scheduled to be held on Friday, August 02, 2019.

PW CA LLP has offered to resign from their position of statutory auditor of the Company as our Company is desirous of having same network of firms as auditors for both the Company and its wholly owned subsidiary 'Ujjivan Small Finance Bank Limited' for mutual interests for both PW CA LLP and the Company. PW CA LLP has tendered their resignation as the statutory auditors of the Company effective immediately after conclusion of the annual general meeting for the FY 18-19 scheduled to be held on August 02, 2019.

Ujjivan Small Finance Bank Limited contributes more than 98% business (total income) of the Company at a consolidated level and that the audit function at the standalone level of the Company has very minimal scope for financial audit as it is a non-operating holding Company registered as a Core Investment Company with the RBI. There will also be cost implications for the Company and the group overall, as it will presumably be more expensive to use two firms of auditors to provide an audit opinion instead of one for the same set of business since the Company derives almost all its value from its investments in its wholly owned subsidiary.

Pursuant to the aforesaid resignation of PW CA LLP, the Board based on the recommendation of the Audit Committee in its meeting held on May 30, 2019, subject to the approval of the shareholders, has appointed MSKA & Associates, Chartered Accountants (FRN - 105047W) as the Statutory Auditors of the Company for a period of 5 (five) years commencing from the conclusion of the ensuing 15th AGM till the conclusion of 20th AGM of the Company to be held in the year 2024. Subsequent to the aforesaid resignation of PW CA LLP and considering that MSKA & Associates, Chartered Accountants (FRN - 105047W) being the existing Statutory Auditors of Ujjivan Small Finance Bank Limited, the Board considered it prudent to appoint MSKA & Associates, Chartered Accountants (FRN - 105047W) as the Statutory Auditor of the Company as well for smooth consolidation of the financials and also for commercial reasons.

Credentials of MSKA

MSKA & Associates is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India with Firm Registration No. 105047W. The firm has presence in 9 cities in India viz Ahmedabad, Bengaluru, Chennai, Kolkata, Hyderabad, Mumbai, New Delhi – Gurgaon, Goa and Pune. The Firm provides range of services which include Audit & Assurance, Taxation, Accounting and Risk Advisory.

In accordance with the disclosure required under Regulation 36(5) of the SEBI Listing Regulations, the Company hereby declares that the proposed fees payable to the MSKA & Associates, Chartered Accountants (FRN - 105047W), if appointed by the shareholders, will be upto a ceiling of ₹ 12 Lakhs per annum for performing the statutory audit function of the Company for the FY 2019-20. The fees for the future years may necessitate a nominal escalation based on mutual discussion and approval of the audit committee and the Board. The fees payable to the proposed statutory auditors is lower than the outgoing statutory auditor and the change is not material.

The Board recommends to the members of the Company for the appointment of MSKA & Associates, Chartered Accountants (FRN - 105047W) as the statutory auditors of the Company as the Board is satisfied and is of the view that MSKA & Associates have the requisite credentials required for their appointment as the statutory auditors of the Company.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested in the said resolutions.

In respect of Resolution set out at Item No. 4

The Board based on the recommendation of the Nomination and Remuneration Committee of the Board, has unanimously approved the appointment of Mr. Narayan Anand (DIN: 02110727) as an Additional Director (Non-Executive, Non-Independent) with effect from May 01, 2019 and was approved by the Reserve Bank of India. The Nomination Committee while considering his appointment as an Additional director has verified that he is not debarred from holding the office of director pursuant to any SEBI order. Accordingly, the Company hereby affirms that Mr. Narayan Anand is not debarred from holding the office of director by virtue of any SEBI order or any other such authority. Further, Mr. Narayan Anand is not related to any other Director of the Company.

Pursuant to the provisions of Section 161(1) of the Act, Mr. Narayan Anand holds office up to the date of this 15th AGM of the Company and is eligible to be appointed as Director and whose office shall be liable to retire by rotation.

The Company in terms of Section 160(1) of the Act has received a notice in writing from a member of the Company, proposing his candidature for the office of Director.

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

director in Ashiana Housing Limited, Vectus Industries Limited, Paras Healthcare Private Limited and Redrock (India) Offshore Consultants Private Limited.

Accordingly, the Board recommends the resolution for the appointment of Mr. Narayan Anand as a Non-Executive Non-Independent Director of the Company for the approval by the shareholders of the Company by way of an ordinary resolution.

The disclosures under Regulation 36(3) of SEBI-LODR and Secretarial Standards on general meetings (SS-2) of ICSI are appended.

None of the Directors, Key Managerial Personnel and their relatives other than Mr. Narayan Anand and his relatives are, in any way, concerned or interested in the said resolution except to the extent of their shareholding.

**Ujjivan Financial Services Limited**

Registered Office: Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block,
Koramangala, Bangalore 560095, Karnataka, India

ATTENDANCE SLIP

CIN	:	L65999KA2004PLC035329
Name of the Company	:	Ujjivan Financial Services Limited
Registered Office	:	Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bangalore 560095, Karnataka, India

Members attending the Meeting in person or by Proxy are requested to complete the Attendance slip and hand it over at the entrance of the meeting room.

Joint shareholders may submit additional slip at the venue of the meeting.

Registered Folio No.	
DP ID No.	
Client ID No.	

Name and address of the shareholder:

.....
.....
.....

Signature:

No. of shares(s) held:

I hereby record my presence at the 15th Annual General Meeting of the Company (AGM) being held on Friday, August 02, 2019 at 04:00 P.M. at Annex II, No. 23-26, Grape Garden, No. 17th H Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka, India

Name and address of the Proxy.....

Signature:



Ujjivan Financial Services Limited

Registered Office: Grape Garden, No. 27, 3rd 'A' Cross, 18th Main, 6th Block, Koramangala, Bangalore 560095, Karnataka, India, Website: www.ujjivan.com, Email: compliance@ujjivanfin.com, CIN: L65999KA2004PLC035329

Form No. MGT - 11
Proxy Form

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Venue of the Meeting: at Ujjivan Financial Services Limited, Annex II, No. 23-26, Grape Garden, No. 17th H Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka, India Day, Date and Time: **Friday, August 02, 2019 at 04:00 P.M.**

Name of the Member(s):

Registered Address:

E-mail Id:

Folio No. / Client Id*:

DP ID*:

No. of Shares held:

* Applicable for investors holding shares in dematerialized form

I / We, being the member(s) of shares of the above named company, hereby appoint

i) Name: Address:
..... E-mail Id:

Signature: Or failing him

ii) Name: Address:
..... E-mail Id:

Signature: Or failing him

iii) Name: Address:
..... E-mail Id:

Signature:

as my/our proxy to attend and vote for me/us and on my/our behalf at the 15th Annual General Meeting of the company, to be held on Friday, August 02, 2019 at 04:00 P.M. at Annex II, No. 23-26, Grape Garden, No. 17th H Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka, India and at any adjournment thereof in respect of such resolutions as are indicated below:

I/We direct my/our Proxy to vote on the Resolutions in the manner as indicated below:

Sr. No.	Resolution	For	Against	Abstain
Ordinary Business				
1.	Adoption of Financial Statements and the Reports of the Board of Directors and Auditors			
2.	To confirm the payment of Interim Dividend and Declaration of Final Dividend for the FY 2018-19			
3.	Appointment of MSKA & Associates, Chartered Accountants (FRN - 105047W) as Statutory Auditors of the Company for a period of 5 (five) years starting with FY 2019-20, and fixing of their remuneration			
Special Business				
4.	Appointment of Mr. Narayan Anand (DIN: 02110727) as the Non-Executive Director			

Signed this day of 2019

Signature of Shareholder

Signature of Proxy holder(s)

Affix revenue stamp of not less than ₹ 1

Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company at Grape Garden, No. 27, 3rd A Cross, 18th Main, Koramangala 6th Block, Bengaluru 560 095 not less than 48 hours before the commencement of the Meeting.
- It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate
- A Proxy can act on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying Voting Rights. However, a Member holding more than ten percent of the total share capital of the company carrying Voting Rights may appoint a single person as Proxy for his entire shareholding and such person shall not act as a Proxy for another person or shareholder.

The instructions for e-voting are as under

Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is providing the e-voting facility to its Members holding shares in physical or dematerialized form, as on the cut-off date, being Friday, July 26, 2019, to cast their vote through electronic means on all resolutions set forth in the Notice.

The process and manner for remote e-voting are as under:

A. For members who receive notice of annual general meeting through e-mail:

Member whose email IDs are registered with the Company/Depository Participants(s) will receive an email from Karvy informing them of their User-ID and Password. Once the Members receive the email, he or she will need to go through the following steps to complete the e-voting process:

- Open your web browser during the voting period and navigate to <https://evoting.karvy.com>.
- Enter the login credentials (i.e., user-id & password)

User – ID for Members holding shares in demat form:

- For NSDL: 8-character DP ID followed by 8-digit Client ID
- For CDSL: 16-digit beneficiary ID

User-ID for Members holding shares in physical form:

Event number, followed by Folio Number registered with the Company

Password: Your unique password is printed on the form / forwarded via email through the electronic notice

Captcha: Enter the verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- iii) The e-voting period shall commence on Monday, July 29, 2019 (10:00 A.M.) and ends on Thursday, August 01, 2019 (5:00 P.M.). Members, holding shares either in dematerialised form or physical form as on cut-off date, Friday, July 26, 2019, may cast their vote electronically during this period. The remote e-voting module shall be disabled at 5.00 p.m. on Thursday, August 01, 2019. Once the vote on a resolution is cast by a Member, he/she shall not be allowed to change it subsequently or cast the vote again.
- iv) After entering these details appropriately, click on 'LOGIN'.
- v) Members holding shares in demat / physical form will now reach password change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the demat holders for voting for resolution of any other company on which they are eligible to vote, provided that company opts for e-voting through Karvy Fintech Pvt. Ltd. e-voting platform. System will prompt you to change your password and update any contact details like mobile number, email ID etc., on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi) You need to login again with the new credentials.
- vii) On successful login, the system will prompt to select the 'Event' i.e., 'Company Name'.
- viii) If you are holding shares in demat form and had logged on to <https://evoting.karvy.com> and cast your vote earlier for any company, then your existing login id and password are to be used.
- ix) On the voting page, you will see Resolution description and against the same the option 'FOR / AGAINST / ABSTAIN' for voting. Enter the number of shares (which represents number of votes) under 'FOR / AGAINST / ABSTAIN' or alternatively, you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR / AGAINST' taken together should not exceed your total shareholding. If you do not want to cast your vote, select 'ABSTAIN'.
- x) After selecting the resolution you have decided to vote on, click on 'SUBMIT'. A confirmation box will be displayed. If you wish to confirm your vote, click on 'OK', else to change your vote, click on 'CANCEL' and accordingly, modify your vote.
- xi) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
- xii) Corporate / Institutional Members (Corporate / FIIs / FIIIs / Trusts / Mutual Funds / Banks, etc.) are required to send scan (PDF format) of the relevant board resolution to the Scrutiniser through e-mail to cs.skannan@gmail.com with copy to evoting@karvy.com. The file scanned image of the board resolution should be in the naming format 'Corporate Name_Event number'.
- xiii) If you are already registered with Karvy Fintech Pvt. Ltd. for e-voting, then you can use your existing user ID and password for casting your vote. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- xiv) Please contact Mr. Mohd Mohsin Uddin, Senior Manager, Karvy Fintech Pvt. Ltd., Karvy Selenium, Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad 500032, mohsin.mohd@karvy.com, Phone: +91 040 6716 1562, toll-free number 1-800-34-54-001 for any further clarifications.

B. For members who receive the notice of annual general meeting in physical form:

In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) The Initial password is provided as below/at the bottom of the Attendance Slip for the AGM :

REVEN (Remote e-voting Event Number) USER ID _____ PASSWORD/PIN _____

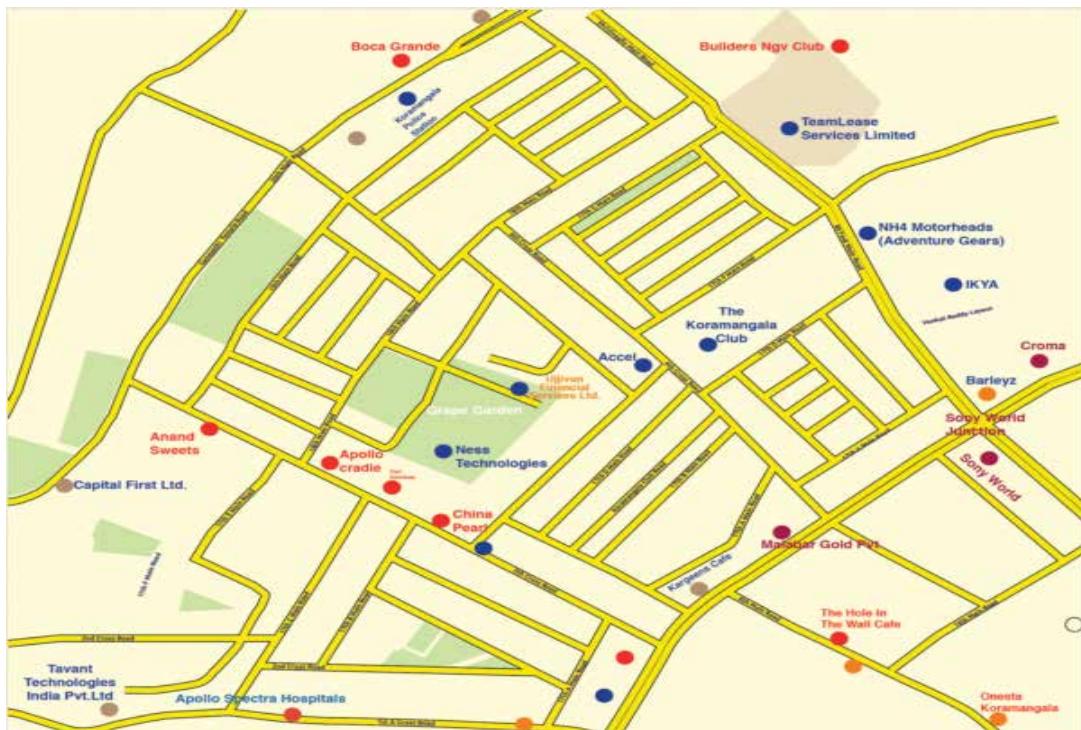
- (ii) Please follow all steps from Sl. No. A (i) to Sl. No. A(xi) above, to cast vote

C. Voting facility at Annual General Meeting:

- (i) In addition to the remote e-voting facility as described above, the Company shall make a voting facility available at the venue of the annual general meeting, through electronic voting system and members attending the meeting, who have not already cast their votes by remote e-voting, shall be able to exercise their right at the meeting.
- (ii) Members who have cast their votes by remote e-voting prior to the meeting may attend the meeting, but shall not be entitled to cast their vote again.

Venue of the 15th Annual General Meeting of UJJIVAN FINANCIAL SERVICES LIMITED to be held on **Friday, August 02, 2019 at 04:00 P.M.**, at Annex II, No. 23-26, Grape Garden, No. 17th H Main, 6th Block, Koramangala, Bangalore – 560095, Karnataka, India.

Map of Venue below



Additional information on Director being appointed/ re-appointed as required under Regulation 36 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and Secretarial Standard-2 by ICSI:

Name of the Director	Mr. Narayan Anand
DIN	02110727
Date of Birth and Age	November 22, 1963; 55 Years
Date of First Appointment on the Board	May 01, 2019
Brief Resume, Qualification, Experience and Nature of Expertise in specific functional areas	Mr. Narayan Anand (DIN: 02110727) currently serves as Managing Partner of Creator India. He joined Creator in 2011. Prior to joining Creator, he was a Partner and Director of Veda Corporate Advisors Private Limited, where he was responsible for mergers and acquisitions, sponsor coverage of private equity firms and raising structured debt for a number of mid-market corporates. He had also served in Infrastructure Leasing & Financial Services as Vice President between 1994 -2006 and served various corporate entities like Zuari Agrochemicals and at Eicher Motors Ltd in the past in operational roles.

	Mr. Narayan holds an M.B.A. from IIM, Bangalore and graduated with honors in Mechanical Engineering from the National Institute of Technology, Jaipur. He is also a non-executive director in Ashiana Housing Limited, Vectus Industries Limited, Paras Healthcare Private Limited and Redrock (India) Offshore Consultants Private Limited."
No. of Board Meetings attended during the year as a Director	Not applicable
Directorships held in other Companies	Public Companies - Ashiana Housing Limited - Vectus Industries Limited Private / Section 8 Companies - Paras Healthcare Private Limited - Redrock (India) Offshore Consultants Private Limited - Creator Advisors India LLP (designated partner)
Memberships / Chairmanships of Committees of other Boards	- Vectus Industries Limited (Member of Audit Committee, Nomination and Remuneration Committee and CSR Committee)
Remuneration last drawn	Nil
Remuneration sought to be paid	Sitting fees as approved by the Board of Directors within the limits of the applicable laws.
Shareholding in the Company	Nil; However, he is the managing partner of Creator Advisors India LLP which is an advisor to Creator III. Ardisia Limited (an SPV and affiliate of the Creator III) is holding 9.96% equity shares in our Company as on March 31, 2019. Creator is a Mauritius registered private equity firm with investments in South and Southeast Asia – primarily Malaysia, Indonesia and India.
Relationship with other Directors and Key Managerial Personnel of the Company	Nil

By Order of the Board of Directors



Sanjeev Barnwal
Company Secretary and Compliance Officer
Membership No.: A19180

Date: May 30, 2019
Place: Bengaluru

Independent Auditors' Report

To the Members of Ujjivan Financial Services Limited

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying standalone financial statements of **Ujjivan Financial Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Loss), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its total comprehensive income (comprising of profit and other comprehensive loss), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

Key audit matters

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

Responsibilities of management and those charged with governance for the standalone financial statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the standalone financial statements

8. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - 10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 - 11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

12. The transition date opening balance sheet as at April 1, 2017 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide report dated April 24, 2017. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.
13. The financial information of the Company for the year ended March 31, 2018 included in these standalone Ind AS financial statements, are based on the previously issued statutory standalone financial statements for the year ended March 31, 2018 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended)

which were audited by us, on which we expressed an unmodified opinion dated May 10, 2018. The adjustments to those financial statements for the differences in accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of above matters.

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
15. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Company does not have any pending litigations as at March 31, 2019 which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2019.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2019.
 - iv. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016

A. J. Shaikh

Partner

Date: Bangalore
Place: May 30, 2019

Membership Number: 203637

Annexure A to Independent Auditors' Report

Referred to in paragraph 15(f) of the Independent Auditors' Report of even date to the members of Ujjivan Financial Services Limited on the standalone financial statements for the year ended March 31, 2019

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. We have audited the internal financial controls with reference to financial statements of Ujjivan Financial Services Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control

over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/ N500016

A. J. Shaikh

Partner

Membership Number: 203637

Date: Bangalore

Place: May 30, 2019

Annexure B to Independent Auditors' Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Ujjivan Financial Services Limited on the standalone financial statements as of and for the year ended March 31, 2019

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) The Company does not own any immovable properties as disclosed in Note 7 on fixed assets to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company is a Non-Banking Financial company – Core Investment Company ('CIC') registered with Reserve Bank of India. The Company has not granted any loans or provided any guarantees or security to parties covered under Section 185. Further, the provisions of Section 186 are not applicable to the Company. Therefore, the provisions of clause 3 (iv) are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, sales tax, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, provident fund, profession tax or goods and service tax which have not been deposited on account of any dispute.
- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in

- the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
 - xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
 - xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as an NBFC-ND-SI-CIC.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/ N500016

A. J. Shaikh

Partner

Date: Bangalore

Place: May 30, 2019

Membership Number: 203637

Standalone Balance Sheet

as on March 31, 2019

(₹ in Lakhs)

Particulars	Note No.	As on March 31, 2019	As at March 31, 2018	As on April 1, 2017
ASSETS				
Financial assets				
i. Cash and cash equivalents	3	121.05	11,491.85	12,708.92
ii. Bank balances other than (i) above	3.1	12,104.37	-	-
iii. Investments	4	166,618.46	165,108.33	164,247.85
iv. Other financial assets	5	-	17.26	3.17
Non - Financial assets				
i. Current Tax assets (Net)	6	46.16	130.19	-
ii. Deferred tax assets (Net)	23.2	2.97	3.11	3.56
iii. Property, plant and equipment	7	4.96	3.08	-
iv. Other non-financial assets	8	23.75	14.07	21.72
Total assets		178,921.72	176,767.89	176,985.22
LIABILITIES AND EQUITY				
Financial liabilities				
i. Payables				
(a) Trade Payables				
- Total outstanding dues of micro enterprises and small enterprises		-	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	9	17.45	9.28	15.35
ii. Other financial liabilities	10	-	-	188.23
Non Financial liabilities				
i. Current tax liabilities (Net)	11	15.31	71.37	659.51
ii. Provisions	12	9.62	9.96	10.27
iii. Other non-financial liabilities	13	102.54	106.15	292.53
Total liabilities		144.92	196.76	1165.89
Equity				
Equity Share Capital	14	12,116.67	12,086.18	11,937.71
Other equity	14A	166,660.13	164,484.95	163,881.62
Total equity		178,776.80	176,571.13	175,819.33
Total Liabilities and Equity		178,921.72	176,767.89	176,985.22

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

For Price Waterhouse Chartered Accountants LLP

Firm Registration No: 012754N / N500016

For and on behalf of the Board of Directors of

A. J. Shaikh
Partner
Membership No. 203637

K.R.Ramamoorthy
Chairman
DIN:00058467

Ittira Davis
Managing Director & CEO
DIN: 06442816

Place: Bengaluru
Dated : May 30, 2019

Deepak Khetan
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Standalone Statement of Profit and Loss

for the year ended March 31, 2019

Particulars	Note No.	(₹ in Lakhs)	
		For the year ended March 31, 2019	For the year ended March 31, 2018
A. INCOME			
(a) Revenue from operations	15	2,200.00	-
(b) Other income	16	862.37	774.10
Total Income (A)		3,062.37	774.10
B. EXPENDITURE			
(a) Finance Costs	17	0.11	1.27
(b) Employee benefits expenses	18	162.94	92.97
(c) Depreciation and amortisation expenses	19	1.99	1.15
(d) Other expenses	20	507.99	321.02
Total Expenditure (B)		673.03	416.41
Profit before tax		2,389.34	357.69
Tax expenses			
(a) Current tax	23	230.64	256.40
(b) Deferred tax		0.40	0.87
Profit for the Period		2,158.30	100.42
Other Comprehensive Income / loss			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities / (asset)		(0.74)	(1.25)
(b) Income tax relating to item that will not be reclassified		0.26	0.43
Total Other Comprehensive loss		(0.48)	(0.82)
Total Comprehensive Income for the Period (Comprising Profit and other Comprehensive Income for the period)		2,157.82	99.60
Earnings per Equity Share: Face value ₹ 10 each			
(a) Basic	21	1.78	0.08
(b) Diluted	21	1.78	0.08

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

For Price Waterhouse Chartered Accountants LLP

Firm Registration No: 012754N / N500016

For and on behalf of the Board of Directors of

A. J. Shaikh

Partner

Membership No. 203637

K.R.Ramamoorthy

Chairman

DIN:00058467

Ittira Davis

Managing Director & CEO

DIN: 06442816

Place: Bengaluru

Dated : May 30, 2019

Deepak Khetan

Chief Financial Officer

Sanjeev Barnwal

Company Secretary

Standalone Statement of Changes in Equity

for the year ended March 31, 2019

(₹ in Lakhs)						
Particulars		Amount				
Balance at April 1, 2017		11,937.71				
Changes in equity share capital during the year						
(a) Additions during the year		148.47				
Balance at March 31, 2018		12,086.18				
Changes in equity share capital during the year						
(a) Additions during the year		30.49				
Balance at March 31, 2019		12,116.67				
 Other Equity 						
Particulars	Share Application Money Pending Allotment	Statutory Reserve	Securities Premium	Retained Earnings	Share Options Outstanding Account	Total
Restated Balance as at April 01, 2017 (Refer note 30)	52.88	11,445.94	108,784.66	42,460.24	1,137.91	163,881.62
Add : Profit / (loss) for the year			-	100.42		100.42
Add : Other comprehensive income for the year		-		(0.82)		(0.82)
Total comprehensive income for the year				99.60		99.60
Appropriation to statutory reserve		8.38		(8.38)		-
Add: Movement in share option outstanding balance					162.43	162.43
Add: ESOP expense for the period (Note 27)					(55.15)	(55.15)
Less: Grants exercised during the year					(166.83)	(166.83)
Add: Deemed Investment in Subsidiaries (Note 5)					860.47	860.47
Transaction with owners in their capacity as owners						
Add : Share application money received	923.13					923.13
Less : Shares allotted during the year	(148.47)					(148.47)
Less: Premium on shares allotted during the year	(803.84)					(803.84)
Add : Premium on shares issued during the year on stock options			883.99			883.99
Less: Dividend distributed during the year				(957.15)		(957.15)
Less: Dividend distribution tax				(194.85)		(194.85)
Balance at March 31, 2018	23.70	11,454.32	109,668.65	41,399.46	1,938.83	164,484.95
Balance at April 1, 2018	23.70	11,454.32	109,668.65	41,399.46	1,938.83	164,484.95
Add : Profit / (loss) for the year				2,158.30		2,158.30
Add : Other comprehensive income for the year				(0.48)		(0.48)
Total comprehensive income for the year				2,157.82		2,157.82
Appropriation to statutory reserve		432.00		(432.00)		-
Add: ESOP expense for the period (Note 27)					41.99	41.99
Less: Grants exercised during the year					(150.22)	(150.22)
Add: Deemed Investment in Subsidiaries (Note 5)					1,510.21	1,510.21
Add : Share application money received	333.20					333.20
Less : Shares allotted during the year	(30.49)					(30.49)
Less: Premium on shares allotted during the year	(302.11)					(302.11)
Add : Premium on shares issued during the year on stock options			452.33			452.33
Less: Dividend distributed during the year				(1,634.78)		(1,634.78)
Less: Dividend distribution tax				(118.78)		(118.78)
Balance at March 31, 2019	24.30	11,886.32	110,120.98	41,371.72	3,256.83	166,660.13

For Price Waterhouse Chartered Accountants LLP

Firm Registration No: 012754N / N500016

A. J. Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Dated : May 30, 2019

For and on behalf of the Board of Directors of

K.R.Ramamoorthy

Chairman

DIN:00058467

Ittira Davis

Managing Director & CEO

DIN: 06442816

Deepak Khetan

Chief Financial Officer

Sanjeev Barnwal

Company Secretary

Standalone Statement Cash Flow

for the year ended March 31, 2019

Particulars	Note No.	(₹ in Lakhs)	
		Year ended March 31, 2019	Year ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,389.34	357.69
Adjustments for			
Depreciation and amortisation expenses	20	1.99	1.15
Profit on Sale of mutual funds	17	(68.90)	(145.32)
Share Based Payments	19	(41.99)	20.61
Investment written off *	21	0.10	-
Interest on fixed deposits	17	(793.46)	(623.60)
Operating cash flows before Working capital changes		1,487.08	(389.47)
Changes in working capital:			
Financial Assets/ Liabilities			
(Increase) / Decrease in Other Financial assets	6	17.26	(14.09)
Increase / (Decrease) in Trade Payable	10	8.17	(6.07)
Increase / (Decrease) in Other Financial liabilities	11	-	(188.23)
Non Financial Assets/ Liabilities			
(Increase) / Decrease in Other assets	9	(9.68)	7.65
Increase / (Decrease) in Provisions	13	(1.08)	(1.56)
Increase / (Decrease) in Other Non Financial liabilities	14	(3.61)	(186.38)
Cash flow used in operations		1,498.14	(778.15)
Net Tax (paid)/Refunds received		(202.67)	(974.73)
Net Cash generated from operating activities (A)		1,295.47	(1,752.88)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Mutual fund units		(3,330.00)	(26,970.00)
Sale proceeds of Mutual fund units		3,398.90	27,115.31
Maturity proceeds from fixed deposit		24,656.78	
Placement of Fixed deposits	4.1	(36,676.81)	-
Purchase of Fixed Assets	8	(3.87)	(4.23)
Interest on fixed deposits received		709.09	623.60
Net Cash (used in)/generated from investing activities (B)		(11,245.91)	764.68
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share application money (net)		333.20	923.13
Dividend Paid		(1,634.78)	(957.15)
Dividend Tax Paid		(118.78)	(194.85)
Net Cash (used in)/ generated from financing activities (C)		(1,420.36)	(228.87)
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		(11,370.80)	(1,217.07)
Cash and cash equivalents at the beginning of the year	4.1	11,491.85	12,708.92
Cash and cash equivalents at the end of the year	4	121.05	11,491.85
Reconciliation of cash and cash equivalents as per the cash flow statement			
Cash and cash equivalents as per above comprise of the following :			
Current accounts	4	71.02	82.51
In deposits account (less than 3 months original maturity)	4	50.03	11,409.34
Balance as per statement of cash flows	4	121.05	11,491.85

The above statement of cash flow should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP

For and on behalf of the Board of Directors of

Firm Registration No: 012754N / N500016

A. J. Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Dated : May 30, 2019

K.R.Ramamoorthy

Chairman

DIN:00058467

Ittira Davis

Managing Director & CEO

DIN: 06442816

Deepak Khetan

Chief Financial Officer

Sanjeev Barnwal

Company Secretary

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

COMPANY BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Company Background

Ujjivan Financial Services Limited is a Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company was registered as NBFC-MFI under Non-Banking Financial Company Micro Finance Institutions (NBFC-MFIs) directions on September 05, 2013. The Company received approval from Reserve Bank of India ("RBI") to set up a Small Finance Bank. Pursuant to the same, the company executed an agreement to transfer its Business undertaking to its wholly owned subsidiary Ujjivan Small Finance Bank Limited ("the Bank"). The bank commenced operations w.e.f 1st February 2017, on which date the Company ceased to operate as a Micro finance company. Pursuant to this change, the Company surrendered its NBFC - MFI license and received approval and certificate of registration as NBFC-ND-SI-CIC (Core Investment Company) from the RBI on October 10, 2017.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP).

These financial statements are the first financial statements under Ind AS. Refer Note 30 for an explanation of how the transition from previous GAAP to Ind AS has affected company's financial position, financial performance and cash flows.

(i) Historical cost convention

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

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

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

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

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

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

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

(b) Foreign currency translation and transactions

(i) Functional and presentation currency

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

(c) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

attributable to temporary differences and to unused tax losses, if any.

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

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

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

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

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

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

Dividend distribution tax paid on the dividends is recognised consistently with the presentation

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

(d) Leases

Leases in which significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(e) Impairment of assets

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

(f) Cash and cash equivalents

Cash and Cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked / restricted for specific purposes.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

(g) Investments and other financial assets

(i) Classification

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

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

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

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

(ii) Measurement

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other gain or loss using the effective interest rate method.

• Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised under other income. Interest income from these financial assets is included in other gain or loss using the effective interest rate method.

• Fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of profit and loss under other gain or loss in the period in which it arises. Interest or dividend income, if any from these financial assets is separately included in other gain or loss.

Equity investments (other than Investments in subsidiaries)

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

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

Equity Investments (in subsidiaries)

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

investment is assessed and written down immediately to its recoverable amount. The accounting policy on impairment of non-financial assets is disclosed in Note (e) above. On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

(iii) Impairment of financial assets

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

(iv) De-recognition of financial assets

A financial asset is de-recognised only when

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

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

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

Purchase and sale of investment are accounted at trade date.

(v) Income recognition

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected

cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

(h) Financial liabilities

(i) Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(ii) Initial recognition and measurement

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

(iii) Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

(iv) Derecognition

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(i) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(j) Property, plant and equipment (including Capital Work In Progress)

Freehold land is carried at historical cost of acquisition. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical

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for the year ended 31st March, 2019

cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Computer systems	3 Years
Servers	6 Years

Depreciation rate used by the Company are in line with those specified under Schedule II of the Companies Act, 2013.

The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Depreciation on assets purchased/disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

Transition to Ind-AS

On transition to IND AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the

end of financial period which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Provisions

Provisions for legal claims and discounts/incentives are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(m) Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the period in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in

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for the year ended 31st March, 2019

respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet since the company does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Company operates the following post-employment schemes:

- (a) Defined benefit plans such as gratuity, and
- (b) Defined contribution plans such as provident fund

Gratuity obligations

The Company has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or

curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans

Provident fund

The Company makes Provident Fund contributions to publicly administered funds as per local regulations. Such contribution to the provident fund for all employees, are charged to the profit and loss.

(v) Bonus plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Share Based Payments transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 27.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

(o) Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Dividends

Provision is made for the amount of any dividend declared including dividend distribution tax, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company

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for the year ended 31st March, 2019

- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(r) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III, unless otherwise stated.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates are:

Estimation of fair value of Employee's Share Based Payments (Refer Note 27)

Estimation of fair value of Defined Benefit Obligations (Refer Note 25)

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

(a) Recently issued Accounting Pronouncements

(i) Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing standard, Ind AS 17 Leases, and related

interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The new standard is mandatory for financial years commencing on or after 1 April 2019. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Company does not expect any significant impact of the amendment on its financial statements.

(ii) Amendment to Ind AS 12 – Income taxes :

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes'.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect any material impact from this pronouncement on its financial statements. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. Accordingly, the Company will continue to recognise dividend distribution tax paid on distribution of dividend to its equity shareholders as part of dividend within equity, pending any further clarifications.

(iii) Amendment to Ind AS 19 – plan amendment, curtailment or settlement :

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments,

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for the year ended 31st March, 2019

curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect any material impact from this pronouncement on its financial statements.

(iv) Ind AS 109 – Prepayment Features with Negative Compensation :

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

(v) Other Amendments :

Amendments to Ind AS 23, Borrowing costs, Amendment to Ind AS 28, Long term interest in Associates and Joint ventures, Ind AS 103, Business combinations, Ind AS 111, Joint arrangements, are either not applicable to the Company or the Company does not expect any impact on its financial statements.

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, which specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect any significant impact of the amendment on its financial statements.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)		
	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 3. CASH AND CASH EQUIVALENTS			
Cash on hand			
Balances with banks:			
In current accounts (Refer Note 1 below)	71.02	82.51	2,707.29
In deposits account (less than 3 months original maturity) (Refer Note 2 below)	50.03	11,409.34	10,001.63
Total	121.05	11,491.85	12,708.92

Note:

1. Balances with Banks includes unclaimed dividend which are restricted balances as at March 31, 2019 ₹ 3.85 Lakhs and ₹ 2.05 Lakhs as at March 31, 2018 (as at April 1, 2017: Nil)
2. Fixed deposit placed with subsidiary as at March 31, 2019 ₹ 50.03 Lakhs (As at March 31, 2018 ₹ Nil and as at April 1, 2017 ₹ Nil).

Particulars	(₹ in Lakhs)		
	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
Note 3.1 Other Bank Balances			
Other bank balances :			
Bank Deposit with more than 3 months less than 12 months maturity (Refer Note 1 below)	12,104.37	-	-
Total	12,104.37	-	-

Note:

1. Fixed deposit placed with subsidiary as at March 31, 2019 ₹ 12,104.37 Lakhs (As at March 31, 2018 ₹ Nil and as at April 1, 2017 ₹ Nil)

Particulars	As at March 31, 2019						Total
	Amortised Cost	Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal	Others*	
NOTE 4 - INVESTMENTS							

A) In India							
Equity instruments	-	-	-	-	-	-	-
Subsidiaries							
- Ujjivan Small Finance Bank Limited	-	-	-	-	-	166,618.46	166,618.46
- Ujjivan Social Services Foundation**	-	-	-	-	-	-	-
Total (Gross)A	-	-	-	-	-	166,618.46	166,618.46
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	-	-	-	-	-	166,618.46	166,618.46
Total (B)	-	-	-	-	-	166,618.46	166,618.46
Less: Impairment loss allowance	-	-	-	-	-	-	-
Total (Net)	-	-	-	-	-	166,618.46	166,618.46

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Particulars	Amortised Cost	As at March 31, 2018				(₹ in Lakhs)		
		Fair Value				Subtotal	Others*	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account				
A) In India								
Equity instruments	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	165,108.23	165,108.23	
- Ujjivan Small Finance Bank Limited	-	-	-	-	-	0.10	0.10	
- Ujjivan Social Services Foundation**	-	-	-	-	-	-	-	-
Total (Gross)A	-	-	-	-	-	165,108.33	165,108.33	
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	-	-	-	-	-	165,108.33	165,108.33	
Total (B)	-	-	-	-	-	165,108.33	165,108.33	
Less: Impairment loss allowance	-	-	-	-	-	-	-	-
Total (Net)	-	-	-	-	-	165,108.33	165,108.33	

* Measured at deemed cost

** Investment in subsidiary "Ujjivan Social Services Foundation" has been written off during the FY 2018-19 pursuant to voluntarily winding up of the company effective from May 9, 2018.

Particulars	Amortised Cost	As at April 1, 2017				(₹ in Lakhs)		
		Fair Value				Subtotal	Others*	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account				
A) In India								
Equity Instruments	-	-	-	-	-	-	-	-
Subsidiaries	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-	-
- Ujjivan Small Finance Bank Limited	-	-	-	-	-	164,247.75	164,247.75	
- Ujjivan Social Services Foundation**	-	-	-	-	-	0.10	0.10	
Total (Gross)A	-	-	-	-	-	164,247.85	164,247.85	
(i) Investments outside India	-	-	-	-	-	-	-	-
(ii) Investments in India	-	-	-	-	-	164,247.85	164,247.85	
Total (B)	-	-	-	-	-	164,247.85	164,247.85	
Less: Impairment loss allowance	-	-	-	-	-	-	-	-
Total (Net)	-	-	-	-	-	164,247.85	164,247.85	

* Measured at deemed cost

** Investment in subsidiary "Ujjivan Social Services Foundation" has been written off during the FY 2018-19 pursuant to voluntarily winding up of the company effective from May 9, 2018.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
Note 4.1 Investments in Subsidiaries includes:			
Equity Instruments			
Ujjivan Small Finance Bank Limited			
1,440,036,800 Equity Shares of ₹ 10 each fully paid up (March 31, 2018 and April 1, 2017 1,440,036,800 Equity Shares of ₹ 10 each fully paid up)	144,003.68	144,003.68	144,003.68
Ujjivan Social Services Foundation	-	0.10	0.10
Preference Shares			
Ujjivan Small Finance Bank Limited			
200,000,000 Non-convertible Preference Shares of ₹ 10 each fully paid up (March 31, 2018 and April 1, 2017 200,000,000 Non-convertible Perpetual Preference Shares of ₹ 10 each fully paid up)	20,000.00	20,000.00	20,000.00
Other			
Ujjivan Small Finance Bank Limited			
(Deemed investment on account of ESOP issued to employees of subsidiary)	2,614.78	1,104.55	244.08
Total	166,618.46	165,108.33	164,247.85

Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 5. OTHER FINANCIAL ASSETS			
Security deposits			
Interest accrued on deposits with banks	-	-	3.17
Advances to related parties (Refer Note 28)	0.00	17.26	-
Total	0.00	17.26	3.17

Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 6. CURRENT TAX ASSETS (NET)			
Current Tax Assets			
(Net of provision, as at March 31, 2019 - ₹24,380.15 Lakhs and as at March 31, 2018 - ₹15,199.40 Lakhs)	46.16	130.19	-
Total	46.16	130.19	-

Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 7. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS			
Carrying amounts of:			
Computers	1.67	3.08	-
Server	3.29	-	-
Total	4.96	3.08	-

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Particulars	Computers	Server	Total
Property, plant and equipment			
Gross Carrying Amount			
Deemed cost as at April 1, 2017	-	-	-
Additions	4.23	-	4.23
Disposals	-	-	-
Gross block as at March 31, 2018	4.23	-	4.23
Accumulated Depreciation			
Depreciation charge for the year	1.15	-	1.15
Eliminated on disposal of assets	-	-	-
Closing accumulated depreciation as at March 31, 2018	1.15	-	1.15
Net carrying amount as at March 31, 2018	3.08	-	3.08
Gross carrying amount as at March 31, 2018	4.23	-	4.23
Additions	-	3.87	3.87
Disposals	-	-	-
Closing carrying amount as at March 31, 2019	4.23	3.87	8.10
Accumulated Depreciation			
Opening accumulated depreciation	1.15	-	1.15
Depreciation charge for the year	1.41	0.58	1.99
Eliminated on disposal of assets	-	-	-
Closing accumulated depreciation as at March 31, 2019	2.56	0.58	3.14
Net carrying amount as at March 31, 2019	1.67	3.29	4.96

Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 8. OTHER NON FINANCIAL ASSETS			
Prepaid expenses			
Prepaid expenses	2.18	1.83	-
Balance with government authorities	21.31	11.24	5.70
Others	0.26	1.00	16.02
Total	23.75	14.07	21.72

Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 9. TRADE PAYABLES			
Trade Payables			
- Outstanding dues of micro enterprises and small enterprises	-	-	-
- Outstanding dues of creditors other than micro enterprises and small enterprises	17.45	9.28	15.35
Total	17.45	9.28	15.35

The Company has not paid any interest in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, additionally there are no interest amounts due as at March 31, 2019 (March 31, 2018 ₹ Nil and April 1, 2017 ₹ Nil)

Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 10. OTHER FINANCIAL LIABILITIES			
Other Payable			
Other Payable	0.00	0.00	143.54
Payable to Related Parties (Refer Note 28)	0.00	0.00	44.69
Total	0.00	(0.00)	188.23

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 11. CURRENT TAX LIABILITIES (NET)			
Current Tax Liabilities	15.31	71.37	659.51
(Net of advance tax, as at March 31, 2019 - ₹4,406.07 Lakhs and March 31, 2018 ₹12,677 Lakhs)			
Total	15.31	71.37	659.51
Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 12. PROVISIONS			
Leave encashment	5.70	6.16	10.27
Gratuity (Refer Note 25)	3.92	3.80	-
Total	9.62	9.96	10.27
Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 13. OTHER NON FINANCIAL LIABILITIES			
Employee benefits payable	75.72	75.45	101.29
Statutory due payable	8.00	6.08	97.74
Unclaimed Dividend	3.85	2.05	-
Others	14.97	22.57	93.50
Total	102.54	106.15	292.53
Particulars	As on March 31, 2019	As on March 31, 2018	As at April 1, 2017
NOTE 14. EQUITY SHARE CAPITAL			
Equity share capital			
Authorised Share capital :			
125,000,000 (March 31, 2018: 125,000,000 and April 1, 2017: 125,000,000) Equity	12,500.00	12,500.00	12,500.00
Shares of ₹ 10 each			
Issued and subscribed capital comprises:			
121,166,697 (March 31, 2018: 120,861,781 and April 1, 2017: 119,377,072) Equity	12,116.67	12,086.18	11,937.71
Shares of ₹10 each			
Total issued, subscribed and fully paid-up share capital	12,116.67	12,086.18	11,937.71

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

(i) Movements in equity share capital

Equity Share Capital

Particulars	As on March 31, 2019		As on March 31, 2018	
	Number of shares (In Lakhs)	Amount (₹ in Lakhs)	Number of shares (In Lakhs)	Amount (₹ in Lakhs)
Balance as at the beginning of the year	1,208.62	12,086.18	1,193.77	11,937.71
Add: shares issued during the year - Stock options	3.05	30.49	14.85	148.47
Balance outstanding as at the end of the year	1,211.67	12,116.67	1,208.62	12,086.18

Particulars	As on April 1, 2017	
	Number of shares (In Lakhs)	Amount (₹ in Lakhs)
Balance as at the beginning of the year	1,011.86	10,118.60
Add: shares issued during the year - Stock options	11.36	113.58
Add: shares issued during the year - Institutions/Others	170.55	1,705.53
Balance outstanding as at the end of the year	1,193.77	11,937.71

(ii) Rights, preferences and restrictions attached to shares:

The company has only one class of equity shares with voting rights (one vote per share). The distribution of dividend is in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

As the Company has not issued any bonus shares and do not have any securities that are convertible into equity shares, the said disclosures pursuant to Schedule III requirements are not applicable.

(iii) Details of shares held by each shareholder holding more than 5% equity Shares

Particulars	As on March 31, 2019		As on March 31, 2018	
	Number of shares (In Lakhs)	Amount (₹ in Lakhs)	Number of shares (In Lakhs)	Amount (₹ in Lakhs)
Ardisia Limited	121	9.96%		
Alena Private Limited	107.91	8.91%	107.91	8.93%
International Finance Corporation	-	-	71.42	5.91%
NewQuest Asia Investments II Limited	70.28	5.80%	70.28	5.81%

Particulars	As on April 1, 2017	
	Number of shares (In Lakhs)	Amount (₹ in Lakhs)
Alena Private Limited	107.91	9.04%
CDC Group Plc.	109.33	9.16%
International Finance Corporation	71.42	5.98%
NewQuest Asia Investments II Limited	70.28	5.89%

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

(iv) Information relating to Employee stock option plan (ESOP) including details of options issued, exercised and lapsed during the year and options outstanding at the end of the reporting period is set out in note. 27.

Note 14A. Other Equity							(₹ in Lakhs)
Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Total
		Statutory Reserve	Securities Premium	Retained Earnings	Share Options Outstanding Account		
Restated Balance as at April 01, 2017 (Refer note 30)	52.88	11,445.94	108,784.66	42,460.24	1,137.91	163,881.62	
Add : Profit / (loss) for the year			-	100.42		100.42	
Add : Other comprehensive income for the year		-		(0.82)		(0.82)	
Total comprehensive income for the year				99.60		99.60	
Appropriation to statutory reserve	8.38			(8.38)		-	
Add: Movement in share option outstanding balance					162.43	162.43	
Add: ESOP expense for the period (Note 27)					(55.15)	(55.15)	
Less: Grants exercised during the year					(166.83)	(166.83)	
Add: Deemed Investment in Subsidiaries (Note 4)					860.47	860.47	
Transaction with owners in their capacity as owners							
Add : Share application money received	923.13					923.13	
Less : Shares allotted during the year	(148.47)					(148.47)	
Less: Premium on shares allotted during the year	(803.84)					(803.84)	
Add : Premium on shares issued during the year on stock options		883.99				883.99	
Less: Dividend distributed during the year			(957.15)			(957.15)	
Less: Dividend distribution tax			(194.85)			(194.85)	
Balance at March 31, 2018	23.70	11,454.32	109,668.65	41,399.46	1,938.83	164,484.95	
Balance at April 1, 2018	23.70	11,454.32	109,668.65	41,399.46	1,938.83	164,484.95	
Add : Profit / (loss) for the year				2,158.30		2,158.30	
Add : Other comprehensive income for the year				(0.48)		(0.48)	
Total comprehensive income for the year				2,157.82		2,157.82	
Appropriation to statutory reserve	432.00			(432.00)		-	
Add: ESOP expense for the period (Note 27)				(41.99)		(41.99)	
Less: Grants exercised during the year				(150.22)		(150.22)	
Add: Deemed Investment in Subsidiaries (Note 4)				1,510.21		1,510.21	
Add : Share application money received	333.20					333.20	
Less : Shares allotted during the year	(30.49)					(30.49)	
Less: Premium on shares allotted during the year	(302.11)					(302.11)	
Add : Premium on shares issued during the year on stock options		452.33				452.33	
Less: Dividend distributed during the year			(1,634.78)			(1,634.78)	
Less: Dividend distribution tax			(118.78)			(118.78)	
Balance at March 31, 2019	24.30	11,886.32	110,120.98	41,371.72	3,256.83	166,660.13	

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Statutory Reserve :

The Company has to transfer 20% of the profit after Tax to the statutory reserves in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934. The same will be utilised in accordance with the provisions of the Reserve Bank of India Act, 1934.

Securities Premium Reserve :

Securities Premium Reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Companies Act 2013

Shares options outstanding account :

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under the Company's Employees stock option plan.

Note 1 : In accordance with the Dividend Distribution Policy of the Company and in continuation to its dividend payment track record, the Company with the approval of its directors through their resolution passed on March 14, 2019 has declared and paid an interim dividend of ₹ 0.85 (8.5%) per equity share for the FY 2018-19.

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
NOTE 15 - REVENUE FROM OPERATIONS		
Preference Dividend Income received from subsidiary	2,200.00	-
Total	2,200.00	-

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
NOTE 16 - OTHER INCOME		
Interest on fixed deposits *	793.46	623.60
Profit on sale of assets held at fair value through Profit and Loss	68.90	145.32
Miscellaneous income	0.01	5.18
Total	862.37	774.10

*Includes interest received from subsidiary ₹480.33 Lakhs (PY: ₹609.10 Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
NOTE 17 - FINANCE COSTS		
Bank and other charges	0.11	1.27
Total	0.11	1.27

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
NOTE 18 - EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	192.73	142.36
Contributions to provident and other funds	7.60	2.87
Gratuity Cost (Refer Note No. 25)	3.20	2.56
Employee stock option expense(refer note no.27.6)	(41.99)	(55.15)
Staff welfare expenses	1.40	0.33
Total	162.94	92.97

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
NOTE 19 - DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Computers	1.41	1.15
Depreciation on Server	0.58	-
Total	1.99	1.15

Particulars	(₹ in Lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
NOTE 20 - OTHER EXPENSES		
Rent *	7.51	6.85
Repairs and maintenance	1.40	0.68
Insurance	3.03	1.57
Rates & taxes	8.87	40.62
Audit fees (Refer Note 20(a) below)	20.34	5.07
Professional charges	42.97	65.10
Sitting fee	32.26	23.39
Postage & courier	4.12	0.03
Printing & stationery	14.58	0.17
Communication Cost	1.52	0.02
Travelling & conveyance expenses	11.60	19.68
Expenditure on Corporate social responsibility (Refer Note no. 20 (b))	351.06	151.64
Advertisement and Publicity	6.11	2.37
Miscellaneous expenses	2.62	3.83
Total	507.99	321.02

*Represents rental charges paid to subsidiary

Particulars	(₹ in Lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
NOTE. 20(A) DETAILS OF PAYMENTS TO AUDITOR		
(i) Payments to the auditors comprises (net of GST input credit)		
Audit services	16.75	2.00
Tax audit	1.00	1.00
Other services	2.04	2.00
Reimbursement of expenses and levies	0.55	0.07
Total	20.34	5.07

NOTE 20 (B) CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

- i) Gross amount required to be spent by the company during the financial year ended March 31, 2019 is ₹397.22 Lakhs(PY. ₹471.57 Lakhs).
- ii) Amount spent during the year 2018-19 on :

Particulars	In Cash	Yet to be paid in Cash	(₹ in Lakhs)
			Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	351.06	-	351.06

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Amount spent during the year 2017-18 on:

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	151.64	-	151.64

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
NOTE 21. EQUITY SHARE CAPITAL		
Basic Earnings/ (Loss) Per Equity Share		
Nominal value of equity share (₹)	10	10
Profit/(loss) after tax - (A)	2,158.30	100.42
Weighted average number of shares outstanding (B)	1,210	1,201
Basic earnings/ (loss) per share (₹) - (A/B)	1.78	0.08

(₹ in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Diluted Earnings/ (Loss) Per Equity Share		
Basic Earnings/ (Loss) Per Equity Share		
Nominal value of equity share (₹)	10	10
Profit/(loss) after tax - (A)	2,158.30	100.42
Weighted average number of shares outstanding (B)	1,215	1,209
Diluted earnings/ (loss) per share (₹) - (A/B)	1.78	0.08

(₹ in Lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Weighted Average Number of Shares used as denominator		
Weighted Average number of equity shares used as the denominator in calculating basic earnings per share		
Adjustments for calculation of diluted earnings per share:		
Options	5	9
Weighted Average number of equity shares used as the denominator in calculating diluted earnings per share	1,215	1,209

NOTE 22 - LEASING ARRANGEMENTS (OPERATING LEASE)

As a Lessee

Rent represents lease rental payments towards office premises. Such leases are generally for a period of 12 months with options of renewal against increased rent and premature termination of agreement through notice period of 1 to 3 months

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Payments recognized as expense		
Rent	7.51	6.85

(₹ in Lakhs)

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)	
	As at March 31, 2019	As at March 31, 2018
NOTE 23 - CURRENT TAX AND DEFERRED TAX		
23.1 Income Tax recognised in Statement of profit and loss		
Current Tax:		
In respect of current year	181.69	119.40
In respect of prior years	48.95	137.00
Deferred Tax:		
In respect of current year	0.40	0.87
Total income tax expense recognised in the Statement of profit and loss	231.04	257.27

Movement in deferred tax balances

Particulars	(₹ in Lakhs)				
	For the year ended March 31, 2019			Closing Balance	
Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income			
23.2 Movement in deferred tax balances					
Tax effect of items constituting deferred tax liabilities					
Depreciation	(0.18)	(0.21)	-	(0.39)	
	(0.18)	(0.21)	-	(0.39)	
Tax effect of items constituting deferred tax assets					
Employee Benefits	3.29	(0.19)	0.26	3.36	
	3.29	(0.19)	0.26	3.36	
Net deferred tax asset / (Liabilities)	3.11	(0.40)	0.26	2.97	

Particulars	(₹ in Lakhs)			
	For the year ended March 31, 2018			Closing Balance
Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income		
Tax effect of items constituting deferred tax liabilities				
Depreciation	-	(0.18)	-	(0.18)
	-	(0.18)	-	(0.18)
Tax effect of items constituting deferred tax assets				
Employee Benefits and other provisions	3.56	(0.69)	0.43	3.29
	3.56	(0.69)	0.43	3.29
Net Tax Asset (Liabilities)	3.56	(0.87)	0.43	3.11

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

23.3 The reconciliation between the income tax expense and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	2,389.34	357.69
Enacted income tax rate in India	34.94%	33.06%
Computed expected tax expense	834.93	118.26
Effect on account of non-deductible expenses		12.14
Exempt Income	(768.77)	-
Disallowance of CSR Expense	122.67	50.14
Disallowance u/s 14A	3.84	-
Effect on account of expense disallowed in the previous year and allowable in the current year	-	-
Effect on account of deductions under chapter VI-A	(11.40)	(16.18)
Effect on account of prior period tax expense	48.95	137.00
Rate impact on DTA	0.18	(0.16)
Others	0.63	(0.83)
Effect on account of Income taxable at different rate	-	(24.02)
Effect on account of ESOP charge on transition to Ind-AS	-	(19.08)
Income tax expense recognised in Statement of profit and loss	231.04	257.27

NOTE 24 - NOTE 24 - SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. being a Core Investment Company as prescribed by RBI and holding company of Ujjivan Small Finance Bank Limited, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".

NOTE 25 - EMPLOYEES BENEFIT PLANS

Post Employment Benefit Plans

Defined contribution plans - Provident Fund

The Company makes the provident fund contributions for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual obligations.

Defined Benefit Obligations (DBO)- Gratuity

The Gratuity scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are

calculated on the basis of last drawn salary and the period of service at the time of separation and paid as lumpsum. There is a vesting period of 5 years.

(i) Risk Exposure

The Company exposed to the following risks that affect the liabilities and cash flows,

- Interest rates risk: the defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
- Demographic risks: this is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

(ii) **Amount recognised in the Balance Sheet and the movements in the net benefit obligation over the year are as follows:**

Components of Employer expense

Service Cost

	(₹ in Lakhs)	31-Mar-19	31-Mar-18
1 Current service Cost	3.07	2.56	
2 Plan Amendment	0	0	
3 Past service cost	0	0	
4 Curtailment Cost/(Credit)	0	0	
5 Settlement Cost/(Credit)	0	0	
6 Total Service Cost	3.07	2.56	
Net Interest Cost			
7 Interest Expense on Defined Benefit Obligation (DBO)	0.58	0.71	
8 Interest (Income on Plan Asset)	-0.45	-0.71	
9 Interest (income)on reimbursement rights	0	0	
10 Interest expense on effect of (asset ceiling)	0	0	
11 Total Net Interest	0.13	0.00	
12 Immediate Recognition of (Gain)/Losses- Other Long Term Benefits	0	0	
13 Cost of Termination Benefits/Acquisitions/Transfers	0	0	
14 Administrative Expenses/Taxes/Insurance Cost/Exchange Rate cost	0	0	
15 Amount not recognised as asset	0	0	
Defined Benefits cost included in P&L	3.20	2.56	

(iii) **Remeasurement effects**

	(₹ in Lakhs)	31-Mar-19	31-Mar-18
Remeasurement effects recognized in other comprehensive income (OCI)			
1 Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	0.74	-1.29	
2 Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	-0.01	0.19	
3 Actuarial (Gain)/ Losses due to Experience on DBO	0.64	4.10	
4 Return on Plan Assets (Greater) / Less than Discount rate	-0.62	-1.74	
5 Return on reimbursement rights (excluding interest income)	0	0	
6 Changes in asset ceiling /onerous liability (excluding interest Income)	0	0	
7 Total actuarial (gain)/loss included in OCI	0.75	1.26	
8 Total cost recognised in P&L and OCI (Defined Benefit Cost)			
9 Cost Recognised in P&L	3.20	2.57	
10 Remeasurement Effect Recognised in OCI	0.74	1.25	
11 Total Defined Benefit Cost	3.94	3.82	

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

iv) The net liability disclosed above related to funded plans are as follows:

Net Asset/(Liability) Recognised in Balance Sheet –	31-Mar-19	31-Mar-18
1 Present value of Funded Obligation	11.94	17.07
2 Fair Value of Plan Assets	8.02	13.27
3 Funded status [Surplus/(Deficit)]	-3.92	-3.80
4 Unrecognised Past Service Costs	0	0
5 Amount not Recognised as an Asset	0	0
6 Net Liability	-3.92	-3.80
7 Recognised in balance sheet	-3.92	-3.80

(v) The amount recognized in the balance sheet and the movement in the net defined benefit obligation

Change in DBO over the period ending on	31-Mar-19	31-Mar-18
1 Present value of DBO at beginning of the year	17.07	10.79
2 Interest Cost	0.58	0.71
3 Current Service Cost	3.07	2.57
4 Prior Service Costs	0	0
5 Settlements	0	0
6 Benefits Payouts from plan	-18.03	0
7 Benefit payments from employer	0	0
8 Acquisitions/Divestures/Transfer	7.89	0
9 Actuarial (Gains)/Loss	1.36	2.99
10 Present Value Of DBO at the ending period	11.94	17.06

(vi) Reconciliation of Opening & Closing of Plan Assets

Particulars	31-Mar-19	31-Mar-18
1 Fair Value of Plan Assets at end of prior year	13.27	10.79
2 Difference in opening Value	0	0
3 Employer Contribution	3.83	0.02
4 Expected Interest income of assets	0.45	0.71
4a Employer direct benefit payments	0	0
4b Plan Participant's contributions	0	0
5 Transfer In / Acquisitions	7.89	0
6 fund transfer(policy No 524884 and 2646 has been transferred to 5539 policy)	0	0
Equitable interest transfer out details	0	0
7 Benefits Payouts from employer	0	0
7a Benefits Payouts from plan	-18.03	0
8 Settlements By Fund Manager	0	0
9 Admin expenses /Taxes paid from plan assets	0	0
10 Effect of Change in Exchange rates	0	0
11 Insurance premiums for risk benefits	0	0
12 Actuarial gain/(Loss)	0.62	1.74
13 Fair Value of assets at the End	8.02	13.27
14 Actual Return on Plan Assets	1.07	2.46

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

(vii) Expected Contributions to the plan for the next annual reporting period.

Information on the maturity profile of the liabilities given below	31-Mar-19	31-Mar-18	(₹ in Lakhs)
1 Weighted average duration of the D B O	5.98	1.25	
2 Projected Benefit Obligation	11.94	17.07	
3 Accumulated Benefits Obligation	10.74	16.07	

(viii) Five Year Payouts

1 Five Year Payouts	31-Mar-19	
	Discounted values / Present value	undiscounted values/ Actual value
Year (I)	1.16	1.22
Year (II)	0.84	0.95
Year (III)	0.54	0.65
Year (IV)	0.41	0.53
Year (V)	0.31	0.43
Next 5 Year Payouts (6-10Yrs)	0.65	1.07
Payouts Above Ten Years	8.04	9.14
Vested benefit Obligation as on 31-Mar-2019	4.21	

(ix) Major Categories of Plan Asset are as follows

As a percentage of the fair value

Assets Distribution

As at	31-Mar-19	31-Mar-18
1 Govt Securities(Central&State)	0.00%	0.00%
2 Highquality Corporate Bonds	0.00%	0.00%
3 Equity shares of Listed Cos	0.00%	0.00%
4 Property	0.00%	0.00%
5 Special deposits	0.00%	0.00%
6 Others(other investments, bank balance etc)	0.00%	0.00%
7 Assets Under Insurance Schemes	100.00%	100.00%
Total	1	1

(x) Key Assumptions

One of the principal assumptions is the discount rate, which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Actuarial Assumptions:

Salary Escalation:

In projecting the salary increases there are three factors to consider - first is inflation level leading to a general change in salary level. The other two are career progression of the employees & productivity gains for the organization. Where appropriate the salary increases, a periodic salary experience study with the client's data will be conducted as an input for the client, when setting the assumption.

Demographic Assumptions:

For Attrition / Withdrawal

Withdrawal rates, both at early durations of service and near retirement date, not only have a significant impact on estimates of 'liability' and 'contributions' (more than of mortality in service) but are most difficult to estimate. The past may not be a guide to the future. Even if the past experience can be statistically analyzed and produce some meaningful rates, the future experience of withdrawals will depend on general economic conditions as also the particular conditions affecting the given employer's business. Furthermore, withdrawal rates differ significantly from scheme to scheme and within a scheme from year to year. We examine these rates and any other information available and use best possible judgment to cater to the long term nature of the actuarial estimates being carried out.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

The financial and demographic assumptions employed for the calculations as at the end of previous year and current year are as follows

Assumption	31-Mar-19	31-Mar-18	01-Apr-17	(₹ in Lakhs)
1 Discount rate	7.27%	6.61%	7.37%	
2 Salary Escalation	9.00%	9.00%	9.00%	
3 Mortality		Indian Assured Lives Mortality(2006-08)		

Demographic Assumptions:	31-Mar-19	31-Mar-18	01-Apr-17	(₹ in Lakhs)
1 Disability:	5% of mortality rates	5% of mortality rates	5% of mortality rates	
2 Withdrawal:	28.57%	57.14%	0.00%	
3 Retirement age:	60	60	60	

(xii) Sensitivity Analysis - March 2019

Particulars	% increase in DBO	Liability	Increase In DBO	(₹ in Lakhs)
1 Discount rate +100 basis points	-2.61%	11.63	-0.31	
2 Discount rate -100 basis points	0.71%	12.03	0.08	
3 Salary growth +100 basis points	0.15%	11.96	0.02	
4 Salary growth -100 basis points	-2.15%	11.69	-0.26	
5 Attrition rate +100 basis points	-1.33%	11.78	-0.16	
6 Attrition rate-100 basis points	-0.71%	11.86	-0.09	
7 Mortality rate 10% up	-1.02%	11.82	-0.12	

(xii) Sensitivity Analysis - March 2018

Particulars	% increase in DBO	Liability	Increase In DBO	(₹ in Lakhs)
1 Discount rate +100 basis points	-1.45%	16.82	-0.25	
2 Discount rate -100 basis points	1.49%	17.32	0.26	
3 Salary growth +100 basis points	0.53%	17.16	0.09	
4 Salary growth -100 basis points	-0.52%	16.98	-0.09	
5 Attrition rate +100 basis points	-0.20%	17.04	-0.03	
6 Attrition rate-100 basis points	0.20%	17.10	0.03	
7 Mortality rate 10% up	0.07%	17.08	0.01	

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as and when calculating the defined benefit liability recognised in the balance sheet.

NOTE 26 (A) - CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders. The capital structure of the company consists of equity only. The management of the company reviews the capital structure of the company on a annual basis.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor and market confidence and to sustain future development and growth of its business.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

NOTE 26 (B) - FAIR VALUE MEASUREMENTS

Categories of financial instruments

	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Financial assets			
Financial asset			
Measured at amortised cost			
(a) Cash and bank balances	12,225.42	11,491.85	12,708.92
(b) Other financial assets	-	17.26	3.17
Financial liabilities			
Measured at amortised cost			
(a) Other financial liabilities (including trade payables)	17.45	9.28	203.58

The carrying amounts of trade payables, other receivables, cash and cash equivalent including other current bank balances and other liabilities are considered to be the same as their fair values, due to current and short term nature of such balances.

For financial assets and liabilities that are measured at amortized cost, the carrying amounts approximate their fair values. All the financial assets and liabilities are level 3 instruments.

NOTE 26 (C) - FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company's risk management is carried out by finance department under policies laid down by the management. The Company's activities expose it to liquidity risk. Finance department monitors the risk exposures on a periodical basis and reports to the Board of Directors on the risks that it monitors and policies implemented to mitigate risk exposures.

1. Foreign currency risk

The company undertakes no transaction in foreign currency; consequently no exposure to exchange fluctuation

2. Interest rate risk

The Company's interest bearing financial assets are term deposits which earn interest at fixed bank

deposit rate. Accordingly, the Company's income and operating cash flows are substantially insensitive of changes in market interest rates. The Company has made substantial portion of term deposit maturing within twelve months to minimise the interest rate risk. The company has not availed any borrowings.

3. Credit risk

The Company maintains exposure in cash and cash equivalents, term deposits with banks and investments in marketable debt investments including mutual funds. The Company has a portfolio of investment with counter-parties which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counter-party based on financial position, credit rating and past experience.

4. Liquidity risk

Liquidity risk is the risk that the company could be unable to meet its short term financial demands.

Liquidity analysis for non derivative financial liabilities-

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

March 31, 2019

Financial Liabilities	Due within (years)		Total	Carrying amount	(₹ in Lakhs)
	Less than 1 year	More than 1 year			
Trade payables	17.45	-	17.45	17.45	
Other financial liability (Non interest bearing)	-	-	-	-	
Total	17.45	-	17.45	17.45	

March 31, 2018

Financial Liabilities	Due within (years)		Total	Carrying amount	(₹ in Lakhs)
	Less than 1 year	More than 1 year			
Trade payables	9.28	-	9.28	9.28	
Other financial liability (Non interest bearing)	-	-	-	-	
Total	9.28	-	9.28	9.28	

April 1, 2017

Financial Liabilities	Due within (years)		Total	Carrying amount	(₹ in Lakhs)
	Less than 1 year	More than 1 year			
Term loans from others	-	-	-	-	
Trade payables	15.35	-	15.35	15.35	
Other financial liability (Non interest bearing)	188.23	-	188.23	188.23	
Total	203.58	-	203.58	203.58	

The management considers that the carrying amount of financial assets and financial liabilities recognised in these financial statements approximate their fair values.

Mitigating Liquidity Risk

The Company maintains sufficient liquid assets to meet for working capital requirements or expansion requirements in the form of term deposits with bank and marketable mutual funds which can be liquidated on demand.

The Company's financial liabilities, consisting mainly of accrued expenses and other liabilities which are due within the next twelve months from the reporting date. The Company has sufficient funds to meet all maturing obligations.

5. Price Risk

Investments in Subsidiaries are carried at cost, and carry no impact of price risk. There are no investments in mutual funds as at March 31, 2019, March 31, 2018 and April 1, 2017.

NOTE 27 - SHARE-BASED PAYMENTS

27.1 Employee share option plan of the Company

27.1.1 Details of the employee share option plan of the Company

The Company has share option scheme for employees of the Company and its subsidiary i.e. Ujjivan Small Finance Bank, being ESOP 2007, ESOP 2008, ESOP 2010, MD-ESOP 2010 and ESOP 2015.

ESOP 2007

The ESOP 2007 was for a total of 189,440 Equity Shares for all the eligible employees of the Company. As on March 31, 2019, out of the 189,400 options granted, 141,390 options have been exercised, 44,500 options lapsed and 3,550 valid options are left to be exercised. All the 44,500 lapsed options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018

ESOP 2008

The ESOP 2008 was for a total of 396,680 Equity Shares for all the eligible employees of the Company. As on March 31, 2019, out of the 396,680 options granted, 2,38,360 options have been exercised, 1,54,130 options lapsed and 4,190 valid options are left to be exercised.

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

All the 1,54,130 lapsed options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

ESOP 2010

The ESOP 2010 was for a total of 3,384,300 Equity shares for all the eligible employees of the Company. As on March 31, 2019, out of the 3,384,300 options granted, 1,603,893 options have been exercised, 1,568,973 options lapsed and 212,944 valid options are left to be exercised. Out of the 1,568,973 lapsed options 1,563,769 options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

MD ESOP 2010

The MD-ESOP 2010 was for a total of 1,249,172 options. As on March 31, 2019, all the 1,249,172 granted options under MD-ESOP 2010 have been exercised. There is no outstanding option left to be exercised under MD-ESOP 2010.

ESOP 2015

The ESOP 2015 was for a total of 5,561,188 options. In compliance with Regulation 12 of Securities and Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOP Regulations), the Company got its ESOP Scheme 2015 ratified by its shareholders subsequent to its IPO in their AGM held on August 10,

2016. Further, pursuant to the shareholders' approval at their AGM held on June 27, 2018, 1,018,711 options lapsed under ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010 were added to the pool of ESOP 2015.

As on March 31, 2019, the ESOP 2015 pool comprises of 6,579,899 (including the original pool of 5,561,188 options plus 1,018,711 options added back from the lapsed options of ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010)

The Company has granted 2,349,230 options under the ESOP 2015 to eligible employees during the financial year 2018-19.

As on March 31, 2019, out of the 5,515,880 options granted, 4,83,080 options have been exercised, 861,798 options are lapsed, 1,558,904 vested options are left to be exercised. Further, 2,612,098 options are yet to be vested. Out of the 861,798 options which are lapsed, 455,388 options were added back to the pool of ESOP 2015 with the approval of the shareholders at the AGM held on June 27, 2018.

The Board (including its authorised committee) has been authorised by the shareholders to include the lapsed / cancelled options under its ESOP 2010 and ESOP 2015 back to the pool of ESOP 2015 and that the Board is hereby authorized to grant such added back options to its eligible employees (which includes the employees of its subsidiary).

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

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

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

The following share-based payment arrangements were in existence during the current and prior years:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
ESOP 2007	189,440	21/07/2007	09/05/2019	12.5	0
ESOP 2008	396,680	18/08/2008	09/05/2019	28	0
MD ESOP 2010	1,249,172	12/07/2010	09/05/2019	40	0
ESOP 2010	1,738,290	12/07/2010	09/05/2019	40	0
ESOP 2010 for FY 11-12	1,646,010	12/09/2012	9/5/2019 for first 3 vests 12/09/2012 9/9/2019 for 4th vests	57	0
ESOP 2015	1,469,800	03/11/2015 03/11/2015 03/11/2015	03/11/2019 03/11/2020 03/11/2021	146.35 146.35 146.35	- 84 95
ESOP 2015 (Additional Grant Scheme 1)	1,696,850	14/09/2016 14/09/2016 14/09/2016	14/09/2020 14/09/2021 14/09/2022	417.15 417.15 417.15	109 134 161
ESOP 2015 (Additional Grant Scheme 2)	2,337,670	27/06/2018 27/06/2018 27/06/2018	27/06/2022 27/06/2023 27/06/2024	385.05 385.05 385.05	110 132 155
ESOP 2015 (Additional Grant Scheme 3)	11,560	23/01/2019 23/01/2019 23/01/2019	23/01/2022 23/01/2023 23/01/2024	290.6 290.6 290.6	83 100 117

27.2 Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is ₹132.18 (No options were granted in FY 2017-18). Options were priced using Black and Scholes Model. Vested ESOPs can be exercised within three years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date. The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern.. While the Company has been listed since 2016, the period of listing up to the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies have been considered for the purposes of valuation.

Particulars	ESOP 2015			ESOP 2015 (Additional Grant Scheme 1)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	186.59	186.59	186.59	417.15	417.15	417.15
Exercise price	146.35	146.35	146.35	417.15	417.15	417.15
Expected volatility	30.90%	32.60%	35.20%	29.70%	30%	31.80%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Risk-free interest rate	7.4%	7.5%	7.6%	6.8%	6.8%	6.9%

Inputs into the model

Particulars	ESOP 2015 (Additional Grant Scheme 2)			ESOP 2015 (Additional Grant Scheme 3)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	385.05	385.05	385.05	290.6	290.6	290.6
Exercise price	385.05	385.05	385.05	290.6	290.6	290.6
Expected volatility	32.80%	31.30%	31.60%	32.80%	31.30%	31.60%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Dividend yield	-	-	-	-	-	-
Risk-free interest rate	7.6%	7.8%	7.9%	7.6%	7.8%	7.9%

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

27.3 Movements in share options

During the year 2018-19

Particulars (Nos.)	Options granted and outstanding as at beginning of period	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the period end
ESOP 2007	6,280	-	2,730	-	3,550
ESOP 2008	8,380	-	4,190	-	4,190
ESOP 2010	126,105	-	33,251	-	92,854
ESOP 2010 for FY 11-12	204,755		79,461	5,204	120,090
MD ESOP 2010	-	-	-	-	-
ESOP 2015	937,826	-	184,724	55,500	697,602
ESOP 2015 (Additional Grant Scheme 1)	1,475,640	-	560	170,400	1,304,680
ESOP 2015 (Additional Grant Scheme 2)	-	2,337,670	-	180,510	2,157,160
ESOP 2015 (Additional Grant Scheme 3)	-	11,560	-	-	11,560
Total	2,758,986	2,349,230	304,916	411,614	4,391,686
Weighted average exercise price	279.03	384.59	109.14	362.01	339.51

During the year 2017-18

Particulars (Nos.)	Options granted and outstanding as at beginning of period	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the period end
ESOP 2007	6,910.00	-	630.00	-	6,280.00
ESOP 2008	43,260.00	-	34,040.00	840.00	8,380.00
ESOP 2010	278,152.00	-	149,377.00	2,670.00	126,105.00
ESOP 2010 for FY 11-12	488,295.00		276,094.00	7,446.00	204,755.00
MD ESOP 2010	809,172.00	-	809,172.00	-	-
ESOP 2015	1,232,647.00	-	215,396.00	79,425.00	937,826.00
ESOP 2015 (Additional Grant Scheme 1)	1,615,190.00		-	139,550.00	1,475,640.00
ESOP 2015 (Additional Grant Scheme 2)	-	-	-	-	-
Total	4,473,626.00	-	1,484,709.00	229,931.00	2,758,986.00
Weighted average exercise price	207.17	-	58.30	306.14	279.03

27.4 Share options exercised during the year

For the share options exercised during the year ended March 31, 2019 weighted average share price is ₹ 317.28 (For the year ending March 31, 2018. ₹347.32.)

27.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹339.51 (as at March 31, 2018. ₹ 279.03.), and a weighted average remaining contractual life of 3.09 Years (as at March 31, 2018: 2.88 Years).

27.6 Expense arising from share based payment transaction recognized in profit or loss statement as employee benefit expense are as follows:

For the period/year ended	31-Mar-19	31-Mar-18
Employee benefit expense	-41.99	-55.15

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

27.7 ESOP arrangement with subsidiary

The Company has transferred its business undertaking to USFB on February 01, 2017 and all the employees of the Company except a few were transferred to USFB effective from February 01, 2017. Under previous GAAP, the Company has been recording the cost of the employee share based payments based on the intrinsic value method. As per Ind AS 102 Share-based Payment, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. The company has accordingly determined the cost of the employee share-based payments considering the fair value principles and in line with Ind AS 101, recognised the share based payment expense for all the unvested options as on the transition date for the period starting from the grant date till the transition date. Further, the share based payment expense recognised for the year ended March 31, 2018 as per the previous GAAP have been adjusted to reflect the amount that has to be recognised as per Ind AS 102. Pursuant to management decision, Impact of Ind AS 102 on account of options granted to the employees of subsidiary is treated as deemed investment in subsidiary in the Company's books.

NOTE 28 - RELATED PARTY DISCLOSURE

Terms and Conditions of transactions with related parties:

The transactions with related parties are made in the ordinary course of business and the same is at arm's length. Outstanding balances at the year end are unsecured and interest free other than fixed deposits and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment for receivables.

A. List of Related Parities are Given below:

Key Management Personnel	Mr. Ittira Davis Poonollil, Managing Director and CEO (From July 1, 2018)
	Mrs. Sudha Suresh, Managing Director and CEO (up to June 30, 2018)
	Mr. Abhijit Sen, Director
	Mr. Kuttalam Rajagopalan Ramamoorthy, Director
	Mr. Jayanta Kumar Basu, Director
	Mr. Amit Gupta, Director
	Mr. Vandana Viswanathan, Director
Enterprises over which Key Management Personnel is able to exercise significant influence	Parinaam Foundation (Upto January 31, 2017)
Subsidiary of Company	Ujjivan Small Finance Bank Limited (with effect from July 4, 2016)
	Ujjivan Social Service Foundation (until May 9, 2018)

B. Transactions with Related Parties during the year

Particulars	March 31,2019	March 31,2018
Remuneration:		
Mr. Ittira Davis		
- Salary	63.91	-
Mrs. Sudha Suresh		
- Salary	20.80	79.69
- Perquisite - ESOP	13.71	9.76
Sitting fee paid to Directors	32.26	23.39
Ujjivan Small Finance Bank Limited:		
Investment in Others*	1,510.23	860.47
(Deemed Investment)		
Placement of fixed deposit	14,285.81	-
Maturity of fixed deposit	2,215.81	-
Interest income recognised	480.33	609.10
Reimbursement of amount received	20.35	167.67
Reimbursement of expenses and other levies paid	164.91	1,282.89
Dividend income	2,200.00	-

*Deemed investment on account of ESOP issued to employees of subsidiary

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

C. Outstanding balance with related parties

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Due From Ujjivan Small Finance Bank Limited	-	17.26	-
Due to Ujjivan Small Finance Bank Limited	-	-	44.69
Term deposit balance with Ujjivan Small Finance Bank Limited	12,154.40	-	10,001.63

D. KMP Remuneration Bifurcation

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Short-term benefits	82.66	79.69
Post-employment benefits	20.08	-
Other long-term benefits	3.22	-
Share-based payments	13.71	9.76
Total	119.67	89.45

NOTE 29 DISCLOSURE OF DETAILS AS REQUIRED UNDER CLAUSE NO. 19 OF MASTER DIRECTION - CORE INVESTMENT COMPANIES (RESERVE BANK) DIRECTION, 2016.

- (a) Provisions as per CIC Guidelines - As the company is not engaged in the business of financing, it has not provided any loans/advances and therefore related compliance in relation to classification as standard asset, sub standard assets, doubtful and loss assets are not applicable.
- (b) Exposure to real estate sector, both direct and indirect - NIL
- (c) Maturity pattern of assets and liabilities.

Particulars	Liabilities Borrowings from Banks and others	Assets	
		Advances	Investments
Up to one month	-	-	-
Over one month to 2 months	-	-	-
Over 2 months up to 3 months	-	-	-
Over 3 months up to 6 months	-	-	-
Over 6 months to 1 year	-	-	-
Over 1 year to 3 years	-	-	-
Over 3 years to 5 years	-	-	-
Over 5 years	-	-	166,618.46
Total			166,618.46

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

29.1 Disclosure as required under Annexure I of Master Direction - Core Investment Companies (Reserve Bank,) Direction, 2016

Schedule to the Balance Sheet of a non-deposit taking Core Investment Company

Liabilities side :

Particulars	Amount outstanding	Amount overdue
(1) Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	Nil	Nil
: Unsecured (other than falling within the meaning of public deposits*)		
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-corporate loans and borrowing	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Other Loans (specify nature)	Nil	Nil

* Please see Note 1 below

Assets side :	Amount outstanding
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :	
(a) Secured	Nil
(b) Unsecured	Nil

Assets side :	Amount outstanding
(3) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
(i) Lease assets including lease rentals under sundry debtors:	
(a) Financial lease	Nil
(b) Operating lease	Nil
(ii) Stock on hire including hire charges under sundry debtors:	
(a) Assets on hire	Nil
(b) Repossessed Assets	Nil
(iii) Other loans counting towards AFC activities:	
(a) Loans where assets have been repossessed	Nil
(b) Loans other than (a) above	Nil

Current Investments :	Amount outstanding
(4) Break-up of Investments :	
1. Quoted :	Nil
(i) Shares : (a) Equity	
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	
(v) Others (please specify)	

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Current Investments :	Amount outstanding
(4) Break-up of Investments:	
2. Unquoted :	Nil
(i) Shares : (a) Equity	
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	
(v) Others (please specify)	
Long Term investments :	
1. Quoted :	Nil
(i) Shares : (a) Equity	
(b) Preference	
(ii) Debentures and Bonds	
(iii) Units of mutual funds	
(iv) Government Securities	
(v) Others (please specify)	
2. Unquoted :	
(i) Shares : (a) Equity	144,003.68
(b) Preference	20,000.00
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others - Deemed Investment in Subsidiary	2,614.78

(5) Borrower group-wise classification of assets financed as in (2) and (3) above : Please see Note 2 below

Category	Amount net of provisions (₹ in Lakhs)		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
Total	Nil	Nil	Nil

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below

Category	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties **			
(a) Subsidiaries	Nil	166,618.46	
(b) Companies in the same group	Nil	Nil	
(c) Other related parties	Nil	Nil	
2. Other than related parties	Nil	Nil	
Total	Nil	166,618.46	

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

(7) Other information

Category	(₹ in Lakhs)
	Amount
(i) Gross Non-Performing Assets	-
(a) Related parties	-
(b) Other than related parties	-
(ii) Net Non-Performing Assets	-
(a) Related parties	-
(b) Other than related parties	-
(iii) Assets acquired in satisfaction of debt	-

Notes:

- 1) As defined in Core Investment Companies (Reserve Bank) Directions, 2016.
- 2) Provisioning norms shall be applicable as prescribed in these Directions.
- 3) All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (4) above.

NOTE 30 FIRST-TIME ADOPTION - MANDATORY EXCEPTIONS, OPTIONAL EXEMPTIONS

Transition to IND AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statement for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the companies date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

Exemptions and exceptions availed

Ind AS optional exemptions

- (a) Deemed cost for property, plant and equipment & intangible assets

Ind AS 101 permits a first time adopter to elect to continue the carrying value for all of its property plant and equipment as recorded in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its

deemed cost as at the date of transition after making necessary adjustment for de-commissioning liabilities. According the company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

- (b) Share based payments

The company has elected not to apply the requirements of Ind AS 102 to the equity instruments that are vested before April 1, 2017 (transition date)."

- (c) Deemed cost for Investment in Subsidiary

The company has elected to continue with the carrying value of its investment in subsidiary, recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date."

- (d) Transfer of Business undertaking to Ujjivan Small Finance Bank

The company has elected not to apply Ind AS 103 Business Combination retrospectively to the past business combination that occurred before transition date of April 1, 2017.

Ind AS mandatory exceptions

Estimates

An entities estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustment to reflect any

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with the previous GAAP."

Classification and measurement of financial assets
Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of

the facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation between previous GAAP and Ind AS.

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior period. The following table represents the reconciliation from previous GAAP to Ind AS.

Particulars	Note	As at March 31, 2018	As at April 1, 2017
Total equity / shareholders' funds as per previous GAAP		175,466.58	175,575.25
Ind AS Adjustments			
Fair Valuation of Employee Stock Option expense for subsidiary Company	1	1,104.55	244.08
Total Ind AS Adjustments		1,104.55	244.08
Total equity as per Ind AS		176,571.13	175,819.33

Notes :

- Under previous GAAP, the Company had been recording the cost of the employee share based payments based on the intrinsic value method. Under Ind-AS, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. The company has accordingly determined the cost of the employee share-based payments considering the fair value principles and exemptions in line with Ind AS 101, and recognised the share based payment expense for all the unvested options as on the transition date for the period starting from the date of grant till the transition date. The charge on account of options granted to the employees of subsidiary, not reimbursed by the said Subsidiary, is treated as deemed investment in subsidiary in The Company's books in accordance with Ind AS 102.

Reconciliation of Total Comprehensive Income

Particulars	Note	(₹ in Lakhs) 31st Mar 2018
Profit after tax as per Previous GAAP		41.90
Ind AS Adjustments		
Through P&L		
ESOP expense recognised on fair value method	1	57.70
Remeasurement of actuarial gain / loss in Other Comprehensive Income	2	1.25
Tax effect of adjustment	3	(0.43)
Profit after tax as per Ind AS		100.42
Other comprehensive income		
Recognition of actuarial gain / loss in Other Comprehensive Income	2	(1.25)
Tax effect of adjustment	3	0.43
Total comprehensive income as per Ind AS		99.60

Notes to the Standalone Financial Statements

for the year ended 31st March, 2019

Notes :

1. Under previous GAAP, the Company had been recording the cost of the employee share based payments based on the intrinsic value method. Under Ind-AS, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. The company has accordingly determined the cost of the employee share-based payments considering the fair value principles and exemptions in line with Ind AS 101, recognised the share based payment expense for all the unvested options as on the transition date for the period starting from the grant date till the transition date. Further, the share based payment expense recognised for the year ended March 31, 2018 as per the previous GAAP have been adjusted to reflect the amount that has to be recognised as per Ind AS 102.
2. Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses are recognised in other comprehensive income.
3. Deferred tax has been created on the Ind AS adjustments.

There were no material differences between the Statement of Cash Flow presented under Ind-AS and the previous GAAP

NOTE 31 The RBI vide its letter dated October 24, 2018 has reiterated that 'Ujjivan Small Finance Bank Limited' (hereinafter referred to as USFB), the wholly owned subsidiary of the Company should comply with all the requirements of the Guidelines for Licensing of Small Finance Banks dated November 27, 2014 and the terms and conditions of the banking licence issued to it specifically regarding listing of USFB within three years from the date of commencement of its operations i.e. by January 31, 2020 and maintaining the promoter shareholding in USFB to at least 40 per cent, for a period of five years from the date of commencement of business of USFB i.e. until January 31, 2022. The Company and USFB are engaged in evaluating various options to ensure the said compliance.

NOTE 32 OTHER EVENTS AFTER REPORTING PERIOD

The Directors have recommended a final dividend at the rate of ₹ 0.45 per share (4.50%) for the FY 2018-19. The final dividend will be subject to the approval by the members of the Company at the ensuing 15th Annual General Meeting ("AGM") of the Company.

NOTE 33 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N / N500016

A. J. Shaikh
Partner
Membership No. 203637

Place: Bengaluru
Date: May 30, 2019

For and on behalf of the Board of Directors

K. R. Ramamoorthy
Chairman
DIN:00058467

Deepak Khetan
Chief Financial Officer

Ittira Davis
Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Independent Auditors' Report

To the Members of Ujjivan Financial Services Limited

REPORT ON THE AUDIT OF THE INDIAN ACCOUNTING STANDARDS (IND AS) CONSOLIDATED FINANCIAL STATEMENTS

Opinion

1. We have audited the accompanying consolidated financial statements of Ujjivan Financial Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") (refer Note 1 to the attached consolidated financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section

143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 19 of the Other Matters paragraph below, other than the unaudited financial statements as certified by the management and referred to in sub-paragraph 18 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

We have no reportable key audit matters on the Holding Company's financial statements.

5. The following Key Audit Matters were included in the audit report dated May 28, 2019, containing an unmodified audit opinion on the financial statements of Ujjivan Small Finance Bank Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants reproduced by us as under:

Key audit matter	How their audit addressed the key audit matter
Measurement and Disclosure of Expected Credit Loss (ECL) on Loans Please refer notes 25 and 35 of the consolidated financial statements. The carrying amount of Loans as on March 31, 2019 is ₹ 1,093,053 (in Lakhs) net of Expected Credit Loss Provision of ₹ 15,422 (in Lakhs) made in the books of account. The provision and classification of loans requires appropriate identification and presentation in accordance with Ind AS 109 "Financial Instruments". The Bank has applied a three-stage approach to measure expected credit losses (ECL) on loans accounted for at amortized cost. They have identified measurement of provision for ECL as a key audit matter in view of the significant judgement and assumptions involved.	Their audit procedures in respect of this area included: Obtained an understanding of management's process and tested the operating effectiveness of internal controls with respect to Credit Appraisals, Credit Sanctioning, Credit Disbursement and Credit Monitoring. Obtained an understanding of management's judgement over classification of loan portfolio into Stage 1, Stage 2 and Stage 3 category of financial assets and assessing whether the ECL provisions were reasonable considering the Bank's portfolio, risk profile, credit risk management practices and the macroeconomic environment. Verified and tested the data used in the ECL calculation by reconciling to source systems and verified the risk ratings for a sample of performing loans of Financial Institutional Group to test the credit monitoring. Tested the mathematical accuracy of the ECL model. Performed sensitivity analysis in relation to the key forward looking assumptions. Assessed the adequacy and appropriateness of disclosures for compliance with the Indian accounting standards.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our and other auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.
7. Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.
8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
9. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

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

10. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate

accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

11. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
12. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

13. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in

the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
15. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
16. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
17. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

18. We did not audit the financial statements of one subsidiary whose financial statements which did not have any operations from the transition date of April 1, 2017 and was wound up on May 09, 2018. These financial statements are unaudited and furnished by the management. In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to the Group.
19. We did not audit the financial statements of one subsidiary whose financial statements reflect total assets of ₹ 1,402,441 Lakhs and net assets of ₹ 175,610 Lakhs as at March 31, 2019, total revenue of ₹ 200,980 Lakhs, total comprehensive income (comprising of profit and other comprehensive income) of ₹ 15,025 Lakhs and net cash flows amounting to ₹ 61,687 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

20. The transition date opening balance sheet as at April 1, 2017 pertaining to the holding company, included in these consolidated financial statements, are based on the previously issued statutory financial statements for the year ended March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by the predecessor auditor, who expressed an unmodified opinion vide report dated April 27, 2017. The adjustments to holding company financial statements for the differences in accounting principles adopted by the Group on transition to the Ind AS have been audited by us.
21. The comparative financial information of the Group for the year ended March 31, 2018 pertaining to the holding company, included in these consolidated financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2018 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 10, 2018. The adjustments to Holding Company's financial statements for the differences in accounting principles adopted by the group on transition to the Ind AS have been audited by us.
22. The comparative financial information of the Subsidiary for the year ended March 31, 2018 and the transition date opening balance sheet as at April 1, 2017 included in these consolidated financial statements, are based on the previously issued statutory financial statements for the years ended March 31, 2018 and March 31, 2017 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by us, on which we expressed an unmodified opinion dated May 08, 2018 and April 24, 2017 respectively. The adjustments to those financial statements for the differences in accounting principles adopted by the Subsidiary on transition to the Ind AS have been audited by the Subsidiary's auditor, on which they have expressed an unmodified opinion vide their report dated May 28, 2019.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the management.

Report on Other Legal and Regulatory Requirements

23. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group—Refer Note 29 to the consolidated financial statements.
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts as at March 31, 2019— Refer Note 5 and Note 35.6 to the consolidated financial statements in respect of such items as it relates to the Group. The Group did not have any derivative contracts as at March 31, 2019.
 - iii. During the year ended March 31, 2019, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company incorporated in India.
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Group for the year ended March 31, 2019.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016

A. J. Shaikh

Date: Bangalore

Partner

Place: May 30, 2019

Membership Number: 203637

Annexure A to Independent Auditors' Report

Referred to in paragraph 23(f) of the Independent Auditors' Report of even date to the members of Ujjivan Financial Services Limited on the consolidated financial statements for the year ended March 31, 2019

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Ujjivan Financial Services Limited (hereinafter referred to as "the Holding Company") and its subsidiary company which are companies incorporated in India, as of that date. Reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is not applicable to One subsidiary incorporated in India namely Ujjivan Social Services Foundation, pursuant to MCA notification GSR 583(E) dated 13 June 2017.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

2. The respective Board of Directors of the Holding company and the subsidiary company, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls over financial reporting is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the

ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement , including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, insufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in

accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

8. In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and

such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to One subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such company incorporated in India. Our opinion is not qualified in respect of this matter.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/ N500016

A. J. Shaikh

Partner

Date: Bangalore

Place: May 30, 2019

Membership Number: 203637

Consolidated Balance Sheet

as on March 31, 2019

Particulars	Note	(₹ in Lakhs)		
		As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
FINANCIAL ASSETS				
Cash and cash equivalents	3	107,883.37	57,617.17	71,365.07
Bank balances other than above	4	1,842.03	3,692.25	7,957.10
Loans	5	1,093,053.07	732,261.73	572,850.44
Investments	6	154,781.09	124,408.22	145,602.17
Other Financial Assets	7	2,461.88	1,626.87	8,309.42
NON FINANCIAL ASSETS				
Current Tax Assets (Net)	8	614.42	303.97	-
Deferred Tax Assets (Net)	30	7,589.59	9,200.06	7,638.99
Property, Plant And Equipment	9	20,714.66	11,845.83	7,218.73
Capital Work-in-Progress	9A	210.26	420.22	316.50
Other Intangible Assets	10	7,524.99	7,571.49	6,441.63
Other Non Financial Assets	11	5,913.72	3,276.57	1,824.35
Total Assets		1,402,589.08	952,224.38	829,524.40
LIABILITIES AND EQUITY				
Liabilities				
Financial Liabilities				
Payables	12			
(a) Trade Payables				
- Total outstanding dues of micro enterprises and small enterprises				-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		4,431.55	2,498.52	1,305.61
Debt Securities	13	10,000.00	60,000.00	82,500.00
Borrowings (Other than Debt Securities)	14	443,300.49	320,284.50	541,640.38
Deposits	15	725,918.15	377,264.35	10,641.24
Subordinated Liabilities	16	5,000.00	5,000.00	5,000.00
Other Financial Liabilities	17	20,062.58	9,280.11	6,178.03
Non Financial Liabilities				
Current Tax Liabilities	18	15.31	71.36	720.65
Provisions	19	3,390.74	2,433.90	1,631.49
Other Non Financial Liabilities	20	2,702.04	2,201.85	9,887.31
Total Liabilities		1,214,820.86	779,034.59	659,504.71
Equity				
Equity share capital	21	12,116.67	12,086.18	11,937.71
Other Equity	21 A	175,651.55	161,103.61	158,081.98
Total Equity Attributable to Owners of the Company		187,768.22	173,189.79	170,019.69
Non-Controlling Interests				
Total Liabilities and Equity		1,402,589.08	952,224.38	829,524.40

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N / N500016

For and on behalf of the Board of Directors

A. J. Shaikh
Partner
Membership No. 203637

Place: Bengaluru
Date: May 30, 2019

K. R. Ramamoorthy
Chairman
DIN:00058467

Deepak Khetan
Chief Financial Officer

Ittira Davis
Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2019

Particulars	Note	(` in Lakhs)	
		Year ended March 31, 2019	Year ended March 31, 2018
REVENUE FROM OPERATIONS			
Interest Income	22A	191,681.85	150,021.85
Revenue from contracts with customers	22B	2,646.22	778.45
Net gain/(loss) on derecognition of financial instruments at amortised cost	22C	970.13	678.02
Total Revenue from Operations (I)		195,298.20	151,478.32
Other Income (II)	23	6,064.25	2,992.19
Total Income (I+II)		201,362.45	154,470.51
EXPENSES			
Finance Cost	24	72,703.23	60,156.14
Impairment Losses on Financial Instruments	25	6,576.29	23,642.80
Employee Benefits	26	54,053.40	37,335.13
Depreciation, Amortization And Impairment	27	6,061.76	4,138.47
Other Expenses	28	41,557.91	24,734.59
Total Expenses		180,952.59	150,007.13
Profit before tax		20,409.86	4,463.38
Taxes Expense:			
Current Tax	30	3,721.83	3,388.40
Deferred Tax		1,643.63	(1,520.18)
Profit for the Period		15,044.40	2,595.16
Other Comprehensive Income			
(i) Items that will not be Reclassified to Profit or Loss Remeasurements of post-employment benefit obligations		(94.91)	(118.15)
(ii) Deferred tax on remeasurements of the defined benefit liabilities / (asset)		33.17	40.89
Other Comprehensive Income		(61.74)	(77.26)
Total Comprehensive Income for the Period (Comprising Profit (Loss) and other Comprehensive Income for the period)		14,982.65	2,517.90
Earnings Per Equity Share			
Basic	33	12.43	2.16
Diluted	33	12.38	2.15

The above Consolidated Statement of Profit and Loss should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N / N500016

For and on behalf of the Board of Directors

A. J. Shaikh
Partner
Membership No. 203637

K. R. Ramamoorthy
Chairman
DIN:00058467

Ittira Davis
Managing Director & CEO
DIN: 06442816

Place: Bengaluru
Date: May 30, 2019

Deepak Khetan
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2019

EQUITY SHARE CAPITAL

Particulars	Amount
Balance at April 1, 2017	11,937.71
Changes in equity share capital during the year	
(a) Additions during the year	148.47
Balance at March 31, 2018	12,086.18
Changes in equity share capital during the year	
(a) Additions during the year	30.49
Balance at March 31, 2019	12,116.67

OTHER EQUITY

Particulars	Attributable to Owners of Ujjivan Financial Services Limited							(₹ in Lakhs)
	Share Application Money Pending Allotment	Statutory Reserve	Securities Premium	Retained Earnings	Share Options Outstanding Account	Non-Controlling Interests	Total	
Restated Balance as at April 01, 2017 (Refer note 41)	52.88	11,446.81	108,784.66	36,659.73	1,137.91	-	158,081.99	
Add : Profit for the year				2,595.16		-	2,595.16	
Add : Other Comprehensive Income for the year				(77.26)		-	(77.26)	
Total comprehensive income for the year				2,517.90		-	2,517.90	
Appropriation to statutory reserve*	612.96			(612.96)		-	-	
Add: ESOP expense for the period					967.75	-	967.75	
Less: Grants exercised during the year					(166.83)	-	(166.83)	
Transaction with owners in their capacity as owners								
Add : Share application money received	923.13					-	923.13	
Less : Shares allotted during the year	(148.47)					-	(148.47)	
Less: Premium on shares allotted during the year	(803.84)					-	(803.84)	
Add : Premium on shares issued during the year on stock options				883.99		-	883.99	
Less: Dividend distributed during the year					(957.15)	-	(957.15)	
Less: Dividend distribution tax					(194.85)	-	(194.85)	
Balance at March 31, 2018	23.70	12,059.77	109,668.66	37,412.66	1,938.83	-	161,103.61	
Balance at April 1, 2018	23.70	12,059.77	109,668.66	37,412.66	1,938.83	-	161,103.61	
Add : Profit for the year				15,044.40		-	15,044.40	
Add : Other Comprehensive Income for the year				(61.74)		-	(61.74)	
Total comprehensive income for the year				14,982.65		-	14,982.65	
Appropriation to statutory reserve*	4,188.21			(4,188.21)		-	-	
Add: ESOP expense for the period					1,468.25	-	1,468.25	
Less: Grants exercised during the year					(150.22)	-	(150.22)	
Transaction with owners in their capacity as owners								
Add : Share application money received	333.21					-	333.21	
Less : Shares allotted during the year	(30.49)					-	(30.49)	
Less: Premium on shares allotted during the year	(302.11)					-	(302.11)	
Add : Premium on shares issued during the year on stock options				452.33		-	452.33	
Less: Dividend distributed during the year					(1,634.78)	-	(1,634.78)	
Less: Dividend distribution tax					(571.00)	-	(571.00)	
Balance at March 31, 2019	24.30	16,247.99	110,120.99	46,001.32	3,256.86	-	175,651.55	

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

For Price Waterhouse Chartered Accountants LLP

Firm Registration No: 012754N / N500016

For and on behalf of the Board of Directors

A. J. Shaikh
Partner
Membership No. 203637

K. R. Ramamoorthy

Chairman
DIN:00058467

Ittira Davis

Managing Director & CEO
DIN: 06442816

Place: Bengaluru
Date: May 30, 2019

Deepak Khetan
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Consolidated Statement of Cash Flow

for the year ended 31st March, 2019

Particulars	Note	(₹ in Lakhs)	
		As at March 31, 2019	As at March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before taxation		20,409.86	4,463.38
<i>Adjustments for :</i>			
Depreciation on Fixed assets	27	6,061.76	4,138.47
Loss/(Gain) on sale of Fixed Asset	23	114.29	63.65
Profit on Sale of mutual funds	23	(68.90)	(145.32)
Fixed Assets Written off (including claims written off)		1.41	0.83
Investment written off		0.10	-
Share Based Payments	26	1,468.24	881.07
Provision for Advances & Investment	25	6,576.29	23,642.80
Interest income	23	(313.13)	(14.50)
Operating Profit/(Loss) before Working Capital changes		34,249.92	33,030.38
<i>Adjustments for :</i>			
<i>Financial</i>			
(Increase)/Decrease in Loans	5	(367,367.63)	(183,054.09)
(Increase)/Decrease in Other Bank Balances	4	1,850.22	4,264.85
(Increase)/Decrease in Other Financial Assets	7	(835.01)	6,682.55
Increase/ (Decrease) in Trade Payable	12	1,933.03	1,192.91
Increase/ (Decrease) in Other Financial Liabilities	17	10,782.47	3,102.08
Increase/ (Decrease) in Deposits (Net)	15	348,653.77	366,623.11
<i>Non Financial</i>			
(Increase)/Decrease in Other Assets	11	(2,637.15)	(1,452.22)
Increase/ (Decrease) in Provisions	19	861.93	684.26
Increase/ (Decrease) in Other Liabilities	20	500.19	(7,685.46)
Cash generated from/(used in) Operations		27,991.74	223,388.37
Net Tax (paid)/Refunds received		(4,088.33)	(4,341.66)
Net Cash generated from/(used in) Operating Activities (A)		23,903.41	219,046.71
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Mutual funds		(3,330.00)	(26,970.00)
Sale proceeds of Mutual funds		3,398.90	27,115.32
Sale/(purchase) of Investments (Net)		(30,372.87)	21,193.96
Proceeds from sale of Fixed Assets		114.52	38.75
Purchase of Fixed Assets including WIP	9	(14,904.31)	(10,102.38)
Interest on fixed deposits received		313.13	14.50
Net Cash generated from/(used in) Investing Activities (B)		(44,780.63)	11,290.14
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares		333.21	923.13
Debt Securities Repaid during the year	13	(50,000.00)	(22,500.00)
Dividend Paid		(1,634.78)	(957.15)
Dividend Tax Paid		(571.00)	(194.85)
Increase/(decrease) in Borrowings (Net)	14	1,23,015.99	(221,355.88)
Net Cash generated from/(used in) Financing Activities (C)		71,143.42	(244,084.75)
Net Increase/(decrease) in Cash and Cash Equivalents (A+B+C)		50,266.20	(13,747.90)
Cash and Cash Equivalents at the beginning of the period	3	57,617.17	71,365.07
Cash and Cash Equivalents at the end of the period	3	107,883.37	57,617.17

Notes:

1. The above Consolidated Statement of Cash Flows has been prepared in accordance with Indian Accounting Standard- 7 notified under Section 133 of the Companies Act, 2013.

2. For disclosures relating to change in liabilities arising from financing activities refer note 36A

The above Consolidated Statement of Cash flows should be read in conjunction with the accompanying notes

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N / N500016

A. J. Shaikh
Partner
Membership No. 203637

Place: Bengaluru
Date: May 30, 2019

For and on behalf of the Board of Directors

K. R. Ramamoorthy
Chairman
DIN:00058467

Deepak Khetan
Chief Financial Officer

Ittira Davis
Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

NOTE 1 - BACKGROUND

Ujjivan Financial Services Limited ("the Holding Company") is a Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company was registered as NBFC-MFI under Non-Banking Financial Company Micro Finance Institutions (NBFC-MFIs) directions on September 05, 2013. The Company received approval from Reserve Bank of India ("RBI") to set up a Small Finance Bank. Pursuant to the same, the company executed an agreement to transfer its business undertaking to its wholly owned subsidiary Ujjivan Small Finance Bank Limited ("the Bank"). The bank commenced operations w.e.f 1st February 2017, on which date the Company ceased to operate as a Micro finance company. Pursuant to this change, the Company surrendered its NBFC - MFI license and received approval and certificate of registration as NBFC-ND-SI-CIC (Core Investment Company) from the RBI on October 10, 2017.

The Consolidated Financial Statements relates to the Holding Company and its subsidiary companies (collectively referred to as "the Group"). Refer Note 39 for details of the Group.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation and presentation

These financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Companies Act, 2013 and Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015], Companies (Indian Accounting Standards) Amendment Rules, 2016 and other relevant provisions of the Companies Act 2013 (the Act).

The financial statements up to year ended March 31, 2018 were prepared in accordance with the accounting standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP).

These Consolidated financial statements are the first financial statements under Ind AS. Refer Note 41 for an explanation of how the transition from previous GAAP to

Ind AS has affected company's financial position, financial performance and cash flows.

(i) Historical cost convention

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

- certain financial assets and liabilities that are measured at fair value, and
- defined benefit plans - plan assets are measured at fair value.
- employee stock options

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

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

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

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

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

2.2 Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Balance Sheet respectively.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity. When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

2.3 Foreign currency translation and transactions

(i) Functional and presentation currency

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

2.4 Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis

of amounts expected to be paid to the tax authorities. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilised. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Dividend distribution tax paid on the dividends is recognised consistently with the presentation of the transaction that creates the income tax consequence. Dividend distribution tax is charged to statement of profit and loss if the dividend itself is charged to statement of profit and loss. If the dividend is recognised in equity, the presentation of dividend distribution tax is recognised in equity. The benefit of dividend distribution tax paid by the subsidiaries for which the set off has been availed by the Parent Group has been recognized in equity.

2.5 Leases

Leases in which significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

The Group as lessee Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.6 Impairment of assets

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

2.7 Cash and cash equivalents

Cash and Cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked / restricted for specific purposes.

2.8 Financial assets

All financial assets are recognised and derecognised where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognised immediately in profit or loss. All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at Fair Value Through Other Comprehensive Income (FVTOCI);
- all other debt instruments and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset- by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Debt instruments at amortised cost or at FVTOCI

The Group assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Group's business model for managing the asset. For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI). For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending

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for the year ended 31st March, 2019

arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form. An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how Group's financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

At initial recognition of a financial asset, the Group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Group has not identified a change in its business models. When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity. Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognised in profit or loss.

2.8.1 Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting

period following the change in business model that results in reclassifying the Group's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Group holds financial assets and therefore no reclassifications were made. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

2.8.2 Impairment

ECL has been estimated on the loan commitments and investments measured at AC (Amortised Cost) & FVOCI (Fair Value through Other Comprehensive Income) portfolio of the Bank. The portfolios have been divided into 3 stages based on the Staging rules defined subsequently. ECL has been separately estimated for each stage. The Loan portfolio of the Bank has 3 segments: Micro-Finance Institutions (MFI), Micro and Small Enterprises (MSE) and Housing. These segments have been further sub-segmented based on a combination on the product type and risk perspective. Bank also has an Investment portfolio which includes Domestic Bonds (G-secs and Treasury Bills). Staging rules set have been applied to the product categories to bucket them into either Stage 1, Stage 2 or Stage 3.

Stages	Days Past Due	ECL
Stage 1	Upto 30 Days	12- Month ECL
Stage 2	30- 90 Days	Lifetime ECL
Stage 3	90+ Days	Lifetime ECL

The primary risk components applied for estimation of ECL are Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). ECL is estimated as a multiple of PD, LGD and EAD for each of the product sub categories.

- i. The PD provides an estimate of the likelihood that a borrower will be unable to meet his debt obligations. PD may be applied at a rating grade for corporate borrowers or for a pool of accounts showing similar behavioural and risk characteristics like Retail Segment or small businesses (MSE/MFI).
- ii. The EAD is the total receivables that the Bank is exposed to at the time of an account's default.
- iii. LGD is usually shown as the percentage of EAD that the Bank might lose in case the borrower defaults. It depends, among others, on the type and amount of collateral, collection mechanism existing in the Bank and the expected proceeds from a work out (e.g. recovery from sale of collaterals/securities or otherwise) of the assets.

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for the year ended 31st March, 2019

2.8.3 Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contracts such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Group assesses whether debt instruments that are financial assets measured at amortised cost or FVTOCI are credit-impaired at each reporting date. A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit impairment including meeting the definition of default. The definition of default (see below) includes unlikelihood to pay indicators and a back-stop if amounts are overdue for 90 days or more.

2.8.4 Definition of default

All accounts greater than 90 days past due are considered as default accounts.

2.8.5 Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL. The Group's accounting policy is to use the practical expedient that financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

2.8.6 Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. A loan forbearance is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a high risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment), reduction in the amount of cash flows due (principal and interest forgiveness) and amendments to covenants. The Group has an established forbearance policy which applies for corporate and retail lending.

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms.

In the case where the financial asset is derecognised the loss allowance for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms will lead to a gain or loss on derecognition. The new financial asset will have a loss allowance measured based on 12-month ECL except in the rare occasions where the new loan is considered to be originated- credit impaired. The Group monitors credit risk of modified financial assets by evaluating qualitative and quantitative information, such as if the

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for the year ended 31st March, 2019

borrower is in past due status under the new terms. When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Group determines if the financial asset's credit risk has increased significantly since initial recognition by comparing:

- the remaining lifetime PD estimated based on data at initial recognition and the original contractual terms; with
- the remaining lifetime PD at the reporting date based on the modified terms.

2.8.7 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain/loss allocated to it that had been recognised in OCI is recognised in profit or loss. A cumulative gain/loss that had been recognised in OCI is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. This does not apply for equity investments

designated as measured at FVTOCI, as the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss.

2.8.8 Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

2.8.9 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognised in the statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

2.8.10 Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

2.8.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

2.8.12 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'Amortized cost'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid

on the financial liability and is included in the 'Income from other financial instruments at FVTPL' line item in the profit or loss account. As on March 31, 2019, there are no financial liabilities classified at FVTPL.

Amortised cost

Financial liabilities other than those measured at FVTPL, including deposits and borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.8.13 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.8.14 Undrawn loan commitments are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

2.8.15 Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value Through Profit or Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);

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for the year ended 31st March, 2019

- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability). After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

2.9 Interest Income

Interest income for all financial instruments are calculated at gross carrying amount (except for those classified as held for trading or those measured or designated as at FVTPL) are recognised in 'Interest income' as 'Interest on deposits with banks' and 'Interest on loans' in the statement of profit or loss using the effective interest method (EIR).

Interest income is recognised on Net carrying value (gross value less ECL provision) on Stage 3 credit impaired financial assets.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. At the inception of contracts, amounts received and paid in advance are considered as prepaid expenses/deferred income amortized over the life of the contract.

2.10 Fee and commission Income (Includes Revenue from Contracts with Customers)

Fee and commission income include fees other than those that are an integral part of EIR. The fees included in this part of the group statement of profit or loss include ATM services, savings bank services etc. The commission income includes commission received on sale of insurance policies. In both the cases, the revenue is recognised at a point in time at completion of service to the customers.

2.11 Dividend Income

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.12 Property, plant and equipment (including Capital Work In Progress)

Items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate,

only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Asset	useful Life as per schedule II (years)
Computer	3
Furniture	10
Office Equipment	5
Motor Vehicle	8
Server	6

The rates of depreciation adopted by the Group are consistent with those specified in Schedule II to the Companies Act, 2013.

The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions. Leasehold Improvements are depreciated at the lower of the primary lease period or Management's estimate of useful life.

Transition to Ind-AS

On transition to IND AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at April 1, 2017 measured as per the previous GAAP and use that carrying value as deemed cost of the property, plant and equipment.

2.13 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation

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for the year ended 31st March, 2019

method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. Estimated useful life of the intangible assets are as follows:

Asset	useful life as per schedule II (years)
Software	6

The rate of amortisation adopted by the Group are consistent with those specified in Schedule II to the Companies Act, 2013.

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money

and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Provisions

Provisions for legal claims and discounts/incentives are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.17 Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not

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for the year ended 31st March, 2019

disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

2.18 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

2.19 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the period in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet since the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The Group operates the following post-employment schemes

- (a) Defined benefit plans, and
- (b) Defined contribution plans

Defined Benefit Obligations - Gratuity

The Group has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans- Provident Fund Provident fund

The Group makes Provident Fund contributions to publicly administered funds as per local regulations. The Group has no further obligations once the contributions have been paid and such contributions are charged to profit and loss when they are due.

(v) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

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for the year ended 31st March, 2019

(vi) Share Based Payments transactions of the Group

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 37.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2.20 Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Dividends

Provision is made for the amount of any dividend declared including dividend distribution tax, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.22 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Holding Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.23 Segment Reporting

Operating Segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

The Board of Directors have appointed the Managing Director and CEO who assess the financial performance and position of the Group, and makes strategic decisions. Refer Note 32 for Segement Information.

2.24 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Lakhs as per the requirement of Schedule III, unless otherwise stated.

2.25 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Defined Benefit Obligations- Gratuity (Refer Note 31)

Expected Credit Loss (Refer Note 35)

Estimation of fair value of Employee's Share Based Payments (Refer Note 37)

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

2.26 Recently issued Accounting Pronouncements

(i) Ind AS 116 – Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

Notes to the Consolidated Financial Statements

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The new standard is mandatory for financial years commencing on or after 1 April 2019. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The Group does not expect any material impact from this pronouncement on its financial statements.

(ii) Amendment to Ind AS 12 – Income taxes :

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes'.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not expect any material impact from this pronouncement on its financial statements. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12. Accordingly, the Group will continue to recognise dividend distribution tax paid on distribution of dividend to its equity shareholders as part of dividend within equity, pending any further clarifications.

(iii) Amendment to Ind AS 19 – plan amendment, curtailment or settlement :

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection

with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Group does not expect any material impact from this pronouncement on its financial statements.

(iv) Ind AS 109 – Prepayment Features with Negative Compensation :

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any impact on its financial statements.

(v) Other Amendments :

Amendments to Ind AS 23, Borrowing costs, Amendment to Ind AS 28, Long term interest in Associates and Joint ventures, Ind AS 103, Business combinations, Ind AS 111, Joint arrangements, Ind AS 12 Appendix C, are either not applicable to the Group or the Group does not expect any impact on its financial statements.

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for the year ended 31st March, 2019

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 3 - CASH AND CASH EQUIVALENTS			
Cash on Hand	8,988.80	3,773.94	4,020.18
Balances with Reserve Bank of India			
(a) In Current Accounts	14,157.70	15,989.52	22,072.74
(b) In Reverse Repo (Refer Note i below)	21,508.30	5,203.17	-
(c) In deposits account (less than 3 months maturity)	-	11,409.34	-
Total Balances with RBI	35,666.00	32,602.03	22,072.74
Balances with Other Banks			
(a) In Current Accounts (Refer Note ii below)	1,196.33	1,226.91	3,765.58
(b) In Reverse Repo	-	-	-
	1,196.33	1,226.91	3,765.58
Money at Call and Short Notice			
(a) With Banks	51,034.21	18,014.98	36,506.57
(b) With Other Institutions	10,998.03	1,999.31	5,000.00
	62,032.24	20,014.29	41,506.57
Total	107,883.37	57,617.17	71,365.07

Note:

(i) Carries interest rate @6% (5.75% for previous year)

(ii) Balances with Banks includes unclaimed dividend which are restricted balances as at March 31, 2019 ₹ 3.85 Lakhs and ₹ 2.05 Lakhs as at March 31, 2018 (as at April 1, 2017: Nil)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 4 - BANK BALANCES OTHER THAN ABOVE			
Balances with Other Banks			
(a) Bank Deposit with more than 3 months less than 12 months maturity	1,842.03	3,692.25	7,957.10
Total	1,842.03	3,692.25	7,957.10
Balances in India	1,842.03	3,692.25	7,957.10
Balances Outside India	-	-	-
Total	1,842.03	3,692.25	7,957.10

It includes Fixed Deposit of ₹ 1,842.03 Lakhs (Previous Year '18- ₹ 2,341.57 Lakhs; Previous Year '17- ₹ 7,957.10 Lakhs) held under lien.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	As at March 31, 2019						Total	
	Amortised Cost	Through Other Comprehensive Income	Through Profit and Loss Account	Fair Value		Subtotal		
				Designated at Fair Value Through Profit and Loss Account				
NOTE 5 - LOANS								
Bills Purchased and Bills Discounted	-	-	-	-	-	-	-	
Cash Credits, Overdrafts, Loans repayable on Demand	1,26,955.31	-	-	-	-	-	126,955.31	
Term Loans	9,81,519.99	-	-	-	-	-	981,519.99	
Total (Gross)	11,08,475.30	-	-	-	-	-	1,108,475.30	
Less: Impairment loss allowance	(15,422.23)	-	-	-	-	-	(15,422.23)	
Total (Net)	10,93,053.07	-	-	-	-	-	1,093,053.07	
Secured by tangible assets	1,50,509.80	-	-	-	-	-	150,509.80	
Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	
Unsecured	9,57,965.50	-	-	-	-	-	957,965.50	
Total (Gross)	11,08,475.30	-	-	-	-	-	1,108,475.30	
Less: Impairment loss allowance	(15,422.23)	-	-	-	-	-	(15,422.23)	
Total (Net)	10,93,053.07	-	-	-	-	-	1,093,053.07	
Loans in India								
Priority Sectors	-	-	-	-	-	-	-	
Public Sectors	-	-	-	-	-	-	-	
Banks	-	-	-	-	-	-	-	
Others	11,08,475.30	-	-	-	-	-	1,108,475.30	
Total (Gross)	11,08,475.30	-	-	-	-	-	1,108,475.30	
Less: Impairment loss allowance	(15,422.23)	-	-	-	-	-	(15,422.23)	
Total (Net)	10,93,053.07	-	-	-	-	-	1,093,053.07	
Loans outside India								
Banks	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	
Total (Gross)	-	-	-	-	-	-	-	
Less: Impairment loss allowance	-	-	-	-	-	-	-	
Total (Net)	-	-	-	-	-	-	-	
Total	10,93,053.07	-	-	-	-	-	1,093,053.07	

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	As at March 31, 2018							
	Amortised Cost	Fair Value			Designated at Fair Value Through Profit and Loss Account	Subtotal	Others	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account				
NOTE 5 - LOANS								
Bills Purchased and Bills Discounted	-	-	-	-	-	-	-	-
Cash Credits, Overdrafts, Loans repayable on Demand	117,581.85	-	-	-	-	-	-	117,581.85
Term Loans	641,317.24	-	-	-	-	-	-	641,317.24
Total (Gross)	758,899.09	-	-	-	-	-	-	758,899.09
Less: Impairment loss allowance	(26,637.36)	-	-	-	-	-	-	(26,637.36)
Total (Net)	732,261.73	-	-	-	-	-	-	732,261.73
Secured by tangible assets	39,575.41	-	-	-	-	-	-	39,575.41
Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	-
Unsecured	719,323.68	-	-	-	-	-	-	719,323.68
Total (Gross)	758,899.09	-	-	-	-	-	-	758,899.09
Less: Impairment loss allowance	(26,637.36)	-	-	-	-	-	-	(26,637.36)
Total (Net)	732,261.73	-	-	-	-	-	-	732,261.73
Loans in India								
Priority Sectors	-	-	-	-	-	-	-	-
Public Sectors	-	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-	-
Others	758,899.09	-	-	-	-	-	-	758,899.09
Total (Gross)	758,899.09	-	-	-	-	-	-	758,899.09
Less: Impairment loss allowance	(26,637.36)	-	-	-	-	-	-	(26,637.36)
Total (Net)	732,261.73	-	-	-	-	-	-	732,261.73
Loans outside India								
Banks	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total (Gross)	-	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-	-
Total (Net)	-	-	-	-	-	-	-	-
Total	732,261.73	-	-	-	-	-	-	732,261.73

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	As at April 1, 2017						Total	
	Amortised Cost	Through Other Comprehensive Income	Through Profit and Loss Account	Fair Value		Subtotal		
				Designated at Fair Value Through Profit and Loss Account				
NOTE 5 - LOANS								
Bills Purchased and Bills Discounted	-	-	-	-	-	-	-	
Cash Credits, Overdrafts, Loans repayable on Demand	117,781.74	-	-	-	-	-	117,781.74	
Term Loans	475,710.09	-	-	-	-	-	475,710.09	
Total (Gross)	593,491.83	-	-	-	-	-	593,491.83	
Less: Impairment loss allowance	(20,641.39)	-	-	-	-	-	(20,641.39)	
Total (Net)	572,850.44	-	-	-	-	-	572,850.44	
Secured by tangible assets	11,697.71	-	-	-	-	-	11,697.71	
Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	
Unsecured	581,794.12	-	-	-	-	-	581,794.12	
Total (Gross)	593,491.83	-	-	-	-	-	593,491.83	
Less: Impairment loss allowance	(20,641.39)	-	-	-	-	-	(20,641.39)	
Total (Net)	572,850.44	-	-	-	-	-	572,850.44	
Loans in India								
Priority Sectors	-	-	-	-	-	-	-	
Public Sectors	-	-	-	-	-	-	-	
Banks	-	-	-	-	-	-	-	
Others	593,491.83	-	-	-	-	-	593,491.83	
Total (Gross)	593,491.83	-	-	-	-	-	593,491.83	
Less: Impairment loss allowance	(20,641.39)	-	-	-	-	-	(20,641.39)	
Total (Net)	572,850.44	-	-	-	-	-	572,850.44	
Loans outside India								
Banks	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	
Total (Gross)	-	-	-	-	-	-	-	
Less: Impairment loss allowance	-	-	-	-	-	-	-	
Total (Net)	-	-	-	-	-	-	-	
Total	572,850.44	-	-	-	-	-	572,850.44	

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for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	As at March 31, 2019							
	Amortised Cost	Fair Value			Designated at Fair Value Through Profit and Loss Account	Subtotal	Others	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account				
NOTE 6 - INVESTMENTS								
Government securities	154,801.28	-	-	-	-	-	-	154,801.28
Other approved securities	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-
Equity instruments	-	10.00	-	-	10.00	-	-	10.00
Mutual fund units	-	-	0.00	-	0.00	-	-	0.00
Subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-	-
Total (Gross)	154,801.28	10.00	0.00	-	10.00	-	-	154,811.28
(i) Investments outside India								
(ii) Investments in India	154,801.28	10.00	0.00	-	10.00	-	-	154,811.28
Less: Impairment loss allowance	(30.19)	-	-	-	-	-	-	(30.19)
Total (Net)	154,771.09	10.00	0.00	-	10.00	-	-	154,781.09

(₹ in Lakhs)

Particulars	As at March 31, 2018							
	Amortised Cost	Fair Value			Designated at Fair Value Through Profit and Loss Account	Subtotal	Others	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account				
NOTE 6 - INVESTMENTS								
Government securities	124,422.48	-	-	-	-	-	-	124,422.48
Other approved securities	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-
Equity instruments	-	10.00	-	-	10.00	-	-	10.00
Mutual fund units	-	-	(0.00)	-	(0.00)	-	-	(0.00)
Subsidiaries, associates and joint ventures	-	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-	-
Total (Gross)	124,422.48	10.00	(0.00)	-	10.00	-	-	124,432.48
(i) Investments outside India								
(ii) Investments in India	124,422.48	10.00	(0.00)	-	10.00	-	-	124,432.48
Less: Impairment loss allowance	(24.26)	-	-	-	-	-	-	(24.26)
Total (Net)	124,398.22	10.00	(0.00)	-	10.00	-	-	124,408.22

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	As at April 1, 2017					
	Fair Value				Subtotal	Others
	Amortised Cost	Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account		
NOTE 6 - INVESTMENTS						
Government securities	145,620.57	-	-	-	-	145,620.57
Other approved securities	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-
Equity instruments	-	10.00	-	-	10.00	-
Mutual Fund units	-	-	-	-	-	-
Subsidiaries, associates and joint ventures	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-
Total (Gross)	145,620.57	10.00	-	-	10.00	- 145,630.57
(i) Investments outside India						
(ii) Investments in India	145,620.57	10.00	-	-	10.00	- 145,630.57
Less: Impairment loss allowance	(28.40)	-	-	-	-	(28.40)
Total (Net)	145,592.17	10.00	-	-	10.00	- 145,602.17

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 7 - FINANCIAL ASSETS			
Financial Assets			
Advance to related parties	0.00	-	1.08
Security Deposits	2,332.37	1,564.74	1,177.97
Other Deposits	129.51	62.13	7,130.37
Total	2,461.88	1,626.87	8,309.42

(₹ in Lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 8 - CURRENT TAX ASSETS (NET)\			
Current Tax Assets	614.42	303.97	-
Total	614.42	303.97	-

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

(₹ in Lakhs)

Particulars	As at March 31, 2019						Total
	Property	Computers	Motor Vehicle	Office Equipment	Equipment, Furniture and Fittings	Leasehold Improvements	
NOTE 9 - PROPERTY, PLANT AND EQUIPMENT							
At cost at the beginning of the period (At deemed cost as at April 1, 2017)	-	7,602.64	64.56	1,997.57	1,498.10	3,251.51	14,414.38
Additions	-	2,245.16	43.95	3,140.42	1,910.80	6,129.79	13,470.12
Disposals	-	83.04	19.65	106.06	141.59	44.83	395.17
At cost at the end of the period	-	9,764.76	88.86	5,031.93	3,267.31	9,336.47	27,489.33
Accumulated depreciation	-	1,674.26	9.46	302.03	288.30	294.50	2,568.55
Depreciation for the period	-	2,086.78	12.30	806.20	571.44	894.39	4,371.11
Disposals	-	62.06	4.51	38.83	26.13	33.42	164.95
Accumulated depreciation and impairment as at the end of the period	-	3,698.98	17.25	1,069.40	833.61	1,155.47	6,774.71
Net carrying amount as at the end of the period	-	6,065.78	71.61	3,962.53	2,433.70	8,181.00	20,714.66

(₹ in Lakhs)

Particulars	As at March 31, 2018						Total
	Property	Computers	Motor Vehicle	Office Equipment	Equipment, Furniture and Fittings	Leasehold Improvements	
NOTE 9 - PROPERTY, PLANT AND EQUIPMENT							
At cost at the beginning of the period (At deemed cost as at April 1, 2017)	-	5,951.40	64.56	403.56	401.46	397.75	7,218.73
Additions	-	1,663.06	-	1,619.85	1,165.51	2,869.72	7,318.14
Disposals	-	11.82	-	25.84	68.87	15.96	122.49
At cost at the end of the period	-	7,602.64	64.56	1,997.57	1,498.10	3,251.51	14,414.38
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation for the period	-	1,679.17	9.46	306.39	292.48	300.06	2,587.56
Disposals	-	4.91	-	4.36	4.18	5.56	19.01
Accumulated depreciation and impairment as at the end of the period	-	1,674.26	9.46	302.03	288.30	294.50	2,568.55
Net carrying amount as at the end of the period	-	5,928.38	55.10	1,695.54	1,209.80	2,957.01	11,845.83

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	As at April 1, 2017						(₹ in Lakhs)
	Property	Computers	Motor Vehicle	Office Equipment	Equipment, Furniture and Fittings	Leasehold Improvements	
NOTE 9 - PROPERTY, PLANT AND EQUIPMENT							
At cost at the beginning of the period (At deemed cost as at April 1, 2017)	-	5,951.40	64.56	403.56	401.46	397.75	7,218.73
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At cost at the end of the period	-	5,951.40	64.56	403.56	401.46	397.75	7,218.73
Accumulated depreciation	-	-	-	-	-	-	-
Depreciation for the period	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Accumulated depreciation and impairment as at the end of the period	-	-	-	-	-	-	-
Net carrying amount as at the end of the period	-	5,951.40	64.56	403.56	401.46	397.75	7,218.73

NOTE 9 (A) - CAPITAL WORK IN PROGRESS INCLUDING ADVANCES FOR CAPITAL ASSETS

As at April 1, 2017	316.50
As at March 31, 2018	420.22
As at March 31, 2019	210.26

Particulars	As at March 31, 2019			As at March 31, 2018		
	Software	Other Intangible assets	Total	Software	Other Intangible assets	Total
NOTE 10 - OTHER INTANGIBLE ASSETS						
At cost at the beginning of the period (At deemed cost as at April 1, 2017)	9,122.09	-	9,122.09	6,441.63	-	6,441.63
Additions	1,644.15	-	1,644.15	2,680.52	-	2,680.52
Disposals	-	-	-	0.06	-	0.06
Total cost	10,766.24	-	10,766.24	9,122.09	-	9,122.09
Accumulated amortization and impairment:	-	-	-	-	-	-
Accumulated depreciation and impairment as at the beginning of the period	1,550.60	-	1,550.60	-	-	-
Amortisation during the period	1,690.65	-	1,690.65	1,550.91	-	1,550.91
Disposals	-	-	-	0.31	-	0.31
Total amortization and impairment	3,241.25	-	3,241.25	1,550.60	-	1,550.60
Net carrying amount	7,524.99	-	7,524.99	7,571.49	-	7,571.49

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)		
	As at April 1, 2017		
	Software	Other Intangible assets	Total
NOTE 10 - OTHER INTANGIBLE ASSETS			
At cost at the beginning of the period <i>(At deemed cost as at April 1, 2017)</i>	6,441.63	-	6,441.63
Additions	-	-	-
Disposals	-	-	-
Total cost	6,441.63	-	6,441.63
Accumulated amortization and impairment:			
Accumulated depreciation and impairment as at the beginning of the period	-	-	-
Amortisation during the period	-	-	-
Disposals	-	-	-
Total amortization and impairment	6,441.63	-	6,441.63
Net carrying amount	6,441.63	-	6,441.63

Particulars	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 11 - NON FINANCIAL ASSETS			
Prepaid expenses	3,817.84	2,021.13	1,075.42
Balance with government authorities	1,240.25	569.92	153.25
Others	855.63	685.52	595.68
Total	5,913.72	3,276.57	1,824.35

Particulars	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 12 - TRADE PAYABLES			
- Outstanding dues of micro enterprises and small enterprises	-	-	-
- Outstanding dues of creditors other than micro enterprises and small enterprises	4,431.55	2,498.52	1,305.61
Total	4,431.55	2,498.52	1,305.61

The Group has not paid any interest in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, additionally there are no interest amounts due as at March 31, 2019 (March 31, 2018 ₹ Nil and April 1, 2017 ₹ Nil).

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017			(₹ in Lakhs)
	At Amortised Cost	At Fair Value Through Profit and Loss	Total	Amortised Cost	At Fair Value Through Profit and Loss	Total	Amortised Cost	At Fair Value Through Profit and Loss	Designated at Fair Value Through Profit and Loss	
NOTE 13 - DEBT SECURITIES										
Non-Convertible Redeemable Debenture (Note (i))	10,000.00	-	-	10,000.00	60,000.00	-	-	60,000.00	82,500.00	-
Total	10,000.00	-	-	10,000.00	60,000.00	-	-	60,000.00	82,500.00	-
Debt securities in India	10,000.00	-	-	10,000.00	60,000.00	-	-	60,000.00	82,500.00	-
Debt securities outside India	-	-	-	-	-	-	-	-	-	-
Total	10,000.00	-	-	10,000.00	60,000.00	-	-	60,000.00	82,500.00	-

Start Date	End Date	Rate of Interest	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Secured					
12-05-2015	12-05-2017	12.15%	-	-	-
23-06-2015	23-06-2017	12.15%	-	-	-
26-12-2014	26-12-2017	13.25%	-	-	-
30-06-2014	28-05-2019	12.60%	6,000.00	6,000.00	6,000.00
30-07-2013	30-07-2019	10.75%	4,000.00	4,000.00	4,000.00
05-08-2015*	05-08-2021	12.35%	-	10,000.00	10,000.00
Total Secured			10,000.00	20,000.00	42,500.00
Unsecured					
07-10-2016	07-10-2018	9.74%	-	17,500.00	17,500.00
16-11-2016	16-11-2018	9.65%	-	22,500.00	22,500.00
Total Unsecured			-	40,000.00	40,000.00

* A call option was exercised by the Bank On Non-Convertible Redeemable Debentures worth ₹ 1000 Lakhs during the FY 2018-19.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	At Amortised Cost	At Fair Value Through Profit and Loss	Total	At Amortised Cost	At Fair Value Through Profit and Loss	Total	At Amortised Cost	At Fair Value Through Profit and Loss	Total
NOTE 14 - BORROWINGS (OTHER THAN DEBT SECURITIES)									
Term loans									
(i) From banks	25,000.00	-	25,000.00	87,672.92	-	87,672.92	360,274.37	-	360,274.37
(ii) From other parties	384,800.49	-	384,800.49	230,111.58	-	230,111.58	181,366.01	-	181,366.01
Term money									
(i) From banks	33,500.00	33,500.00	2,500.00	2,500.00	-	2,500.00	-		
Total	443,300.49	-	443,300.49	320,284.50	-	320,284.50	541,640.38	-	541,640.38
Secured Borrowings	62,750.49	-	62,750.49	124,041.01	-	124,041.01	432,853.06	-	432,853.06
Unsecured Borrowings	380,550.00	-	380,550.00	196,243.49	-	196,243.49	108,787.32	-	
Total	443,300.49	-	443,300.49	320,284.50	-	320,284.50	541,640.38	-	432,853.06
Borrowings in India	443,300.49	-	443,300.49	320,284.50	-	320,284.50	541,640.38	-	541,640.38
Borrowings outside India	-	-	-	-	-	-	-	-	-
Total	443,300.49	-	443,300.49	320,284.50	-	320,284.50	541,640.38	-	541,640.38

(i) Out of the the above loans, the following loans are secured by hypothecation of advances

Particulars	March 31, 2019	March 31, 2018	April 1, 2017
Term loans	62,750.49	124,041.01	432,853.06

The borrowings have not been guaranteed by directors or others.

There has been no default in repayment of principal and interest.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Terms of repayment for borrowings:

As on 31st March 2019

Secured by hypothecation of advances

Rate of Interest	Maturity	Installments	Amount Outstanding as on 31 March 2019 (₹ in Lakhs)
Borrowings from NBFCs - (a)			
Repayable in Monthly Installments			
Interest Rate - 9.45%	< 1 Year	7	4,659.00
Total (a)			4,659.00
Borrowings from Others - (b)			
Repayable in Monthly Installments			
Interest Rate - 10.10% (collateralised by FD marked as Lien)	< 1 Year	8	8,191.49
Repayable in Half Yearly Installments			
Interest Rate - 10.75%	< 1 Year	4	9,162.00
	2 Year	4	1,544.00
	3 Year	4	1,544.00
	4 Year	1	400.00
Interest Rate - 11.50%	< 1 Year	2	2,625.00
	2 Year	2	750.00
	3 Year	1	375.00
Repayable in Bullet			
Interest Rate - 7.80%	< 1 Year	1	16,000.00
Interest Rate - 8.00%	< 1 Year	2	17,500.00
Total (b)			58,091.49
Total secured (a+b)			62,750.49

Unsecured

	Maturity	Installments	Amount Outstanding as on 31 March 2019 (₹ in Lakhs)
Borrowings from Banks - (c)			
Repayable in Quarterly Installments			
Interest Rate - 9.30%	< 1 Year	3	15,000.00
	2 Year	2	10,000.00
Total (c)			25,000.00
Borrowings from Others - (d)			
Repayable in Monthly Installments			
Interest Rate - 9.55%	< 1 Year	14	14,700.00
	2 Year	24	25,200.00
	3 Year	10	10,100.00
Interest Rate - 10.75%	< 1 Year	8	8,000.00
			58,000.00

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

	Maturity	Installments	Amount Outstanding as on 31 March 2019	(₹ in Lakhs)
Repayable in Half Yearly Installments				
Interest Rate - 8.35%	< 1 Year	4	16,300.00	
	2 Year	3	7,650.00	
Interest Rate - 8.75%	< 1 Year	6	35,000.00	
	2 Year	6	35,000.00	
Interest Rate - 8.85%	< 1 Year	2	7,600.00	
	2 Year	1	1,000.00	
Interest Rate - 9.15%	< 1 Year	2	9,000.00	
	2 Year	2	9,000.00	
	3 Year	2	5,250.00	
	4 Year	2	1,500.00	
	5 Year	1	750.00	
Interest Rate - 9.25%	< 1 Year	4	20,000.00	
	2 Year	4	20,000.00	
	3 Year	4	20,000.00	
	4 Year	4	20,000.00	
	5 Year	4	20,000.00	
Interest Rate - 9.30%	< 1 Year	2	15,000.00	
	2 Year	2	15,000.00	
	3 Year	2	9,500.00	
	4 Year	2	2,000.00	
	5 Year	1	1,000.00	
Interest Rate - 9.60%	< 1 Year	2	6,000.00	
	2 Year	2	6,000.00	
	3 Year	2	6,000.00	
	4 Year	2	6,000.00	
	5 Year	1	3,000.00	
Total (d)			355,550.00	
Total borrowings as on 31st March 2019			443,300.49	

As on 31st March 2018
Secured by hypothecation of advances

	Maturity	Installments	Amount Outstanding as on 31 March 2018	(₹ in Lakhs)
Rate of Interest				
Borrowings from Banks - (a)				
Repayable in Monthly Installments				
Base Rate + 0.45%	< 1 Year	5	4,857.14	
Interest Rate - 8.60%	< 1 Year	15	7,958.33	
6 Month CD rate	< 1 Year	10	13,750.00	
1 Y MCLR	< 1 Year	9	881.25	
1 Y MCLR + 0.10%	< 1 Year	9	4,683.99	
1 Y MCLR + 0.15%	< 1 Year	9	8,181.82	
1 Y MCLR + 0.30%	< 1 Year	3	5,619.95	
MIBOR	< 1 Year	9	857.00	
MIBOR	< 1 Year	9	771.00	

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Rate of Interest	Maturity	Installments	Amount Outstanding as on 31 March 2018	(₹ in Lakhs)
Repayable in Quarterly Installments				
Base Rate + 0.20%	< 1 Year	2	800.00	
1 M MCLR	< 1 Year	8	6,666.67	
1 M MCLR + 0.10%	< 1 Year	2	5,700.20	
Repayable in Bullet				
Interest Rate - 8.10%	< 1 Year	1	9,804.00	
Total (a)			70,531.35	
Borrowings from NBFCs - (b)				
Repayable in Monthly Installments				
Interest Rate - 9.45%	< 1 Year	12	8,004.00	
Interest Rate - 10.00%	2 Year	7	4,659.00	
Total (b)			14,863.00	
Borrowings from Others - (c)				
Repayable in Monthly Installments				
Interest Rate - 11.75%	< 1 Year	9	4,500.00	
Repayable in Half Yearly Installments				
Interest Rate - 10.25%	< 1 Year	1	1,666.67	
Interest Rate - 10.75%	< 1 Year	4	11,580.00	
	2 Year	4	9,162.00	
	3 Year	4	1,544.00	
	4 Year	4	1,544.00	
	5 Year	1	400.00	
Interest Rate - 11.50%	< 1 Year	2	4,500.00	
	2 Year	2	2,625.00	
	3 Year	2	750.00	
	4 Year	1	375.00	
Total (c)			38,646.67	
Total Secured (a+b+c)			124,041.01	

Unsecured

	Maturity	Installments	Amount Outstanding as on 31 March 2018	(₹ in Lakhs)
Borrowings from Banks - (d)				
Repayable in Quarterly Installments				
3M MCLR	< 1 Year	4	5,713.89	
3M MCLR + 0.70%	< 1 Year	4	11,427.69	
Repayable in Bullet				
Interest Rate - 7.50%	< 1 Year	1	2,500.00	
Total (d)			19,641.57	
Borrowings from NBFCs - (e)				
Repayable in Monthly Installments				
Interest Rate - 9.60%	< 1 Year	4	5,000.00	
Repayable in Quarterly Installments				
Interest Rate - 9.75%	< 1 Year	8	15,151.92	
Total (e)			20,151.92	

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

			(₹ in Lakhs)	
		Maturity	Installments	Amount Outstanding as on 31 March 2018
Borrowings from Others - (f)				
Repayable in Monthly Installments				
Interest Rate - 10.75%		< 1 Year	12	12,000.00
		2 Year	8	8,000.00
Repayable in Half Yearly Installments				
Interest Rate - 8.35%		< 1 Year	4	16,300.00
		2 Year	4	16,300.00
		3 Year	3	7,650.00
Interest Rate - 8.75%		< 1 Year	2	10,000.00
		2 Year	6	35,000.00
			6	35,000.00
Interest Rate - 8.85%		< 1 Year	2	7,600.00
		2 Year	2	7,600.00
		3 Year	1	1,000.00
Total (f)				156,450.00
Total Unsecured (d+e+f)				196,243.49
Total borrowings as on 31st March 2018				320,284.50

As on 1st April 2017

Secured by hypothecation of advances

			(₹ in Lakhs)	
		Maturity	Installments	Amount Outstanding as on 1 April 2017
Rate of Interest				
Borrowings from Banks - (a)				
Repayable in Monthly Installments				
Base Rate + 0.35%		< 1 Year	12	10,000.00
Base Rate + 0.40%		< 1 Year	47	8,522.73
Base Rate + 0.45%		< 1 Year	12	11,657.14
		2 Year	5	4,857.14
Base Rate + 0.75%		< 1 Year	31	4,380.95
Base Rate + 0.80%		< 1 Year	12	5,714.29
Base Rate + 1.00%		< 1 Year	4	833.33
Base Rate + 1.15%		< 1 Year	7	495.52
Base Rate + 1.25%		< 1 Year	11	2,619.05
Base Rate + 1.50%		< 1 Year	6	1,875.00
Base Rate + 1.55%		< 1 Year	8	833.33
Base Rate + 1.60%		< 1 Year	12	624.86
Base Rate + 1.75%		< 1 Year	64	11,208.41
Base Rate + 1.80%		< 1 Year	5	1,190.48
Base Rate + 1.95%		< 1 Year	8	1,663.85
Base Rate + 2.00%		< 1 Year	10	1,805.19
Base Rate + 2.25%		< 1 Year	6	454.17
Base Rate + 2.40%		< 1 Year	21	5,233.33
Base Rate + 2.50%		< 1 Year	8	1,088.84
At MCLR		< 1 Year	36	16,675.00
		2 Year	28	13,276.75
MCLR + 0.05%		< 1 Year	12	16,500.00
		2 Year	10	13,750.00

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Rate of Interest		Maturity	Installments	Amount Outstanding as on 1 April 2017
(₹ in Lakhs)				
MCLR + 0.10%		< 1 Year	24	2,172.00
		2 Year	18	1,628.00
MCLR + 0.15%		< 1 Year	12	10,909.09
		2 Year	9	8,181.82
MCLR + 0.25%		< 1 Year	12	5,000.00
		2 Year	9	3,750.00
MCLR + 0.30%		< 1 Year	4	7,500.00
		2 Year	3	5,625.00
MCLR + 0.40%		< 1 Year	12	2,857.20
		2 Year	7	1,666.60
MCLR + 0.55%		< 1 Year	20	7,500.00
		2 Year	20	1,875.00
MCLR + 0.65%		< 1 Year	11	1,375.00
		2 Year	12	1,499.66
MCLR + 0.80%		< 1 Year	24	10,000.00
		2 Year	8	3,333.33
Repayable in Quarterly Installments				
At Base Rate		< 1 Year	4	7,500.00
Base Rate + 0.15%		< 1 Year	4	2,857.00
Base Rate + 0.20%		< 1 Year	4	1,600.00
		2 Year	2	800.00
Base Rate + 0.25%		< 1 Year	4	8,571.41
Base Rate + 0.40%		< 1 Year	4	1,499.86
Base Rate + 0.80%		< 1 Year	4	1,857.14
Base Rate + 0.95%		< 1 Year	12	4,624.79
Base Rate + 1.00%		< 1 Year	4	800.00
			3	599.77
Base Rate + 1.10%		< 1 Year	2	750.00
Base Rate + 1.25%		< 1 Year	12	1,666.39
		2 Year	9	1,248.23
Base Rate + 1.40%		< 1 Year	5	4,213.94
Base Rate + 1.50%		< 1 Year	2	1,872.00
Base Rate + 2.05%		< 1 Year	7	1,767.99
Base Rate + 2.30%		< 1 Year	4	799.59
MCLR + 0.05%		< 1 Year	8	6,666.67
		2 Year	8	6,659.12
MCLR + 0.10%		< 1 Year	4	11,428.57
		2 Year	2	5,710.40
MCLR + 0.25%		< 1 Year	3	1,752.00
		2 Year	3	1,748.00
MCLR + 0.65%		< 1 Year	6	1,655.56
		2 Year	8	1,711.11
		3 Year	15	1,232.85
Repayable in annually				
At Base Rate		< 1 Year	1	1,250.00
Repayable in Bullet				
At Base rate		< 1 Year		
		2 Year	1	11,300.00
Total (a)				304,274.43

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Rate of Interest	Maturity	Installments	(₹ in Lakhs)
			Amount Outstanding as on 1 April 2017
Borrowings from NBFCs - (b)			
Repayable in Monthly Installments			
Interest Rate - 9.45%			
	< 1 Year	11	7,337.00
	2 Year	12	8,004.00
	3 Year	7	4,659.00
Interest Rate - 10.00%			
	< 1 Year	12	3,600.00
	2 Year	7	2,200.00
Interest Rate - 10.15%			
	< 1 Year	12	192.93
	2 Year	12	213.44
	3 Year	28	585.60
Interest Rate - 10.90%			
	< 1 Year	12	88.62
	2 Year	12	98.78
	3 Year	24	233.09
Interest Rate - 11.30%			
	< 1 Year	12	1,818.18
	2 Year	7	1,060.61
Interest Rate - 12.50%			
	< 1 Year	12	1,094.05
Total (b)			31,185.30
Borrowings from Others - (c)			
Repayable in Monthly Installments			
Interest Rate - 10.75%			
	< 1 Year	10	10,000.00
	2 Year	12	12,000.00
	3 Year	8	8,000.00
Interest Rate - 11.75%			
	< 1 Year	12	6,000.00
	2 Year	9	4,500.00
Repayable in Bullet			
Interest Rate - 10.25%			
	< 1 Year	2	3,333.33
Interest Rate - 10.75%			
	< 1 Year	4	11,580.00
	2 Year	4	11,580.00
	3 Year	13	12,650.00
Interest Rate - 11.00%			
	< 1 Year	2	3,333.33
	2 Year	1	1,666.67
Interest Rate - 11.50%			
	< 1 Year	2	4,500.00
	2 Year	2	4,500.00
	3 Year	5	3,750.00
Total (c)			97,393.33
Total Secured (a+b+c)			432,853.06

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Unsecured

			(₹ in Lakhs)
	Maturity	Installments	Amount Outstanding as on 1 April 2017
Borrowings from Banks - (d)			
Repayable in Quarterly Installments			
At MCLR	< 1 Year	6	12,857.14
	2 Year	8	17,142.82
MCLR + 0.70%	< 1 Year	3	8,571.43
	2 Year	4	11,428.56
Repayable in Bullet			
At Base rate	< 1 Year	1	6,000.00
Total (d)			
Borrowings from NBFCs - (e)			
Repayable in Monthly Installments			
Interest Rate - 9.50%	< 1 Year	7	6,211.62
Interest Rate - 9.60%	< 1 Year	0	-
	2 Year	4	5,000.00
Interest Rate - 9.75%	< 1 Year	12	2,545.45
	2 Year	12	2,545.45
	3 Year	7	1,484.85
Repayable in Quarterly Installments			
Interest Rate - 9.75%	< 1 Year	9	19,848.08
	2 Year	8	15,151.91
Total (e)			
Total Unsecured (d+e)			
Total borrowings as on 1st April 2017			

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	At Amortised Cost	At Fair Value through Profit and Loss	Total	At Amortised Cost	At Fair Value through Profit and Loss	Total	At Amortised Cost	At Fair Value through Profit and Loss	Total
NOTE 15 - DEPOSITS									

Deposits

(i) Public deposits	412,194.38	-	412,194.38	93,547.01	-	93,547.01	6,041.24	-	6,041.24
(ii) From banks	261,764.21	-	261,764.21	96,043.50	-	96,043.50	4,600.00	-	4,600.00
(iii) From Others	64,029.56	-	64,029.56	187,673.84	-	187,673.84	-	-	-
Total	725,918.15	-	725,918.15	377,264.35	-	377,264.35	10,641.24	-	10,641.24
Deposits -non-interest bearing	8,055.41	-	8,055.41	1,023.08	-	1,023.08	0.25	-	0.25
Deposits - interest bearing	717,862.74	-	717,862.74	376,241.27	-	376,241.27	10,640.99	-	10,640.99
Total	725,918.15	-	725,918.15	377,264.35	-	377,264.35	10,641.24	-	10,641.24

The deposits have not been guaranteed by directors or others.

There has been no default in repayment of deposits and interest thereon.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)											
	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017					
	At Amortised Cost	At Fair Value through Profit and Loss	Total	At Amortised Cost	At Fair Value through Profit and Loss	Total	At Amortised Cost	At Fair Value through Profit and Loss	Total			
NOTE 16 - SUBORDINATED LIABILITIES												
Subordinated Debt (Note (i))												
Total	725,918.15		- 725,918.15	377,264.35		- 377,264.35	10,641.24		- 10,641.24			

Note (i)

Tier II Series name	Issue Amount (₹ In Lakhs)	Issue date	Date of Redemption	Interest rate (% p.a.)
SIDBI Sub debt-US	5,000	29th September 2014	10th April 2020	15%

Particulars	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 17 - OTHER FINANCIAL LIABILITIES			
Financial Liabilities			
Payable to Related Parties		- (0.00)	-
Interest Accrued on deposits and borrowings	10,219.46	6,643.90	5,999.82
Bills Payable	8,740.43	2,436.29	0.75
Other	1,102.69	199.92	177.46
Total	20,062.58	9,280.11	6,178.03

Particulars	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 18 - CURRENT TAX LIABILITIES (NET)			
Current Tax Liabilities			
Total	15.31	71.36	720.65

Particulars	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 19 - PROVISIONS			
Provisions for Employee Benefits			
Provision For Gratuity	785.26	565.78	335.69
Provision For Leave Encashment	2,605.48	1,868.12	1,295.80
Total	3,390.74	2,433.90	1,631.49

Particulars	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 20 - OTHER NON FINANCIAL LIABILITIES			
Unclaimed Dividend			
	3.85	2.05	-
Employee benefits payable	1,392.57	1,275.33	1,400.70
Statutory remittances	989.33	770.07	868.30
Others	316.29	154.40	7,618.31
Total	2,702.04	2,201.85	9,887.31

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 21. EQUITY SHARE CAPITAL			
Equity share capital			
Authorised Share capital :			
125,000,000 (March 31, 2018: 125,000,000 and April 1, 2017: 125,000,000) Equity	12,500.00	12,500.00	12,500.00
Shares of ₹10 each			
Issued and subscribed capital comprises:			
121,166,697 (March 31, 2018 : 120,861,781 and April 1, 2017: 119,377,072) Equity	12,116.67	12,086.18	11,937.71
Shares of ₹10 each			
Total issued, subscribed and fully paid-up share capital	12,116.67	12,086.18	11,937.71

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period:

Equity Share Capital

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number of shares (In Lakhs)	Amount (₹ in Lakhs)	Number of shares (In Lakhs)	Amount (₹ in Lakhs)	Number of shares (In Lakhs)	Amount (₹ in Lakhs)
Balance as at the beginning of the year	1,208.62	12,086.18	1,193.77	11,937.71	1,011.86	10,118.60
Add: shares issued during the year - Stock options	3.05	30.49	14.85	148.47	11.36	113.58
Add: shares issued during the year - Institutions/ Others	-	-	-	-	170.55	1,705.53
Balance outstanding as at the end of the year	1,211.67	12,116.67	1,208.62	12,086.18	1,193.77	11,937.71

(ii) Rights, preferences and restrictions attached to shares:

The company has only one class of equity shares with voting rights (one vote per share). The distribution of dividend is in proportion to the number of equity shares held by the shareholders. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

As the Company has not issued any bonus shares and do not have any securities that are convertible into equity shares, the said disclosures pursuant to Schedule III requirements are not applicable.

(iii) Details of shares held by each shareholder holding more than 5% equity Shares

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 1, 2017	
	Number of shares (In Lakhs)	Amount (₹ in Lakhs)	Number of shares (In Lakhs)	Amount (₹ in Lakhs)	Number of shares (In Lakhs)	Amount (₹ in Lakhs)
Ardisia Limited	121	9.96%	-	-	-	-
Alena Private Limited	107.91	8.91%	107.91	8.93%	107.91	9.04%
CDC Group Plc.	-	-	-	-	109.33	9.16%
International Finance Corporation	-	-	71.42	5.91%	71.42	5.98%
NewQuest Asia Investments II Limited	70.28	5.80%	70.28	5.81%	70.28	5.89%

(iv) Also the company has issued Employee Stock Options to its employees & employees of subsidiary.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	Attributable to Owners of Ujjivan Financial Services Limited					Non-Controlling Interests	Total
	Share Application Money Pending Allotment	Statutory Reserve	Securities Premium	Retained Earnings	Share Options Outstanding Account		
NOTE 21 A. OTHER EQUITY							
Restated Balance as at April 01, 2017 (Refer note 41)	52.88	11,446.81	108,784.66	36,659.73	1,137.91	-	158,081.99
Add : Profit for the year				2,595.16			2,595.16
Add : Other Comprehensive Income for the year				(77.26)			(77.26)
Total comprehensive income for the year				2,517.90			2,517.90
Appropriation to statutory reserve*				2,517.90			-
Add: ESOP expense for the period				(612.96)			-
Less: Grants exercised during the year					967.75		967.75
Transaction with owners in their capacity as owners							
Add : Share application money received	923.13				(166.83)		(166.83)
Less : Shares allotted during the year	(148.47)						923.13
Less: Premium on shares allotted during the year	(803.84)						(803.84)
Add : Premium on shares issued during the year on stock options		883.99		(957.15)			883.99
Less: Dividend distributed during the year				(194.85)			(957.15)
Less: Dividend distribution tax							(194.85)
Balance at March 31, 2018	23.70	12,059.77	109,668.66	37,412.66	1,938.83	-	161,103.61
Balance at April 1, 2018	23.70	12,059.77	109,668.66	37,412.66	1,938.83	-	161,103.61
Add : Profit for the year				15,044.40			15,044.40
Add : Other Comprehensive Income for the year				(61.74)			(61.74)
Total comprehensive income for the year				14,982.65			14,982.65
Appropriation to statutory reserve*				4,188.21			-
Add: ESOP expense for the period				(4,188.21)			-
Less: Grants exercised during the year					1,468.25		1,468.25
Transaction with owners in their capacity as owners					(150.22)		(150.22)
Add : Share application money received	333.21					333.21	
Less : Shares allotted during the year	(30.49)					(30.49)	
Less: Premium on shares allotted during the year	(302.11)					(302.11)	
Add : Premium on shares issued during the year on stock options				452.33			452.33
Less: Dividend distributed during the year						(1,634.78)	
Less: Dividend distribution tax						(571.00)	
Balance at March 31, 2019	24.30	16,247.99	110,120.99	46,001.32	3,256.86	-	175,651.55

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statutory Reserve :

The Company has to transfer 20% of the profit after Tax to the statutory reserves in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934.

Securities Premium Reserve :

Securities Premium Reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of section 45 – IC Reserve Bank of India Act, 1934.

Shares options outstanding account :

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under the Group's Employees stock option plan.

Note 1 : In accordance with the Dividend Distribution Policy of the Company and in continuation to its dividend payment track record, the Company with the approval of its directors through their resolution passed on March 14, 2019 has declared and paid an interim dividend of ₹ 0.85 (8.5%) per equity share for the FY 2018-19. W

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
NOTE 22 (A) - INTEREST INCOME		
Interest on deposits with banks	243.59	451.50
Interest on Loans	182,002.51	140,310.77
Interest income from investments	9,309.79	9,229.32
Other interest income	125.96	30.26
Total	191,681.85	150,021.85

Note 1: Investment includes central government securities, treasury bills and money market instruments

Note 2: The entire interest income has been accrued at Effective Interest Rate on assets measured at amortised cost

NOTE 22 (B) - REVENUE FROM CONTRACTS WITH CUSTOMERS

The Company has recognised the following amounts relating to revenue in the statement of profit or loss:

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
(a) Revenue from contracts with customers	1,394.31	541.63
(b) Revenue from other sources	1,251.91	236.82
Total revenue	2,646.22	778.45

(i) Disaggregation of revenue from contracts with customers

Particulars	Insurance commission	Other commissions and charges	Total
For the year ended march 31, 2019			
Revenue from external customers	1,394.31	1,251.91	2,646.22
	1,394.31	1,251.91	2,646.22
Timing of revenue recognition			
- At a point in time	1,394.31	1,251.91	2,646.22
- Over time	-	-	-
	1,394.31	1,251.91	2,646.22
For the year ended march 31, 2018			
Revenue from external customers	541.63	236.82	778.45
	541.63	236.82	778.45
Timing of revenue recognition			
- At a point in time	541.63	236.82	778.45
- Over time	-	-	-
	541.63	236.82	778.45

(ii) Performance obligations

The Group provides group and individual insurance policies to its customers for which the Group is entitled to a commission from the insurance company. The performance obligation of the Group is sale of insurance policy, which is fulfilled at a point in time. Also, the Group charges its customers for the savings bank, ATM and other services. The performance obligation of the Group is fulfilled at a point in time as the service is completed. There are no material unsatisfied performance obligations or reconciling items between the amounts recognised as revenue and contract price as at March 31, 2019 and March 31, 2018.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
NOTE 22 (C) - NET GAIN/LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS AT AMORTISED COST		
Profit/(loss) on sale of investments Central Govt Securities	98.50	(419.66)
Gain on sale of Mutual Fund	871.63	680.60
Profit/(loss) on sale of investments T Bill	-	(2.57)
MTM Investments GOI Securities	-	419.66
Total	970.13	678.02

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
NOTE 23 - OTHER INCOME		
Net gain/(loss) on derecognition of property, plant and equipment	(114.29)	(63.65)
Profit on sale of current investments	68.90	145.32
Preference Dividend Income	-	-
Interest on Fixed Deposit	313.13	14.50
Foreign exchange gain/ (loss)	-	-
Others		
(i) PSLC Income	2,782.38	2,287.98
(ii) Others	3,014.13	608.04
Total	6,064.25	2,992.19

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
NOTE 24 - FINANCE COST		
Interest on debt securities	3,910.81	7,019.25
Interest on borrowings	32,798.96	41,901.31
Interest on deposits	35,243.46	10,485.58
Interest on subordinated loans	750.00	750.00
Total	72,703.23	60,156.14

Finance cost is towards financial liabilities measured at Amortised Cost at their effective interest rate.

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
NOTE 25 - IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENT		
On advances	6,570.37	23,646.93
On investments	5.92	(4.13)
Total	6,576.29	23,642.80

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
NOTE 26 - EMPLOYEE BENEFITS		
Salaries and wages including bonus	46,561.89	32,387.65
Contributions to provident and other funds	2,811.34	2,054.16
Gratuity (Refer Note 31)	690.59	473.18
Employee Share Based Payments (Refer Note 37)	1,468.24	967.75
Staff Welfare	2,521.34	1,452.39
Total	54,053.40	37,335.13

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
NOTE 27 - DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on fixed assets	4,371.11	2,587.56
Amortisation on software	1,690.65	1,550.91
Total	6,061.76	4,138.47

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
NOTE 28 - OTHER EXPENSES		
Rent	5510.51	3456.90
Taxes and energy costs	3482.38	1312.47
Repairs and maintenance	7138.11	5037.17
Corporate Social Responsibility	351.06	151.64
Communication Costs	2107.25	1599.48
Postage & courier	786.27	575.26
Printing and stationery	2381.32	1380.25
Advertisement and publicity	3445.06	1063.42
Director's fees, allowances and expenses	106.86	77.31
Auditor's fees and expenses (Refer note (i) below)	91.06	56.53
Legal and Professional charges	1330.93	1072.32
Travelling & conveyance expenses	4529.14	3448.66
Insurance	419.81	145.21
Other expenditure	9878.15	5357.97
Total	41,557.91	24,734.59

Note (i)

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
(i) Payments to the auditors comprises		
Audit services	45.75	34.00
Tax audit	2.00	4.00
Other services	41.15	12.00
Reimbursement of expenses and levies	2.16	6.53
Total	91.06	56.53

28 (A) Note 28 (A) - Corporate Social Responsibility

- i) Gross amount required to be spent by the company during the financial year ended March 31, 2019 is ₹ 397.22 Lakhs (PY. ₹471.57 Lakhs).
- ii) Amount spent during the year 2018-19 on :

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	351.06	-	351.06

Amount spent during the year 2017-18 on:

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	151.64	-	151.64

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
NOTE 29 - CONTINGENT LIABILITIES AND COMMITMENTS			
Claims not acknowledged as debts	61.02	61.79	45.51
Guarantees given on behalf of constituents - in India	25.00	25.00	-
Capital commitments not provided	2,999.31	1,864.13	2,788.09
Total	3,085.33	1,950.92	2,833.60

The Claims against the Group not acknowledged as debts, amounting to ₹ 61.02 Lakhs comprises of the following:

- 1 During the year ended March 31, 2017, the Bank had received demand order from Service Tax authorities against show cause notices received in previous years. The order pertains to applicability of Service Tax on Securitization. The amount of service tax demand aggregated to ₹42.26 Lakhs (plus penalty and interest, as applicable). The Bank had filed an appeal against the demand order with The Commissioner of Central Tax (Appeals) and has deposited ₹3 Lakhs (amounting to 7.5% of the demand) as pre deposit against the said demand.
- 2 Few employees were terminated from employment by the Bank against which complaints were filed by the employees before various Labour Authorities praying for reinstatement in employment with all benefits of continuity and back wages. The total amount disputed in all such cases ₹ 17.56 Lakhs. There were other minor cases pertaining to penalty imposed for not obtaining license under Kerala Money Lenders Act and complaints lodged against alleged theft of electricity where the amount disputed totaled to ₹ 1.2 Lakhs.
- 3 The Bank has issued a counter guarantee favouring Axis Bank amounting to 25 Lakhs for issuing

Bank guarantee to UIDAI on behalf of Ujjivan Small Finance Bank.

- 4 The Honourable Supreme Court has recently provided a judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. With regard to above Supreme Court (SC) judgement there are various interpretative issues including applicability and the impact thereof cannot be quantified. However, the Group's material subsidiary has obtained a legal advice in this matter that this judgement should be applicable from April 2019, since clarifications on this matter were still being sought in March 2019. The other entity of the Group does not have any impact in this regard.
- 5 The group is of the view that outflows on account of the above matters are not probable accordingly no provision has been made towards these matters in the financials.

NOTE 30 - CURRENT TAX AND DEFERRED TAX

Income Tax recognised in Statement of profit and loss

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
Current Tax:		
In respect of current year	3,721.83	3,388.40
Deferred Tax:		
In respect of current year	1,643.63	(1,520.18)
Total income tax expense recognised in the Statement of profit and loss	5,365.46	1,868.22

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Movement in deferred tax balances

Particulars	For the year ended March 31, 2019			(₹ in Lakhs)
	Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income	
Tax effect of items constituting deferred tax liabilities				
Depreciation and Amortisation	(1,444.01)	(171.31)	-	(1,615.32)
Others	(340.28)	983.46	-	643.18
	(1,784.29)	812.15	-	(972.14)
Tax effect of items constituting deferred tax assets				
Provision for Employee benefits	270.31	224.96	33.17	528.44
ECL provision on advances and investments	9,004.13	(4,796.64)	-	4,207.49
Deduction U/s 80JJAA of Income Tax Act, 1961		1,144.18	-	1,144.18
Deferred Income	1,709.91	971.72	-	2,681.63
	10,984.35	(2,455.78)	33.17	8,561.74
Net Tax Asset (Liabilities)	9,200.06	(1,643.63)	33.17	7,589.60

Particulars	For the year ended March 31, 2018			(₹ in Lakhs)
	Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income	
Tax effect of items constituting deferred tax liabilities				
Depreciation and Amortisation	(380.17)	(1,063.84)	-	(1,444.01)
Others	(52.55)	(287.73)	-	(340.28)
	(432.72)	(1,351.57)	-	(1,784.29)
Tax effect of items constituting deferred tax assets				
Provision for Employee benefits	813.48	(584.06)	40.89	270.31
ECL provision on advances and investments	6,919.88	2,084.26	-	9,004.13
Deferred income	338.36	1,371.55	-	1,709.91
	8,071.71	2,871.74	40.89	10,984.35
Net Tax Asset (Liabilities)	7,638.99	1,520.18	40.89	9,200.06

The reconciliation between the income tax expense and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
Profit before tax	20,409.86	4,463.38
Enacted income tax rate in India	34.94%	33.06%
Computed expected tax expense	7,132.02	1,475.73
Disallowance of CSR Expense	122.67	50.14
Disallowance u/s 14A	3.84	-
Exempt Income	(768.77)	
Effect on account of non-deductible expenses		12.14
Effect on account of deductions under chapter VI-A	(11.40)	(16.18)
Effect on account of deductions under Income tax act	(1,060.58)	(114.00)
Effect on account of prior period tax expense	48.96	137.00
Rate impact on DTA	0.18	(0.16)
Effect on account of Income taxable at different rate	(107.47)	39.41
Effect on account of ESOP Charge, Processing Fees and others on transition to Ind-AS		278.31
Others	6.01	5.83
Income tax expense recognised in Statement of profit and loss	5,365.46	1,868.22

The Bank has created deferred tax assets on the tax benefit to be received in subsequent years under section 80JJAA of Income Tax Act, 1961. The deferred tax assets has been created as it is certain that the company will get the additional tax benefit in next 2 years on current year salary cost of the eligible employees.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

NOTE 31 - EMPLOYEES BENEFIT PLANS

Post Employment Benefit Plans

Defined contribution plans- Provident Fund

The Group makes the provident fund contributions for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any contractual obligations.

Defined Benefit Obligations (DBO)- Gratuity

The Gratuity scheme is a final salary defined benefit plan, that provides for a lump sum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the period of service at the time of separation and paid as lump sum. There is a vesting period of 5 years.

(i) Risk Exposure

The design entails the following risks that affect the liabilities and cash flows

- Interest rates risk:** the defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2. **Demographic risks:** this is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.

Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Amount recognised in the statement of profit and loss in respect of gratuity cost (defined benefit plan) is as follows:

(ii) Amount recognised in the Balance Sheet and the movements in the net benefit obligation over the year are as follows:

Components of Employer expense	31-Mar-19	31-Mar-18
Service Cost		
1 Current service Cost	669.33	444.78
2 Plan Amendment	0.00	0.00
3 Past service cost	0.00	0.00
4 Curtailement Cost/(Credit)	0.00	0.00
5 Settlement Cost/(Credit)	0.00	0.00
6 Total Service Cost	669.33	444.78
Net Interest Cost		
6 Interest Expense on DBO	166.29	128.32
7 Interest (Income on Plan Asset)	-145.04	-162.40
8 Interest (income)on reimbursement rights	0.00	0.00
9 Interest expense on effect of (asset ceiling)	0.00	0.00
10 Total Net Interest	21.26	-34.08
11 Immediate Recognition of (Gain)/Losses- Other Long Term Benefits	0.00	0.00
12 Cost of Termination Benefits/Acquisitions/Transfers	0.00	0.00
13 Administrative Expenses/Taxes/Insurance Cost/Exchange Rate cost	0.00	0.00
14 Amount not recognised as asset	0.00	0.00
Defined Benefits cost included in P&L	690.59	410.70
Discount Rate	7.52%	7.31%

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

(iii) Remeasurement effects

Remeasurement effects recognized in other comprehensive income (OCI)	31-Mar-19	31-Mar-18
1 Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	161.24	(61.33)
2 Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	(55.53)	(63.36)
3 Actuarial (Gain)/ Losses due to Experience on DBO	38.52	132.42
4 Return on Plan Assets (Greater) / Less than Discount rate	(49.33)	110.42
5 Return on reimbursement rights (excluding interest income)	-	-
6 Changes in asset ceiling /onerous liability (excluding interest Income)	-	-
7 Total actuarial (gain)/loss included in OCI	94.91	118.15
8 Total cost recognised in P&L and OCI (Defined Benefit Cost)	690.59	410.70
9 Cost Recognised in P&L	94.91	118.15
10 Remeasurement Effect Recognised in OCI;	785.50	528.85
11 Total Defined Benefit Cost		
Discount Rate	7.52%	7.31%

(iv) The net liability disclosed above related to funded plans are as follows:

Net Asset/(Liability) Recognised in Balance Sheet	31-Mar-19	31-Mar-18
1 Present value of Funded Obligation	11.94	2,294.69
2 Fair Value of Plan Assets	2,331.07	1,728.91
3 Present value of Unfunded obligation	3,104.38	-
4 Funded status [Surplus/(Deficit)]	-785.26	(565.78)
5 Unrecognised Past Service Costs	-	-
6 Amount not Recognised as an Asset	-	-
7 Net Liability	(785.26)	(565.78)
8 Recognised in balance sheet		
Discount Rate	7.52%	7.31%

(v) The amount recognized in the balance sheet and the movement in the net defined benefit obligation

Change in DBO over the period ending on	31-Mar-19	31-Mar-18
1 Present value of DBO at beginning(opening)	2,294.69	1,799.09
2 Interest Cost	166.29	128.32
3 Current Service Cost	669.33	444.78
4 Prior Service Costs	0.00	-
5 Settlements	0.00	-
6 Benefits Payouts from plan	(166.13)	(85.23)
7 Benefit payments from employer	0.00	-
8 Acquisitions/Divestures/Transfer	7.89	-
9 Actuarial (Gains)/Loss	144.24	7.73
10 Present Value Of DBO at the ending period	3,116.32	2,294.69

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

(vi) Reconciliation of Opening & Closing of Plan Assets

Particulars	31-Mar-19 (₹ in Lakhs)	31-Mar-18
1 Fair Value of Plan Assets at end of prior year	1,728.91	1,463.40
2 Difference in opening Value	31.27	-
3 Employer Contribution	566.03	1,603.73
4 Expected Interest income of assets	145.04	162.40
3a Employer direct benefit payments	-	-
3b Plan Participant's contributions	-	-
5 Transfer In / Aquisitions	7.89	10.00
6 Fund transfer(policy No 524884 and 2646 has been transferred to 5539 policy)	-	(1,262.06)
Equitable interest transfer out details	-	(10.00)
7 Benefits Payouts from employer	-	-
7a Benefits Payouts from plan	(166.13)	(85.23)
8 Settlements By Fund Manager	-	-
9 Admin expenses /Taxes paid from plan assets	-	(42.91)
10 Effect of Change in Exchange rates	-	-
11 Insurance premiums for risk benefits	-	-
12 Actuarial gain/(Loss)	18.05	(110.42)
13 Fair Value of assets at the End	2,331.07	1,728.91
14 Actual Return on Plan Assets	194.36	51.98

The Group has started funding the liability through the medium of an insurance Group. Regular assessment is made by the insurance co of the increase in liability under certain assumptions and contributions are being made to maintain the fund and subject to credit risk of the insurance Group & asset liability mismatch risk of the investments the Group will be able to meet the past service liability on the valuation date that fall due during the next 10 years.

(vii) Expected Contributions to the plan for the next annual reporting period.

Information on the maturity profile of the liabilities given below	31-Mar-19 (₹ in Lakhs)	31-Mar-18
1 Weighted average duration of the D B O	9.77	5.86
2 Projected Benefit Obligation	3,116.32	2,294.69
3 Accumulated Benefits Obligation	1,849.51	1,574.03

(viii) Five Year Pay-outs

Particulars	March 31, 2019	
	Discounted values / Present value	undiscounted values/ Actual value
Year (I)	315.36	332.86
Year (II)	253.35	332.59
Year (III)	216.63	332.30
Year (IV)	159.67	332.17
Year (V)	133.20	332.08
Next 5 Year Payouts (6-10Yrs)	392.02	332.71
Payouts Above Ten Years	1,646.11	340.78
Vested benefit Obligation as on 31-Mar-2019	2,192.96	

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

(ix) Major Categories of Plan Asset

As a percentage of the fair value

Assets Distribution

As at	Percentages	
	31-Mar-19	31-Mar-18
1 Govt Securities(Central&State)	0	0
2 Highquality Corporate Bonds	0	0
3 Equity shares of Listed Cos	0	0
4 Property	0	0
5 Special deposits	0	0
6 Others(other investments, bank balance etc)	0	0
7 Assets Under Insurance Schemes	100%	100%
Total	100%	100%

(x) Key Assumptions

One of the principal assumptions is the discount rate, which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Actuarial Assumptions:

Salary Escalation:

In projecting the salary increases there are three factors to consider - first is inflation level leading to a general change in salary level. The other two are career progression of the employees & productivity gains for the organization. Where appropriate the salary increases, a periodic salary experience study with the client's data will be conducted as an input for the client, when setting the assumption.

Demographic Assumptions:

For Attrition / Withdrawal

Withdrawal rates, both at early durations of service and near retirement date, not only have a significant impact on estimates of 'liability' and 'contributions' (more than of mortality in service) but are most difficult to estimate. The past may not be a guide to the future. Even if the past experience can be statistically analyzed and produce some meaningful rates, the future experience of withdrawals will depend on general economic conditions as also the particular conditions affecting the given employer's business. Furthermore, withdrawal rates differ significantly from scheme to scheme and within a scheme from year to year. We examine these rates and any other information available and use best possible judgment to cater to the long term nature of the actuarial estimates being carried out.

The financial and demographic assumptions employed for the calculations as at the end of previous period and current period are as follows

Assumption	31-Mar-19	31-Mar-18
1 Discount rate	7.52%	7.31%
2 Expected return on assets	7.52%	7.31%
3 Salary Escalation	9.00%	9.00%
4 Attrition Rate	20.26%	18.08%
5 Mortality	Indian Assured Lives Mortality(2006-08)	

Demographic Assumptions	31-Mar-19	31-Mar-18
1 Disability:	5% of mortality rate rates	5% of mortality rate rates
2 Withdrawal:	20.26%	22.65%
3 Retirement age:	60	60

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Sensitivity Analysis

	% increase in DBO	Liability	Increase in DBO
1 Discount rate +100 basis points	-7.80%	2,862.35	-242.03
2 Discount rate -100 basis points	9.17%	3,388.94	284.55
3 Salary growth +100 basis points	8.03%	3,353.81	249.43
4 Salary growth -100 basis points	-7.05%	2,885.44	-218.94
5 Attrition rate +100 basis points	-1.78%	3,049.28	-55.11
6 Attrition rate-100 basis points	1.99%	3,166.16	61.78
7 Mortality rate 10% up	-0.02%	3,103.79	-0.59

32 NOTE 32 - SEGMENT INFORMATION

32.1 (i) Products and services from which reportable segments derive their revenues

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and assessing performance. The Company's CODM is the Managing Director and CEO of the Holding Company.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of products, and in respect of the 'Banking' operations, the information is further analysed based on the different categories of customers. The CODM has chosen to organise the group around differences in products and services.

The following operating segments namely Micro Finance, Rural Finance, Housing loans, Micro and Small Enterprise loans, Personal Loans, Vehicle Loans and Institutional Loans are aggregated as 'Banking' into a single operating segment taking into account the following factors:

- these operating segments have similar long-term gross profit margins;
- these operating segments operate in similar regulatory environment;
- the type or class of customer for their products and services; and
- the methods used to distribute the products to the customers are the same.

Specifically, the Company's reportable segment under Ind AS 108 is as follows:

Banking Segment provides loans to customers and raises deposits from loan customers. Revenues of the Banking segment are derived from interest earned on retail loans and processing fees earned. Expenses of this segment primarily comprise interest expense on deposits & Borrowings, infrastructure and premises expenses for operating the branch network, personnel costs, credit costs, other direct overheads and allocated expenses.

Others include NBFC Operations of the Group.

32.2 Segment revenues and results

The following is an analysis of the Company's revenue and results by reportable segment.	For the year ended 31 March, 2019		
	Banking	Others	Total
Total segment revenue	200,980.41	382.04	201,362.45
Inter-Segmental revenue	-	-	-
Revenue from external customers	200,980.41	382.04	201,362.45
	200,980.41	382.04	201,362.45

Segment results	For the year ended 31 March, 2019		
	Banking	Others	Total
Profit before income tax	20,602.56	(192.70)	20,409.86

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

The following is an analysis of the Company's revenue and results by reportable segment.

	For the year ended 31 March, 2018		
	Banking	Others	Total
Total segment revenue	154,305.51	165.00	154,470.51
Inter-Segmental revenue	-	-	-
Revenue from external customers	154,305.51	165.00	154,470.51
Total Assets	154,305.51	165.00	154,470.51

	For the year ended 31 March, 2018		
	Banking	Others	Total
Profit before income tax	4,270.71	192.67	4,463.38

32.3 Segment assets and liabilities

	As at 31 March, 2019		
	Banking	Others	Total
Cash and Bank Balance	109,654.38	71.02	109,725.40
Loans	1,093,053.07	-	1,093,053.07
Investments	154,781.09	-	154,781.09
Fixed Assets	28,444.95	4.96	28,449.91
Others	16,506.73	72.88	16,579.61
Total Assets	1,402,440.22	148.86	1,402,589.08

	As at 31 March, 2019		
	Banking	Others	Total
Segment liabilities	1,226,830.34	(12,009.48)	1,214,820.86
Total liabilities	1,226,830.34	(12,009.48)	1,214,820.86

	As at 31 March, 2018		
	Banking	Others	Total
Cash and Bank Balance	49,817.56	11,491.86	61,309.42
Loans	732,261.73	-	732,261.73
Investments	124,408.22	-	124,408.22
Fixed Assets	19,834.46	3.08	19,837.54
Others	14,260.09	147.37	14,407.47
Total Assets	940,582.07	11,642.31	952,224.38

	As at 31 March, 2018		
	Banking	Others	Total
Segment liabilities	778,855.08	179.51	779,034.59
Total liabilities	778,855.08	179.51	779,034.59

	As at 1 April, 2017		
	Banking	Others	Total
Cash and Bank Balance	76,614.88	2,707.29	79,322.17
Loans	572,850.44	-	572,850.44
Investments	145,602.17	-	145,602.17
Fixed Assets	13,976.86	-	13,976.86
Others	17,744.31	28.45	17,772.76
Total Assets	826,788.66	2,735.74	829,524.40

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Segment liabilities	As at April 1, 2017		
	Banking	Others	Total
Segment liabilities	678,385.13	1,119.58	679,504.71
Total liabilities	678,385.13	1,119.58	679,504.71

32.4 Geographical information

The entity is domiciled in India and operates only in India. So geographical information is not required.

32.5 Information about major customers

No single customers contributed 10% or more to the Group's revenue for both 2017-2018 and 2018-2019.

NOTE 33 - EARNING PER SHARE

Basic Earnings/ (Loss) Per Equity Share

Particulars	(₹ in Lakhs)	
	For the period ended March 31, 2019	For the year ended March 31, 2018
Nominal value of equity share (₹)	10	10
Profit/(loss) after tax - (A) (₹ in Lakhs)	15,044.40	2,595.16
Weighted average number of shares outstanding (B) (in Lakhs)	1,210	1,201
Basic earnings/ (loss) per share (₹) - (A/B)	12.43	2.16

Diluted Earnings/ (Loss) Per Equity Share

Particulars	(₹ in Lakhs)	
	For the period ended March 31, 2019	For the year ended March 31, 2018
Nominal value of equity share (₹)	10	10
Profit/(loss) after tax - (A) (₹ in Lakhs)	15,044.40	2,595.16
Weighted average number of shares outstanding (B) (in Lakhs)	1,215	1,209
Diluted earnings/ (loss) per share (₹) - (A/B)	12.38	2.15

Weighted Average Number of Shares used as denominator

Particulars	(₹ in Lakhs)	
	March 31, 2019 No. of Shares (in Lakhs)	March 31, 2018 No. of Shares (in Lakhs)
Weighted Average number of equity shares used as the denominator in calculating basic earnings per share	1,210	1,201
Adjustments for calculation of diluted earnings per share:		
Options	5	9
Weighted Average number of equity shares used as the denominator in calculating diluted earnings per share	1,215	1,209

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

NOTE 34 - LEASING ARRANGEMENTS

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

The lease term in respect of premises acquired under operating lease generally expire within 7 to 9 years.

Payments recognized as expense

Particulars	(₹ in Lakhs)	
	For the period ended March 31, 2019	For the year ended March 31, 2018
Rent	5,510.51	3,456.90

Future minimum lease rentals payable under non-cancellable lease:

Particulars	(₹ in Lakhs)	
	For the period ended March 31, 2019	For the year ended March 31, 2018
- not later than one year	5,156.59	2,782.64
- later than one year but not later than five years	11,457.23	4,893.00
- later than five years	1,443.63	158.56

NOTE 35 - FINANCIAL INSTRUMENTS

35.1 Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders. The capital structure of the company consists of equity only. The management of the company reviews the capital structure of the Group on an annual basis. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group's Material Subsidiary is subject to the capital adequacy requirements of the Reserve Bank of India (RBI), which are primarily based on the capital adequacy accord reached by the Basel Committee of the Bank of International Settlements (Basel Committee). Under RBI's capital adequacy guidelines, the Subsidiary is required to maintain a minimum ratio of total capital to risk adjusted assets as determined by a specified formula, at least half of which must be Tier 1 capital, which is generally shareholders' equity.

Following is Group's Material Component's Capital as provided internally to key management personnel.

	31-Mar-19	31-Mar-18	01-Apr-17
Capital Adequacy	18.60%	22.94%	21.71%
CET 1 Capital	15.46%	19.09%	18.49%
Tier I Capital	17.66%	22.15%	21.46%
Tier II Capital	0.95%	0.79%	0.24%

The Group has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by RBI.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

35.2 Financial instruments by category

	31 March 2019			31 March 2018			1 April 2017			(₹ In Lakhs)
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	
Financial assets										
Investments	-	10.00	154,771.09	-	10.00	124,398.22	-	10.00	145,592.17	
Cash & Cash equivalents and	-	-	109,725.40	-	-	61,309.42	-	-	79,322.17	
Other Bank balances										
Loans	-	-	1,093,053.07	-	-	732,261.73	-	-	572,850.44	
Other Financial Assets	-	-	2,461.88	-	-	1,626.87	-	-	8,309.42	
Total Financial Assets	-	10.00	1,360,011.44	-	10.00	919,596.24	-	10.00	806,074.20	
Financial liabilities										
Trade Payable			4,431.55			2,498.52			1,305.61	
Debt Securities			10,000.00			60,000.00			82,500.00	
Borrowings	-	-	443,300.49	-	-	320,284.50	-	-	541,640.38	
Deposits			725,918.15			377,264.35			10,641.24	
Subordinated Liabilities			5,000.00			5,000.00			5,000.00	
Others	-	-	20,062.58	-	-	9,280.11	-	-	6,178.03	
Total Financial liabilities	-	-	1,208,712.77	-	-	774,327.48	-	-	647,265.26	

35.3 Financial risk management

The Group is exposed to credit risk, market risk and liquidity risk. The following notes explains the sources of risks which the Group is exposed to and how the it manages the risks in the financial statements. UFSL is not exposed to market risk and credit risk, and hence the disclosures pertain only to the significant component i.e., USFB (Bank). Both UFSL and USFB are exposed to liquidity risk. Consequently, management has used the 'bank' wherever the disclosure pertain to the significant component and used the word group where it pertain to the consolidated financial statements.

35.4 Market risk

Market Risk is the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market process, in particular, changes in interest rates, exchange rates and equity and commodity prices. In line with the regulatory requirements, the Bank has in place a Board approved Market Risk Management and ALM policy in place. The Policy provides the framework for computation of security valuation, modified duration and PV01.

35.5 Interest rate risk

The major market risk facing the Bank is Interest Rate Risk in the Banking Book (IRBB) as the Bank currently does not have exposure to Equity, Commodity or Foreign Exchange. IRBB is measured using both the Traditional Gap approach and Duration Gap approach to calculate the impact of change in interest rates on both profit and equity. The Interest Rate in the Banking Book (IRBB) is managed by bringing the impact of change in interest rates on the profit and equity to the notice of ALCO on a monthly basis and recommending necessary business measures to reduce the volatility in both profit and equity. The directives of ALCO regarding the same are then intimated to the relevant stakeholders.

35.5.1 Exposure to interest rate risk

The interest rate risk in banking book is measured using both the Traditional Gap approach and Duration Gap approach to calculate the impact of change in interest rates on both profit and equity which is given in tables below for the period of Mar-17 and Mar-18 respectively.

Traditional Gap Approach- 31-Mar-19

Particulars	1-28 days	29d-3m	3-6m	6m-1y	Total
Risk Sensitive Assets	173,751.83	164,227.22	166,127.60	335,922.26	840,028.91
Risk Sensitive Liabilities	35,419.63	203,013.58	138,569.91	291,231.31	668,234.43
Gap	138,332.20	(38,786.36)	27,557.69	44,690.95	171,794.48
Remaining maturity in days	351.00	304.00	230.00	95.00	
Earnings at risk (EaR) for 2% increase in interest rates	2,660.53	(646.09)	347.30	232.64	2,594.38

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Traditional Gap Approach - 31-Mar-18

Particulars	1-28 days	29d-3m	3-6m	6m-1y	Total
Risk Sensitive Assets	94,063.44	116,596.92	155,791.52	239,427.43	605,879.31
Risk Sensitive Liabilities	82,833.00	214,129.47	96,185.15	185,914.98	579,062.60
Gap	11,230.44	(97,532.55)	59,606.37	53,512.45	26,816.71
Remaining maturity in days	351.00	304.00	230.00	95.00	
Earnings at risk (EaR) for 2% increase in interest rates	215.99	(1,624.65)	751.20	278.56	(378.90)

Traditional Gap Approach - 1-Apr-17

Particulars	1-28 days	29d-3m	3-6m	6m-1y	Total
Risk Sensitive Assets	90,167.96	97,946.92	170,300.88	199,002.93	557,418.69
Risk Sensitive Liabilities	38,198.22	121,426.43	133,767.23	160,645.91	454,037.79
Gap	51,969.74	(23,479.51)	36,533.65	38,357.02	103,380.90
Remaining maturity in days	351.00	304.00	230.00	95.00	
Earnings at risk (EaR) for 2% increase in interest rates	999.53	(391.11)	460.42	199.67	1,268.51

Duration Gap approach

Particulars	31-Mar-19	31-Mar-18	01-Apr-17
Equity (i.e, Net Worth)	160,498.29	144,958.59	144,371.16
Computation of Aggregate Risk Sensitive Liabilities	1,178,890.94	782,536.17	669,781.57
Computation of Aggregate Risk Sensitive Assets	1,297,409.86	885,434.70	779,893.13
Weighted Avg Modified Duration of Risk Sensitive Liabilities across all currencies	1.13	0.92	1.16
Weighted Avg Modified Duration of Risk Sensitive Assets across all currencies	1.28	1.22	1.17
Modified Duration Gap	0.25	0.41	0.17
Change in MVE as % of equity for 200bps change in interest rate	-4.10%	-4.98%	-1.88%

35.6 Credit risk

Credit risk in the Bank arises due to default by borrowers on their contractual obligations which results to financial losses. Credit Risk is a major risk in the Bank and the Bank's asset base comprises microfinance loans, retail lending, loans for affordable housing and MSE finance. The Bank also has a small portfolio of loans to Financial Institutions. Credit Risk in the Bank stems from outright default due to inability or unwillingness of a customer or counterparty to meet commitments in relation to lending, settlement and other financial transactions. The essence of credit risk assessment in the Bank pivots around the early assessment of stress, either in a portfolio or an account, and taking appropriate measures.

35.6.1 Credit risk management

Credit risk in the Bank is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Board approved credit policies and procedures mitigate the Bank's prime risk-default risk. There is a Credit Risk Management Committee in the

Bank for the review of the policies, process and products on an ongoing basis, with approval secured from the Board as and when required. There is a robust Credit Risk Management set-up in the Bank at various levels.

- There are Credit teams to ensure implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information/loan closure documents, as the case may be, and highlight early warning signals and industry developments enabling pro-active field risk management.
- The credit teams of each vertical do the independent credit assessment in line with the credit policy of the Bank. There are defined processes for credit assessment of each product in the Bank. The credit sanction is done through a delegation matrix where credit sanctioning powers are defined for various levels. All big ticket loans i.e. ₹ 50 Lakhs & above; in Housing and MSE, are approved by the Credit Approval Committee. All loans to financial institutions up to ₹ 25 Crores are also approved by this Committee.

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3. Portfolio analysis and reporting is used to identify and manage credit quality and concentration risks.
4. Credit risk monitoring for the Bank for MSE and the Affordable Housing sector is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. Portfolio monitoring aims towards managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states.

35.6.2 Significant increase in credit risk

The Bank monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Bank measures the loss allowance based on lifetime rather than Stage 1 (12-month) Expected Credit Loss (ECL). Pending the adoption of scoring models to assess the change in credit status at an account level and at portfolio level, the Bank has adopted SICR (Significant Increase in Credit risk) criteria based on Days Past Due (DPD).The following table lists the staging criteria used in the Bank:Staging Criterion

Stage-1:0 – 30 days past due

Stage-2:31 – 89 days past due

Stage-3:90+ days past due

Stage 2 follows the rebuttable presumption of Ind AS 109, that credit risk has increased significantly since initial recognition no later than when contractual payments are more than 30 days past due.

35.6.3 Incorporation of forward-looking information

In order to capture the business cycle dependency on the Bank's default rates, the Bank has attempted to model its historical default rates as a function to any macroeconomic variable which can statistically explain a relationship. This typically entails using various forms/types of regression to ascertain if that relationship is statistically significant. If found significant, the historical ECL can then be converted into a forward looking estimate, by incorporating the relationship aspect. The dataset for studying and identifying relationships were populated on quarterly basis spanning from March 2014 to June 2018. The dataset included the Bank's own trend in defaults over the quarters and various macro-economic variables; the data for which is publicly available with International Monetary Fund and Reserve Bank of India. The Bank undertook various statistical analysis to identify relationships with default rates. The results were found to be statistically insignificant for the following reasons:

- 1) Historically, the business model of the Bank has only been affected with increase in default rates due to

events such as floods, area specific disturbances and local political intervention. These events are stray events which had not affected the Bank as a whole. Secondly, the customer segment catered by the Bank is largely the unbanked and underbanked population of India. These customers undertake their activities mostly on cash basis and are often excluded in the financial ecosystem as their contribution to the taxable income is quite low. Therefore, the default behaviour of this customer segment can tend to exhibit none to very low relationship to the more formal macro economic indicators .

- 2) The Bank, like all other companies engaged in microfinance business faced an extra-ordinary situation due to the demonetization of large value currency notes in November 2016. Many of the Bank's customers were unable to repay their loan dues from November 2016 onwards due to currency shortage initially, major livelihood disruption and local political agitations. The default rates witnessed a huge spike in the next 3-4 months post the event. Although the Bank has made substantial efforts to recover its dues, a majority of the current borrowers in the Bank who are in default are those who stopped paying post this event. This causes a skewness in the data set which largely undermines the ability to build any credible statistical relationship. Since the above mentioned statistical models could not yield any significant results, the Bank has adopted the management overlay approach to define its default cyclical. Under this approach, the Bank has attempted to calculate its forward looking PD estimates by the use of a scalar. After careful consideration and analysis, the Bank is of the opinion that an event in the likes of Demonetization can be deemed as a Black Swan event; and its occurrence in the future is highly unlikely. As explained above, the business model of the Bank is mostly subject to risks emanating from local events in its normal course. One time events such as Demonetization is the only example which had caused a Bank wide impact. Furthermore, the newer advances made post demonetization have exhibited an excellent repayment track record similar to the track record maintained by the Bank prior to Demonetization. Given the above considerations, the Bank has assigned a 10% probability for a downturn scenario to accommodate for any business swings caused by events whose economic impact can be to the likes of demonetization.

The Bank has assigned a probability of scenario occurrence at 10% for downturn scenario and 90% for upturn scenario respectively. The weighted average scalar has been estimated at ~15%. This scalar is incrementally added to the historical PD term structure.

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The scalar has been used to compute forward looking estimates of PD only for the microfinance portfolio of the Bank. Since the other business verticals are of relatively new vintage, a significant portion of the historical default data emanates from microfinance loans. The PD term structures for other loan portfolios are a reflection of the historical default behaviour or benchmarked to RBI dynamic provisioning norms. The forward looking PD estimates are factored in the ECL calculations

35.6.4 Measurement of ECL

The key inputs used for measuring ECL are:

Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon (12 Month). It is estimated as at a point in time. To compute Expected Credit Loss (ECL) the portfolio is segregated into 3 stages viz. Stage 1, Stage 2 and Stage 3 on the basis of Days Past Dues. The Bank uses 12 month PD for the stage 1 borrowers and lifetime PD for stage 2 and 3 to compute the ECL. The Bank has used different PD computation techniques for each portfolio.

Loss given default (LGD): LGD is an estimation of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from eligible collateral. The Bank has computed LGD for Microfinance loans using empirical data and for other portfolios it used FIRB (Foundation Internal Rating Based) guidelines and Loan Loss Provisioning paper as given by Reserve Bank of India.

Exposure at default (EAD): EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities.

Probability of Default : MSE Loans

The PD analysis tracked the migration behaviour of a static pool of loans active at the end of each quarter (cohorts) across different buckets- Current, 1-30 DPD, 31-90 DPD, 90+ DPD for the 12-month period (performance period). The metrics tracked the active loans of each cohort to understand the performance of the loan accounts. This practice of studying the migration behaviour of loans is known as the "Roll Rate Analysis".

Probability of Default : Housing Loans

Although the Bank has attempted to calculate PD using historical data, it was found that the PD estimates were not in cognizance to the inherent risk characteristics exhibited in the industry wide Secured Housing portfolio. Therefore, the Bank shall adapt the directions of Loan Loss Provisioning RBI paper for estimating its PD until such time the internal data represents the true reflection of the risk characteristics.

Probability of Default : Microbanking Loans

Micro-Banking Loans cover about 85% of the Bank's loan portfolio. Given the average ticket size and tenor of each loan in this segment, and the resultant large number of individual borrowers in this portfolio, the portfolio was segregated into 14 pools based on homogeneity of borrowers using loan product, occupation and geography as parameters; the borrowers in each pool are homogeneous while each pool is heterogeneous. The Microbanking pools were then analyzed to arrive at the default rates for each of the pools. To arrive at pool-wise PD, 'Vintage Analysis' was done.

Probability of Default : Personal Loans, Two Wheeler Loans, Staff Loans, Agri Loans and FIG Loans

PD for Personal loans and Two Wheeler Loans were taken from Loan Loss Provisioning RBI paper on account of vintage in the Bank . PD for FIG loans was taken as per CRISIL Default Study paper based on the rating of the corporate. Agri Loans PD was arrived at as the average of comparable pools from the Microbanking segment where the borrower was engaged in Agriculture, given the similar characteristics with these pools. Minimum PD of 0.03% was recommended for Staff Loans.

Loss Given Default : Micro-Banking Loans

LGD was calculated using monthly NPA data and recovery from the same. Recovery data was mapped to the subsequent months from the respective default month. The recovery made over a period of time was discounted to reflect the present value of recovery. Marginal Recovery rates were computed for each month . Subsequently, the cumulated recovery rates were calculated. Loss Given Default was computed as 1 minus recovery rate. This exercise has been undertaken for every microfinance pool.

Loss Given Default : MSE Loans, Secured Housing Loans, Personal Loans, Two Wheeler Loans, Staff Loans and Agri Loans (Ref: RBI IRB circular issued in December 2011)

LGD for all other loan portfolios, except Microbanking are benchmarked to RBI guidelines. The benchmarking of LGD is an acceptable approach under the FIRB approach to capital calculation.

Exposure at Default :

EAD is the total outstanding balance at the reporting date including principal and accrued interests at the reporting date. For Stage 3 assets, arrear interests are added. Future interest receivables up to the date of default i.e. 90DPD has been computed for Stage 1 and Stage 2 assets to reflect actual EAD. Undrawn commitments, if any, are duly converted into its Credit Equivalent Amount using Credit Conversion Factors(CCF) as prescribed in RBI guidelines.

Expected Credit Loss :

The Bank measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial obligations

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35.6.5 Groupings based on shared risks characteristics

Microfinance loans constitute the majority of the portfolio. The Bank has performed segmentation on the Microbanking Loans portfolio based on the below mentioned characteristics:

- Individual Loans/Group Loans
- Geography(by state)
- Intended purpose of the loan.

The borrowers with homogeneous characteristic were placed in one pool and each pool exhibits heterogeneity. MSE loans were bifurcated into two segments i.e. Secured MSE and Unsecured MSE based on the similar risk characteristics exhibited for the purpose of ECL computation. All other loan portfolios were not bifurcated into groups because of low incidence of default and recent vintage of portfolio.

The Bank uses external benchmark information for portfolios with limited historical data. The table below depicts the portfolios for which external benchmark information represents a significant input into measurement of ECL.

Particulars	External benchmark PD	External benchmark LGD	Additional Details
Secured Housing Loans	1.43%	50%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Staff Loans	0.03% (Min reqd PD)	65%	Loan Loss Provisioning RBI paper - Clause 6.1.6
Personal Loans	3.52%	65%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Two Wheeler Loans	3.52%	50%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Financial Institution Group Loans	According to the Credit rating of the borrower	65%	CRISIL Default Study Paper
Debt Securities	0.03% (Min reqd PD)	65%	RBI IRB circular issued in December 2011

35.6.6 Credit Risk Concentrations

An analysis of the Bank's credit risk concentrations per class of financial asset is provided in the following tables. Unless specifically indicated, for financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Particulars	Mar-19	Mar-18	Mar-17
Loans and advances to customers at amortised cost			
Concentration by sector			
Microbanking Loans	941,705.05	706,364.21	577,991.94
Secured Housing Loans	83,618.57	32,519.66	9,938.01
Personal Loans	1,155.03	-	-
MSE Loans			
MSE Loans	59,775.03	22,721.79	5,709.93
Other Loans			
Agri Loans	2,422.50	-	-
Staff Loans	918.53	847.98	449.59
Two Wheeler Loans	39.55	-	-
Financial Institution Group Loans	23,569.38	-	-
Advances against Deposits	2,743.01	767.13	-
Gross Advances as per Ind-AS	1,115,946.65	763,220.77	594,089.48
Ind-AS adjustment	(7,471.35)	(4,321.67)	(597.65)
Gross Advances as per Ind-AS	1,108,475.30	758,899.10	593,491.83

*includes Agri Corporate Loan

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Particulars	(₹ In Lakhs)		
	Mar-19	Mar-18	Mar-17
Concentration by region (at State level)			
Tamil Nadu	187,756.27	115,787.21	86,845.37
Karnataka	162,844.54	108,119.88	92,001.76
West Bengal	151,538.12	105,592.91	88,027.50
Maharashtra	101,288.79	81,027.33	66,545.99
Gujarat	76,255.46	50,022.56	31,849.38
Bihar	62,892.97	38,872.50	27,185.04
Haryana	53,154.64	35,851.73	27,532.87
Assam	41,925.87	31,788.77	23,430.21
Rajasthan	43,195.82	28,773.60	19,384.05
Uttar Pradesh	33,836.62	25,926.86	23,344.13
Punjab	30,435.70	22,743.29	16,537.75
Orissa	34,027.23	21,184.30	16,467.46
Jharkhand	27,083.92	20,501.66	18,636.78
Kerala	20,865.47	17,566.13	13,287.83
New Delhi	25,083.80	15,413.06	11,914.15
Madhya Pradesh	21,581.73	13,641.45	7,704.94
Tripura	13,358.21	10,039.06	7,652.99
Pondicherry	9,192.53	5,836.44	4,577.46
Chhattisgarh	8,083.42	5,234.62	3,126.55
Uttarakhand	4,995.62	4,171.91	3,931.28
Meghalaya	1,856.94	1,814.51	1,736.36
Chandigarh	2,262.74	1,598.76	1,268.59
Himachal Pradesh	1,572.65	943.64	578.06
Goa	857.61	768.58	522.95
Total	1,115,946.65	763,220.77	594,089.48
Ind-AS Adjustment	(7,471.35)	(4,321.67)	(597.65)
Gross Advances as per Ind-AS	1,108,475.30	758,899.10	593,491.83
Loan commitments			
Concentration by sector			
Microbanking Loans	-	-	-
Secured Housing Loans	3,257.95	1,878.01	4,518.81
Personal Loans	-	-	-
MSE Loans			
Secured MSE Loans	1,490.64	157.79	125.39
Unsecured MSE Loans	-	-	-
Other Loans			
Staff Loans	-	-	-
Two Wheeler Loans	-	-	-
Financial Institution Group Loans	-	-	-
Advances against Deposits	9,063.24	30.12	-
Total	13,811.84	2,065.92	4,644.20
Concentration by region (at State level)			
Maharashtra	820.08	369.41	787.26
Tamil Nadu	978.32	353.87	741.78
Karnataka	867.24	302.43	525.45
Rajasthan	540.75	238.90	575.68
Gujrat	1,968.98	196.21	524.84
Uttar Pradesh	273.68	186.77	580.69
West Bengal	581.17	131.14	414.51
Madhya Pradesh	95.93	94.67	114.72
Bihar	299.79	51.90	217.14

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Particulars	Mar-19	Mar-18	Mar-17
Uttarakhand	49.12	36.59	9.50
New Delhi	1,701.25	29.84	9.74
Pondicherry	29.04	25.57	46.60
Kerala	45.60	18.10	-
Haryana	381.94	12.89	61.20
Jharkhand	198.11	11.68	22.00
Orissa	100.68	5.94	13.10
Assam	10.32	-	-
Punjab	192.33	-	-
Tripura	92.05	-	-
Chhattisgarh	49.44	-	-
Chandigarh	4,531.97	-	-
Himachal Pradesh	4.04	-	-
Total	13,811.84	2,065.92	4,644.20
Debt investment securities at amortised cost			
Concentration by sector			
Government Bonds	154,801.28	124,422.48	145,620.57
Other	-	-	-
Total	154,801.28	124,422.48	145,620.57

35.6.7 An analysis of the Bank's credit risk exposure per class of financial asset and "stage" without taking into account the effects of any collateral or other credit enhancements is provided in the following tables. For financial assets, the amounts in the table represent gross carrying amounts. For loan commitments and financial guarantee contracts, the amounts in the table represent the amounts committed or guaranteed, respectively.

Particulars	₹ in Lakhs				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	1,095,703.19	2,679.76	10,092.35	-	1,108,475.30
Total gross carrying amount	1,162,198.63	2,773.65	10,741.30	-	1,175,713.58
Loss allowance	8,560.55	37.28	6,824.39	-	15,422.23
Carrying amount	1,153,638.08	2,736.37	3,916.91	-	1,160,291.36

Particulars	₹ in Lakhs				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	728,850.44	1,839.67	28,208.98	-	758,899.10
Total gross carrying amount	773,348.98	1,894.87	30,451.09	-	805,694.94
Loss allowance	5,157.46	23.19	21,456.71	-	26,637.36
Carrying amount	768,191.52	1,871.68	8,994.38	-	779,057.59

Particulars	₹ in Lakhs				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	548,528.95	19,630.29	25,332.58	-	593,491.83
Total gross carrying amount	581,173.45	20,883.35	26,572.74	-	628,629.54
Loss allowance	1,551.31	85.35	19,004.72	-	20,641.39
Carrying amount	579,622.14	20,798.00	7,568.02	-	607,988.16

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Particulars	₹ in Lakhs		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Loan commitments			
Total amount committed	13,803.34	8.50	-
Loss allowance	922.56	0.53	-

Particulars	₹ in Lakhs		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Loan commitments			
Total amount committed	2,065.92	-	-
Loss allowance	6.73	-	-

Particulars	₹ in Lakhs		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Loan commitments			
Total amount committed	4,636.20	8.00	-
Loss allowance	14.66	0.07	-

Particulars	₹ in Lakhs				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Debt investment securities at amortised cost	154,801.28	-	-	-	154,801.28
Total gross carrying amount	154,801.28	-	-	-	154,801.28
Loss allowance	30.19	-	-	-	30.19
Carrying amount	154,771.09	-	-	-	154,771.09

Particulars	₹ in Lakhs				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Debt investment securities at amortised cost	124,422.48	-	-	-	124,422.48
Total gross carrying amount	124,422.48	-	-	-	124,422.48
Loss allowance	24.26	-	-	-	24.26
Carrying amount	124,398.21	-	-	-	124,398.21

Particulars	₹ in Lakhs				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Debt investment securities at amortised cost	145,620.57	-	-	-	145,620.57
Total gross carrying amount	145,620.57	-	-	-	145,620.57
Loss allowance	28.40	-	-	-	28.40
Carrying amount	145,592.17	-	-	-	145,592.17

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This table summarises the loss allowance as of the Mar-17, Mar-18, Mar-19 by class of exposure/asset.

Particulars	Mar-19	Mar-18	Mar-17
Loss allowance by classes			
Loans and advances to customers at amortised cost(excl. ECL on Undrawn)	14,499.15	26,630.62	20,626.67
Debt investment securities at amortised cost	30.19	24.26	28.40
Loan commitments	923.08	6.73	14.72

35.6.8 The tables below analyse the movement of the loss allowance during the year per class of assets.

Loss allowance – Loans and advances to customers at amortised cost	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at 31st Mar 2019	1,162,198.63	8,560.55	2,773.65	37.28	10,741.30	6,824.39
Loss allowance as at 31st Mar 2018	773,348.98	5,157.46	1,894.87	23.19	30,451.09	21,456.71
Movement	388,849.64	3,403.09	878.78	14.10	(19,709.79)	(14,632.32)

Loss allowance – Loans and advances to customers at amortised cost	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at 31st Mar 2018	773,348.98	5,157.46	1,894.87	23.19	30,451.09	21,456.71
Loss allowance as at 31st Mar 2017	581,173.45	1,551.31	20,883.35	85.35	26,572.74	19,004.72
Movement	192,175.53	3,606.15	(18,988.48)	(62.16)	3,878.35	2,451.98

Loss allowance – Loan commitments	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at 31st Mar 2019	13,803.34	922.56	-	-	-	-
Loss allowance as at 31 Mar 2018	2,065.92	6.73	-	-	-	-
Movement	11,737.42	915.82	-	-	-	-

Loss allowance – Loan commitments	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at 31st Mar 2018	2,065.92	6.73	-	-	-	-
Loss allowance as at 31 Mar 2017	4,636.20	14.66	8.00	0.07	-	-
Movement	(2,570.28)	(7.92)	(8.00)	(0.07)	-	-

Loss allowance – Debt investment securities at amortised cost	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at 31st Mar 2019	154,801.28	30.19	-	-	-	-
Loss allowance as at 31 Mar 2018	124,422.48	24.26	-	-	-	-
Movement	30,378.80	5.92	-	-	-	-

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	(₹ In Lakhs)					
	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance – Debt investment securities at amortised cost						
Loss allowance as at 31st Mar 2018	124,422.48	24.26	-	-	-	-
Loss allowance as at 31 Mar 2017	145,620.57	28.40	-	-	-	-
Movement	(21,198.09)	(4.13)	-	-	-	-

35.6.9 Write - offs

The contractual amount outstanding on financial assets that were written off during the FY 2018-19 was ₹ 17,786 (in Lakhs) and for FY 2017-18 was 17,648 (in Lakhs) and are still subject to enforcement activity.

- A. The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.**

Particulars	Mar-19		Mar-18		Mar-17	
	Gross carrying	Loss allowance	Gross carrying	Loss allowance	Gross carrying	Loss allowance
Loans and advances to customers (Other than Corporate)						
0-30 days	1,162,198.63	8,560.55	773,348.98	5,157.46	581,173.45	1551.31
31-90 days	2,773.65	37.28	1,894.87	23.19	20,883.35	85.35
More than 90 days	10,741.30	6,824.39	30,451.09	21,456.71	26,572.74	19,004.72
Total	1,175,713.58	15,422.23	805,694.94	26,637.36	628,629.54	20,641.39

B. Modified financial assets

As a result of the Bank's forbearance activities financial assets might be modified. The following tables refer to modified financial assets where modification does not result in derecognition.

Particulars	Mar-19	Mar-18	Mar-17
Financial assets (with loss allowance based on lifetime ECL) modified during the period			
Gross carrying amount before modification	200.01	69.03	14.64
Loss allowance before modification	1.38	0.89	0.04
Net amortised cost before modification	198.63	68.14	14.60
Net modification gain/(loss)	111.25	0.48	8.98
Net amortised cost after modification	87.39	67.66	5.62

Particulars	Mar-19	Mar-18	Mar-17
	CUM	CUM	CUM
Financial assets modified since initial recognition at a time when loss allowance was based on lifetime ECL			
Gross carrying amount of financial assets for which loss allowance has changed in the period from lifetime to 12-month ECL cost after modification	-	-	-

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C. Collateral held as security and other credit enhancements

The Bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Particulars	Type of Collateral held
In deposits account	Unsecured Loan
MSE Loans	Hypothecation of Stocks, Book Debt, Mortgage of the Land and Building
Personal Loans	Unsecured Loan
Home Loans	Mortgage of the Land/Building/Flat
Two Wheeler Loans	Hypothecation of the vehicle
Financial Institution Group	Book debts and Cash Collateral

Mortgage lending

The Bank holds residential properties as collateral for the affordable loans it grants to its customers. The Bank monitors its exposure to retail mortgage lending using the LTV ratio, which is calculated as the ratio of the gross amount of the loan or the amount committed for loan commitments to the value of the collateral. The table below shows the ECL bifurcation of secured assets on the basis of various LTV ranges.

Particulars	Mar-19		Mar-18		Mar-17	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Mortgage lending						
LTV ratio						
Upto 35%	39,470.98	358.58	17,753.11	147.69	8,310.60	58.51
35% to 50%	29,790.08	241.49	10,044.32	85.41	3,676.04	27.86
50% to 65%	30,316.68	290.15	7,742.25	66.95	1,335.81	9.82
>65%	32,148.39	324.26	7,212.21	61.17	1,299.35	16.33
Total	131,726.12	1,214.48	42,751.89	361.22	14,621.80	112.52

Particulars	Mar-19		Mar-18		Mar-17	
	Amount committed	Loss allowance	Amount committed	Loss allowance	Amount committed	Loss allowance
Loan commitments – Mortgage lending						
LTV ratio*						
Upto 35%	1,018.14	208.93	578.35	1.86	2,733.70	8.53
35% to 50%	1,426.94	294.60	631.02	2.07	1,289.91	4.17
50% to 65%	1,147.86	237.45	515.89	1.80	393.04	1.29
>65%	1,155.65	182.10	310.53	1.00	227.54	0.74
Total	4,748.60	923.08	2,035.80	6.73	4,644.20	14.72

*excluding Loan commitments in the form Loan against deposit/Overdraft Against Deposit as they are not in the nature of mortgagage but merely a pledge.

Particulars	Mar-19		Mar-18		Mar-17	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Credit impaired – mortgage lending LTV ratio						
LTV ratio*						
Upto 35%	207.05	103.53	48.96	24.48	2.52	1.26
35% to 50%	93.39	46.69	31.92	15.96	4.13	2.07
50% to 65%	178.28	89.14	17.62	8.81	-	-
>65%	230.16	115.08	27.97	13.99	5.87	2.93
Total	708.88	354.44	126.48	63.24	12.52	6.26

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Personal lending

The Bank's personal lending portfolio consists of unsecured loans.

The Bank holds investment securities measured at amortised cost. The investment securities held by the Bank are sovereign bonds, which are not collateralised.

Assets obtained by taking possession of collateral

The Bank currently has not obtained any assets by taking possession of any collateral however it has prompted its borrowers into repaying the loan along with the dues. Therefore the below table is not applicable.

Particulars	(₹ In Lakhs)		
	Mar-19 CU	Mar-18 0	Mar-17 CU
Property	-	-	-
Debt securities	-	-	-
Other	-	-	-
Total assets obtained by taking possession of collateral	-	-	-

The fair value of assets held as collateral

Asset type	(₹ In Lakhs)		
	Mar-19	Mar-18	Mar-17
Assets pledged as collateral under securities borrowing and reverse repo agreements	21,500.32	5,448.00	-
Customer deposits held as collateral for irrevocable commitments under import letters of credit (not requiring segregation/derecognition)	-	-	-
Derivative financial instruments	-	-	-
Total	21,500.32	5,448.00	-

D. Offsetting financial assets and financial liabilities

The Bank has not recognised any financial asset or liability on a net basis

The Bank has rescheduled some loans (22, 103) in Kerala State on account Flood in August, 2018 as per the RBI guideline (Dated July 1, 2018) on Relief Measures by Banks in Areas Affected by Natural Calamities. These loans are standard and regular in repayments. Accordingly these loans are considered in Stage I/Stage II assets under IND-AS for Expected Credit Loss (ECL) computation for FY-2019.

35.7 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

35.7.1 Exposure to liquidity risk

The Group manages and measures liquidity risk as per its ALM policy and the ALCO (Asset Liability Management Committee of the Group) is responsible for managing the liquidity risk. The Group not only measures its current liquidity position on an ongoing basis but also forecasts how liquidity position may emerge under different assumptions. The liquidity position is tracked through maturity or cash flow mismatches across buckets spanning all maturities but the focus is on examining the short term gaps in the first four buckets with maturity up to 30 days.

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The table below shows the maturity pattern as on 31st March, 2019, of the Group's non-derivative financial liabilities:

	(₹ In Lakhs)												
	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total	
Non-derivative financial liabilities	-	-	-	4,414.10	17.45	-	-	-	-	-	-	4,431.55	
Trade Payable	-	-	-	6,132.56	-	4,217.95	-	-	-	-	-	10,350.50	
Debt Securities	-	-	10,218.66	-	2,641.69	12,130.53	60,438.85	136,127.85	216,536.67	65,139.52	5,231.88	508,465.67	
Borrowing	-	-	9,338.07	9,428.45	34,850.91	45,950.62	120,657.08	81,693.66	219,304.21	254,689.19	1,305.20	608.34	779,262.55
Deposits	1,436.83	-	-	63.70	-	61.64	63.70	189.04	4,437.56	843.95	-	5,659.59	
Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	
Other Financial Liabilities	8,740.43	-	-	938.05	-	-	-	-	-	-	-	9,843.12	
Total	10,177.26	9,338.07	20,648.86	39,265.01	54,803.96	132,851.31	146,539.50	359,869.61	472,069.81	66,444.72	6,004.86	1,318,012.97	

The table below shows the maturity pattern as on 31st March, 2019, of the Group's non-derivative financial assets:

	(₹ In Lakhs)											
	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Non-derivative financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-derivative financial assets	9,002.00	21,656.45	185.67	312.21	1,246.24	2,821.67	1,594.47	2,799.07	4,987.28	34.55	18.64	44,658.25
Cash in Hand & Balance with RBI	-	-	-	-	-	-	-	-	-	-	-	-
Balances with Other Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
Balances With Other Banks, Financial Institutions And Money At Call And Short Notice	976.05	62,052.55	-	-	-	-	-	129.60	1,900.26	149.33	-	65,207.80
Loans	365.18	13,326.34	27,593.97	41,765.35	86,945.59	86,552.30	207,295.03	405,759.89	322,412.78	49,614.84	121,093.60	1,362,724.86
Investments	0.00	7,092.40	9,919.45	11,808.90	31,972.80	27,113.65	18,480.31	13,300.00	24,348.20	3,000.00	56,854.60	203,900.33
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	2,461.88	2,461.88
Total	10,343.23	104,127.74	37,699.09	53,886.46	120,164.64	116,487.62	227,499.42	423,759.22	351,897.59	52,649.39	180,438.72	1,678,953.12

The table below shows the maturity pattern as on March 31, 2019, of the Group's undrawn loan commitments:

	(₹ In Lakhs)											
	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Particulars	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	
Undrawn Loan Commitments	9,940.32	-	-	-	613.57	3,257.95	-	-	-	-	-	13,811.84

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The table below shows the maturity pattern as on 31st March, 2018, of the Group's non-derivative financial liabilities:

Non-derivative financial liabilities	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Trade Payable	-	-	-	2,489.24	-	9.28	-	-	-	-	-	2,498.52
Debt Securities	-	-	-	1,451.60	-	11,665.00	43,180.15	10,804.89	-	-	-	67,101.64
Borrowing	5,520.00	-	4,654.30	14,392.96	10,176.37	13,629.96	69,754.37	95,248.69	143,746.69	2,528.85	-	359,652.21
Deposits	137.81	1,557.55	3,644.64	64,312.58	66,550.32	96,148.43	39,647.60	79,551.11	38,807.10	299.08	111.82	390,768.04
Subordinated Liabilities	-	-	-	61.64	63.70	189.04	371.92	5,659.59	-	-	-	6,345.89
Other Financial Liabilities	2,436.21	-	-	-	-	-	-	-	-	-	200.00	2,636.21
Total	8,094.02	1,557.55	8,298.94	81,194.79	78,239.93	109,851.37	121,256.01	218,351.88	199,018.27	2,827.94	311.82	829,002.51

The table below shows the maturity pattern as on 31st March, 2018, of the Group's non-derivative financial assets:

Non-derivative financial assets	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Cash in Hand & Balance with RBI	4,011.78	5,296.38	252.55	3,170.68	3,255.78	4,185.88	975.13	1,927.42	1,895.45	10.71	1.47	24,984.23
Balances with Other Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
Balances With Other Banks, Financial Institutions And Money At Call And Short Notice	1,144.39	20,023.49	-	-	691.67	11,409.34	82.51	1,272.43	1,826.94	-	-	36,450.77
Loans	7.24	13,323.87	23,970.86	29,663.31	67,667.58	64,388.40	171,116.72	234,976.15	209,890.97	20,908.85	33,151.53	869,065.47
Investments	-	7,500.00	8,000.00	-	20,226.72	14,890.56	25,927.40	38,132.10	-	-	53,010.00	167,686.78
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	1,626.87	1,626.87
Total	5,163.41	46,143.74	32,223.41	32,833.99	91,841.74	94,875.18	198,101.77	276,308.10	213,613.35	20,919.56	87,789.87	1,099,814.13

The table below shows the maturity pattern as on March 31, 2018, of the Group's undrawn loan commitments:

Particulars	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Undrawn Loan Commitments	30.12	-	-	-	157.79	1,878.01	-	-	-	-	-	2,065.92

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The table below shows the maturity pattern as on 1st April, 2017, of the Group's non-derivative financial liabilities:

Non-derivative financial liabilities	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Trade Payable	-	-	-	1,290.26	-	15.35	-	-	-	-	-	1,305.61
Debt Securities	-	-	-	12,054.10	10,771.01	1,665.00	5,846.23	67,101.64	-	-	-	97,437.99
Borrowing	969.35	3,763.64	15,159.69	20,572.00	29,488.43	103,447.26	189,645.82	226,734.94	5,694.30	1,037.85	596,463.29	
Deposits	2.33	14.62	0.00	5,019.22	4.85	151.90	102.74	5,214.98	646.94	2.11	0.06	11,159.74
Subordinated Liabilities	-	-	63.70	-	61.64	63.70	189.04	371.92	5,565.64	843.95	-	7,159.59
Other Financial Liabilities	-	-	-	-	143.54	-	-	-	-	-	34.67	178.21
Total	2.33	983.98	3,827.34	21,469.17	32,786.13	40,490.39	105,404.04	201,078.95	300,049.16	6,540.36	1,072.58	713,704.42

The table below shows the maturity pattern as on 1st April, 2017, of the Group's non-derivative financial assets:

Non-derivative financial assets	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Cash in Hand & Balance with RBI	4,020.26	32.91	443.99	600.53	959.87	1,223.68	3,054.51	6,122.13	9,409.46	195.02	30.57	26,092.93
Balances with Other Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
Balances With Other Banks, Financial Institutions And Money At Call And Short Notice	1,058.29	41,524.35	-	-	-	-	4,590.52	2,587.68	4,749.87	-	-	54,510.71
Loans	109.30	14,184.38	20,706.92	21,841.74	55,928.18	52,452.18	137,481.18	184,046.35	143,088.69	30,508.52	6,140.24	666,487.68
Investments	-	-	-	14,641.12	20,390.56	60,658.69	31,762.80	10,500.00	-	49,010.00	186,963.17	
Other Financial Assets	1.08	-	-	-	-	-	7,048.81	3.17	-	1,256.35	8,309.42	
Total	5,188.94	55,741.64	21,150.91	22,442.27	71,529.17	74,066.42	205,784.90	231,567.78	167,751.18	30,703.54	56,437.16	942,363.91

The table below shows the maturity pattern as on April 1, 2017, of the Group's undrawn loan commitments:

Particulars	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	3M to 6M	6M to 1Y	1Y to 3Y	3Y to 5Y	Over 5Y	Total
Undrawn Loan Commitments	-	-	-	-	125.39	4,518.81	-	-	-	-	-	4,644.20

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NOTE 36 - FAIR VALUE MEASUREMENTS

Financial instruments by category

	31 March 2019			31 March 2018			1 April 2017			(₹ In Lakhs)
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	
Financial assets										
Investments	-	10.00	154,771.09	-	10.00	124,398.22	-	10.00	145,592.17	
Cash and Cash equivalents	-	-	109,725.40	-	-	61,309.42	-	-	79,322.17	
Loans	-	-	1,093,053.07	-	-	732,261.73	-	-	572,850.44	
Other Financial Assets	-	-	2,461.88	-	-	1,626.87	-	-	8,309.42	
Total Financial Assets	-	10.00	1,360,011.44	-	10.00	919,596.24	-	10.00	806,074.20	
Financial liabilities										
Trade Payables			4,431.55			2,498.52			1,305.61	
Debt Securities			10,000.00			60,000.00			82,500.00	
Borrowings	-	-	443,300.49	-	-	320,284.50	-	-	541,640.38	
Deposits			725,918.15			377,264.35			10,641.24	
Subordinated Liabilities			5,000.00			5,000.00			5,000.00	
Others	-	-	20,062.58	-	-	9,280.11	-	-	6,178.03	
Total Financial Liabilities	-	-	1,208,712.77	-	-	774,327.48	-	-	647,265.26	

Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosure are required in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March 2019

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments		154,781.09		154,781.09
Cash and Cash equivalents	-	-	109,725.40	109,725.40
Loans	-	-	1,093,053.07	1,093,053.07
Other Financial Assets	-	-	2,461.88	2,461.88
Total Financial assets	-	154,781.09	1,205,240.35	1,360,021.44
Financial Liabilities				
Trade Payable			4,431.55	4,431.55
Debt Securities	-	-	10,000.00	10,000.00
Borrowings	-	-	443,300.49	443,300.49
Deposits			725,918.15	725,918.15
Subordinated Liabilities	-	-	5,000.00	5,000.00
Others			20,062.58	20,062.58
Total Financial Liabilities	-	-	1,208,712.77	1,208,712.77

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Assets and liabilities measured at amortised cost for which fair values are disclosed At 31 March 2018

	(₹ in Lakhs)	Level 1	Level 2	Level 3	Total
Financial assets					
Investments		124,408.22			124,408.22
Cash and Cash equivalents		-	-	61,309.42	61,309.42
Loans		-	-	732,261.73	732,261.73
Other Financial Assets		-	-	1,626.87	1,626.87
Total Financial assets		-	124,408.22	795,198.02	919,606.24
Financial Liabilities					
Trade Payables			2,498.52	2,498.52	
Debt Securities			60,000.00	60,000.00	
Borrowings		-	-	320,284.50	320,284.50
Deposits		-	-	377,264.35	377,264.35
Subordinated Liabilities			5,000.00	5,000.00	
Others		-	-	9,280.11	9,280.11
Total Financial Liabilities		-	-	774,327.48	774,327.48

Financial assets and liabilities measured at fair value - recurring fair value measurements At 1 April 2017

	(₹ in Lakhs)	Level 1	Level 2	Level 3	Total
Financial assets					
Investments		145,602.17			145,602.17
Cash and Cash equivalents			79,322.17	79,322.17	
Loans			572,850.44	572,850.44	
Other Financial Assets			8,309.42	8,309.42	
Total Financial assets		145,602.17	660,482.03	806,084.20	
Financial Liabilities					
Trade Payables			1,305.61	1,305.61	
Debt Securities			82,500.00	82,500.00	
Borrowings			541,640.38	541,640.38	
Deposits			10,641.24	10,641.24	
Subordinated Liabilities			5,000.00	5,000.00	
Others			6,178.03	6,178.03	
Total Financial Liabilities		-	-	647,265.26	647,265.26

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

The management believes that the amortised cost represents the fair values except for loans under financing activity. Since these loans are long term and mature over a period more than one year, the cash flow on such loans have been discounted using the current rate of interest.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

(iii) Fair value of the financial assets and liabilities measured at amortised cost

(₹ in Lakhs)

	31 March 2019		31 March 2018		1 April 2017	
	Carrying Amount	Fair value	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets						
Investments	154,771.09	150,765.76	124,398.22	124,398.22	145,592.17	145,592.17
Cash and Cash equivalents	109,725.40	109,654.38	61,309.42	61,309.42	79,322.17	79,322.17
Loans	1,093,053.07		732,261.73		572,850.44	
Other Financial Assets	2,461.88	2,461.88	1,626.87	1,626.87	8,309.42	8,309.42
Total Financial assets	1,360,011.44	262,882.03	919,596.24	187,334.51	806,074.20	233,223.76
Financial Liabilities						
Trade Payables	4,431.55	4,431.55	2,498.52	2,498.52	1,305.61	1,305.61
Debt Securities	10,000.00	10000	60,000.00	60,000.00	82,500.00	82,500.00
Borrowings	443,300.49	443,300.49	320,284.50	320,284.50	541,640.38	541,640.38
Deposits	725,918.15	737,988.15	377,264.35	377,264.35	10,641.24	10,641.24
Subordinated Liabilities	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Others	20,062.58	23,457.41	9,280.11	9,280.11	6,178.03	6,178.03
Total Financial Liabilities	1,208,712.77	1,224,177.61	774,327.48	774,327.48	647,265.26	647,265.26

The carrying amounts of cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

The fair values for loans were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Note 36 (A) - Change in liabilities arising from financing activities

(₹ In Lakhs)

Particulars	April 1, 2018	Cash Flows	Fair Value Changes	March 31, 2019
Debt Securities	60,000.00	(50,000.00)	-	10,000.00
Borrowings (Other than Debt Securities)	320,284.40	123,016.09	-	443,300.49
Subordinated Liabilities	5,000.00	-	-	5,000.00
Total liabilities from Financing Activities	385,284.40	73,016.09	-	458,300.49

(₹ In Lakhs)

Particulars	April 1, 2017	Cash Flows	Fair Value Changes	March 31, 2018
Debt Securities	82,500.00	(22,500.00)	-	60,000.00
Borrowings (Other than Debt Securities)	541,640.38	(221,355.98)	-	320,284.40
Subordinated Liabilities	5,000.00	-	-	5,000.00
Total liabilities from Financing Activities	629,140.38	-243,855.98	0.00	385,284.40

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for the year ended 31st March, 2019

NOTE 37 - SHARE-BASED PAYMENTS

37.1 Employee share option plan of the Group

37.1.1 Details of the employee share option plan of the Group

The Group has share option scheme for employees , being ESOP 2007, ESOP 2008, ESOP 2010, MD-ESOP 2010 and ESOP 2015.

ESOP 2007

The ESOP 2007 was for a total of 189,440 Equity Shares for all the eligible employees of the Company. As on March 31, 2019, out of the 189,400 options granted, 1,41,390 options has been exercised, 44,500 options lapsed and 3,550 valid options are left to be exercised. All the 44,500 lapsed options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

ESOP 2008

The ESOP 2008 was for a total of 396,680 Equity Shares for all the eligible employees of the Company. As on March 31, 2019, out of the 396,680 options granted, 2,38,360 options has been exercised, 1,54,130 options lapsed and 4,190 valid options are left to be exercised. All the 1,54,130 lapsed options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

ESOP 2010

The ESOP 2010 was for a total of 3,384,300 Equity shares for all the eligible employees of the Company. As on March 31, 2019, out of the 3,384,300 options granted, 16,03,893 options has been exercised, 15,68,973 options lapsed and 2,12,944 valid options are left to be exercised. Our of the 15,68,973 lapsed options 15,63,769 options have been added to the pool of ESOP 2015 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

MD ESOP 2010

The MD-ESOP 2010 was for a total of 1,249,172 options. As on March 31, 2019, all the 1,249,172 granted options under MD-ESOP 2010 have been exercised. There is no outstanding option left to be exercised under MD-ESOP 2010.

ESOP 2015

The ESOP 2015 was for a total of 5,561,188 options. In compliance with Regulation 12 of Securities and Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014 (SEBI ESOP Regulations), the Company got its ESOP Scheme 2015 ratified by its shareholders subsequent to its IPO in their AGM held on August 10, 2016. Further, pursuant to the shareholders' approval at their AGM held on June 27, 2018, 10,18,711 options lapsed under ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010 were added to the pool of ESOP 2015.

As on March 31, 2019, the ESOP 2015 pool comprises of 65,79,899 (including the original pool of 5,561,188 options plus 10,18,711 options added back from the lapsed options of ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010)

The Company has granted 23,49,230 options under the ESOP 2015 to eligible employees during the financial year 2018-19.

As on March 31, 2019, out of the 55,15,880 options granted, 4,83,080 options has been exercised, 8,61,798 options are lapsed, 15,58,904 vested options are left to be exercised. Further, 26,12,098 options are yet to be vested. Out of the 8,61,798 options which are lapsed, 4,55,388 options were added back to the pool of ESOP 2015 with the approval of the shareholders at the AGM held on June 27, 2018.

The Board (including its authorised committee) has been authorised by the shareholders to include the lapsed / forfeited options under its ESOP 2010 and ESOP 2015 back to the pool of ESOP 2015 and that the Board is hereby authorized to grant such added back options to its eligible employees (which includes the employees of its subsidiary).

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

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

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for the year ended 31st March, 2019

The following share-based payment arrangements were in existence during the current and prior years:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
ESOP 2007	189,440	21-07-2007	09-05-2019	12.5	0
ESOP 2008	396,680	18-08-2008	09-05-2019	28	0
MD ESOP 2010	1,249,172	12-07-2010	09-05-2019	40	0
ESOP 2010	1,738,290	12-07-2010	09-05-2019	40	0
ESOP 2010 for FY 11-12	1,646,010	12-09-2012	9/5/2019 for first 3 vests 12-09-2012 9/9/2019 for 4th vests	57	0
ESOP 2015	1,469,800	03-11-2015 03-11-2015 03-11-2015	03-11-2019 03-11-2020 03-11-2021	146.35 146.35 146.35	- 84 95
ESOP 2015 (Additional Grant Scheme 1)	1,696,850	14-09-2016 14-09-2016 14-09-2016	14-09-2020 14-09-2021 14-09-2022	417.15 417.15 417.15	109 134 161
ESOP 2015 (Additional Grant Scheme 2)	2,337,670	27-06-2018 27-06-2018 27-06-2018	27-06-2022 27-06-2023 27-06-2024	385.05 385.05 385.05	110 132 155
ESOP 2015 (Additional Grant Scheme 3)	11,560	23-01-2019 23-01-2019 23-01-2019	23-01-2022 23-01-2023 23-01-2024	290.6 290.6 290.6	83 100 117

37.2 Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is ₹132.18 (No options were granted in FY 2017-18). Options were priced using Black and Scholes Model. Vested ESOPs can be exercised within three years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date. The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern.. While the Company has been listed since 2016, the period of listing up to the Grant Dates is not commensurate with the expected term of the granted ESOPs. Accordingly, volatility of comparable companies have been considered for the purposes of valuation.

Inputs into the model

Particulars	ESOP 2015			ESOP 2015 (Additional Grant Scheme 1)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	186.59	186.59	186.59	417.15	417.15	417.15
Exercise price	146.35	146.35	146.35	417.15	417.15	417.15
Expected volatility	30.90%	32.60%	35.20%	29.70%	30%	31.80%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Risk-free interest rate	7.4%	7.5%	7.6%	6.8%	6.8%	6.9%

Inputs into the model

Particulars	ESOP 2015			ESOP 2015 (Additional Grant Scheme 1)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	385.05	385.05	385.05	290.6	290.6	290.6
Exercise price	385.05	385.05	385.05	290.6	290.6	290.6
Expected volatility	32.80%	31.30%	31.60%	32.80%	31.30%	31.60%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Dividend yield	-	-	-	-	-	-
Risk-free interest rate	7.6%	7.8%	7.9%	7.6%	7.8%	7.9%

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

37.3 Movements in share options

During the year 2018-19

Particulars (Nos.)	Options granted and outstanding as at beginning of period	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the period end
ESOP 2007	6,280.00	-	2,730.00	-	3,550.00
ESOP 2008	8,380.00	-	4,190.00	-	4,190.00
ESOP 2010	126,105.00	-	33,251.00	-	92,854.00
ESOP 2010 for FY 11-12	204,755.00		79,461.00	5,204.00	120,090.00
MD ESOP 2010	-	-	-	-	-
ESOP 2015	937,826.00	-	184,724.00	55,500.00	697,602.00
ESOP 2015 (Additional Grant Scheme 1)	1,475,640.00	-	560.00	170,400.00	1,304,680.00
ESOP 2015 (Additional Grant Scheme 2)	-	2,337,670.00	-	180,510.00	2,157,160.00
ESOP 2015 (Additional Grant Scheme 3)	-	11,560.00	-	-	11,560.00
Total	2,758,986	2,349,230	304,916	411,614	4,391,686
Weighted average exercise price	279.03	384.59	109.14	362.01	339.51

During the year 2017-18

Particulars (Nos.)	Options granted and outstanding as at beginning of period	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the period end
ESOP 2007	6,910.00	-	630.00	-	6,280.00
ESOP 2008	43,260.00	-	34,040.00	840.00	8,380.00
ESOP 2010	278,152.00	-	149,377.00	2,670.00	126,105.00
ESOP 2010 for FY 11-12	488,295.00		276,094.00	7,446.00	204,755.00
MD ESOP 2010	809,172.00	-	809,172.00	-	-
ESOP 2015	1,232,647.00	-	215,396.00	79,425.00	937,826.00
ESOP 2015 (Additional Grant Scheme 1)	1,615,190.00	-	-	139,550.00	1,475,640.00
ESOP 2015 (Additional Grant Scheme 2)	-	-	-	-	-
Total	4,473,626.00	-	1,484,709.00	229,931.00	2,758,986.00
Weighted average exercise price	207.17	-	58.30	306.14	279.03

37.4 Share options exercised during the year

For the share options exercised during the year ended March 31, 2019 weighted average share price is ₹ 317.28 (For the year ending March 31, 2018. ₹ 347.32.)

37.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 339.51 (as at March 31, 2018. ₹ 279.03.), and a weighted average remaining contractual life of 3.09 Years (as at March 31, 2018: 2.88 Years).

37.6 Expense arising from share based payment transaction recognized in profit or loss statement as employee benefit expense are as follows:

For the period/ year ended	31-Mar-19	31-Mar-18
Employee benefit expense	1468.24	967.75

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

NOTE 38 - RELATED PARTY DISCLOSURE

A. List of Related Parties are Given below:

Key Management Personnel of Holding Company :	Mrs. Sudha Suresh, Managing Director and CEO (up to June 30, 2018) Mr. Ittira Davis Poonollil Managing Director and CEO (from July 1, 2018) Mr. Abhijit Sen, Director Mr. Kuttalam Rajagopalan Ramamoorthy, Director Mr. Jayanta Kumar Basu, Director Mr. Amit Gupta, Director Mrs. Vandana Viswanathan, Director
Key Management Personnel of wholly owned Subsidiary Company :	Mr. Samit Ghosh, Managing Director and CEO Mr. Sunil Vinayak Patel, Director Mr. Nandlal Laxminarayan Sarda, Director Mr. Luis Miranda, Director Mr. Jayanta Kumar Basu, Director Mrs. Mona Kachhwaha, Director, Director Mr. Sanjay Jain, Nominee Director, Director Mr. Prabal Kumar Sen, Director, Director Mrs. Vandana Viswanathan, Director Mr. Biswamohan Mahapatra, Director
Subsidiary of Company	Ujjivan Small Finance Bank Limited (with effect from July 4, 2016)
Enterprises in which KMPs are members :	Ujjivan Welfare and Relief Trust USFBL Employee's Gratuity Fund Trust
Enterprise in which relative of Key Management Personnel are Members:	Parinaam Foundation

B. Transactions with Related Parties during the year

Particulars	March 31, 2019	March 31, 2018
Remuneration:		(₹ in Lakhs)
Holding Company's KMP	98.43	89.44
Subsidiary's KMP	203.13	197.27
Sitting Fees paid to Directors	106.86	77.31
Interest on Deposits		
Enterprises in which KMP are members	1.32	-
KMP	27.42	15.48
Enterprise in which relatives of Key Management Personnel are Members	30.83	0.18
Deposits:		
Enterprises in which KMP are members	42.45	-
KMP	308.42	658.40
Enterprise in which relatives of Key Management Personnel are Members	800.66	200.00
Donation:		
Enterprises in which KMP are members (Refer Note 1)	6.86	-
Intercompany Transfer (Paid)		
Enterprises in which KMPs are members (Refer Note 1 Below)	34.18	-
Rendering of Services		
Enterprise in which relative of Key Management Personnel are Members	29.89	19.00
Reimbursement of Expenses (Received)		
Enterprise in which relative of Key Management Personnel are Members	7.48	6.06

Note 1 : Employee Contribution to Ujjivan Welfare and Relief Trust through Payroll recovery of ₹34.18 Lakhs & Amount of Donation by Material Subsidiary is restricted to 1% of PY Net Profit as per RBI Regulation - ₹6.86 Lakhs

Notes to the Consolidated Financial Statements

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Particulars	(₹ in Lakhs)		
	As at March 31, 2019	As at March 31, 2018	As at April 1, 2017
Outstanding Balance with related parties			
Enterprises in which KMPs are members	42.10	-	-
Outstanding Balance with enterprise in which relative of Key Management Personnel are Members	801.00	200.00	

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

Particulars	(₹ in Lakhs)	
	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Short-term benefits	299.37	293.01
Post-employment benefits	20.08	-
Other long-term benefits	11.22	6.59
Termination benefits	-	2,336.00
Total	330.67	2,635.60

NOTE 39 - INTEREST IN SUBSIDIARIES

Name of the Subsidiary	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Group		
			31-Mar-19	31-Mar-18	01-Apr-17
Ujjivan Small Finance Bank Limited (USFB)	Small Finance Bank	India	100%	100%	100%
Ujjivan Social Services Foundation	Social Services, Section 8 Company	India	0%	10%	10%

Ujjivan Social Service Foundation Limited "USSF" is a subsidiary of the Group even though the Group has only a 10% ownership interest. The Group has held its 10% ownership and the remaining 90% of the ownership interests are held by a shareholder related Managing Director of Ujjivan Small Finance Bank major component of group. The directors of Group include KMP and employees of group. Holding Company has the power to appoint and remove the majority of the board of directors and has the power to direct the relevant activities of USSF and hence it has control over USSF.

NOTE 40 - ADDITIONAL INFORMATION AS REQUIRED FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III

Particulars	As at 31st March 2019		As at 31st March 2018		As at 01 April 2017	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated net assets	Amount ₹ in Lakhs
Parent - Ujjivan Financial Services Limited	50.45%	178,776.80	52.19%	176,571.13	52.60%	175,819.34
Subsidiary - Ujjivan Small Finance Bank Limited	49.55%	175,609.88	47.81%	161,727.01	47.40%	158,448.22
Subsidiary - Ujjivan Social Service Foundation	0.00%	-	0.00%	-	0.00%	-
	100%	354,386.68	100%	338,298.14	100%	334,267.56
Adjustments arising out of consolidation		(166,618.46)		(165,108.35)		(164,247.87)
Total		187,768.22		173,189.79		170,019.69

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

Particulars	For the year ended 31st March 2019					
	As % of consolidated profit or loss	Amount ₹ in Lakhs	As % of consolidated Share in other Comprehensive Income	Amount ₹ in Lakhs	As % of consolidated Share in Total Comprehensive Income	Amount ₹ in Lakhs
Parent - Ujjivan Financial Services Limited	12.52%	2,158.30	0.78%	(0.48)	12.56%	2,157.82
Subsidiary - Ujjivan Small Finance Bank Limited	87.48%	15,086.12	99.24%	(61.26)	87.44%	15,024.84
Subsidiary - Ujjivan Social Service Foundation	0.00%	-	0.00%	-	0.00%	-
	100%	17,244.42	100%	(61.74)	100%	17,182.66
Adjustment for arising out of consolidation		(2,200.02)		0.00		(2,200.01)
Total		15,044.40		(61.74)		14,982.65

Particulars	For the year ended 31st March 2018					
	As % of consolidated profit or loss	Amount ₹ in Lakhs	As % of consolidated Share in other Comprehensive Income	Amount ₹ in Lakhs	As % of consolidated Share in Total Comprehensive Income	Amount ₹ in Lakhs
Parent - Ujjivan Financial Services Limited	3.87%	100.42	1.06%	(0.82)	3.96%	99.60
Subsidiary - Ujjivan Small Finance Bank Limited	96.13%	2,494.76	98.94%	(76.44)	96.04%	2,418.32
Subsidiary - Ujjivan Social Service Foundation	0.00%	-	0.00%	-	0.00%	-
	100%	2,595.18	100%	(77.26)	100%	2,517.92
Adjustment for arising out of consolidation		(0.02)		-		(0.02)
Total		2,595.16		(77.26)		2,517.90

NOTE 41 - FIRST-TIME ADOPTION - MANDATORY EXCEPTIONS, OPTIONAL EXEMPTIONS

Transition to IND AS

These are companies first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statement for the year ended 31 March 2019, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the companies date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the companies financial position, financial performance and cash flows is set out in the following tables and notes.

Exemptions and exceptions availed

Ind AS optional exemptions

(a) Deemed cost for property, plant and equipment & intangible assets

Ind AS 101 permits a first time adopter to elect to continue the carrying value for all of its property, plant and equipment as recorded in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustment for de-commissioning liabilities. According to the company, it has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

(b) Share based payments

The company has elected not to apply the requirements of Ind AS 102 to the equity instruments that are vested before April 1, 2017 (transition date).

Notes to the Consolidated Financial Statements

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(c) Deemed cost for Investment in Subsidiary

The company has elected to continue with the carrying value of its investment in subsidiary, recognised as of April 1, 2017 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

(d) Demerger

The company has elected not to apply Ind AS 103 Business Combination retrospectively to the past business combination that occurred before transition date of April 1, 2017. Consequently no changes have been made to the accounting under the previous GAAP for the demerger of Ujjivan Small Finance Bank effected on Feb 1, 2017.

(e) Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2017 (the transition date).

(f) Impairment of financial assets

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order

to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

Ind AS mandatory exceptions

Estimates

An entities estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustment to reflect any difference in accounting policies), unless their is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in confirmity with the previous GAAP.

Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Reconciliation between previous GAAP and Ind AS.

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior period. The following table represents the reconciliation from previous GAAP to Ind AS.

Reconciliation of Total Equity

Particulars	Note	31st March 2018	1st April 2017
Total equity / shareholders' funds as per Indian GAAP		176,156.32	175,578.76
Ind AS Adjustments			
Reversal of processing fees	1	(4,940.78)	(977.68)
Incremental provision on advances (ECL)	2	(488.83)	(7,919.35)
Fair Valuation of ESOP expense	3	(1,758.73)	(955.96)
Impact on ESOP Reserve	3	1,758.73	955.96
Interest accrual on NPA	4	631.28	381.42
Reversal of lease equalization reserve	5	131.82	53.63
Impairment on Investments - Measured at Amortized Cost	8	(24.26)	(28.40)
Lease Deposit	7	(24.70)	(12.68)
Fair valuation of Staff Deposits	9	(7.18)	0.01
Fair valuation of staff loan	7	4.99	2.05
Amortisation of Term Loan Processing fee - Borrowings	10	25.69	-
Reversal of loss on reclassification of Investments	11	155.60	-
On account of consolidation of USSF	12	(0.10)	(0.10)
Deferred tax impact on Ind AS adjustments	13	1,569.95	2,942.02
Total Ind AS Adjustments		(2,966.53)	(5,559.07)
Total equity as per Ind AS		173,189.79	170,019.69

Notes to the Consolidated Financial Statements

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Notes :

1. Under previous GAAP, the processing fee earned from loans and advances was recognised as income when the amount was received. However, as per Ind AS 109, these processing fee are recognised in the Profit and loss over the tenure of the loan, as interest income by applying Effective Interest Rate method (EIR).The processing fee received by the Group for the loans outstanding as on the transition date and for the loans originated during the year ended March 31, 2018 have been recognised as income over the average period of the loan. Hence, the excess processing fee which was recognised earlier on receipt have been reversed.
2. Provision on advances has been computed based on Expected Credit Loss model as required by Ind AS 109. Incremental provision on advances has been recorded on transition date and for the year ended March 31, 2018.
3. Under previous GAAP, the Group has been recording the cost of the employee share based payments based on the intrinsic value method. As per Ind AS 102 Share-based Payment, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. The Group has accordingly determined the cost of the employee share-based payments considering the fair value principles and in line with Ind AS 101, recognised the share based payment expense for all the unvested options as on the transition date for the period starting from the grant date till the transition date. Further, the share based payment expense recognised for the year ended March 31, 2018 as per the previous GAAP have been adjusted to reflect the amount that has to be recognised as per Ind AS 102. The incremental charge arising on transition to Ind-AS has been debited to Retained Earnings and Credited to ESOP's Outstanding in Other Equity.
4. Under previous GAAP, interest is not accrued on NPAs. As per Ind AS 109, interest on credit impaired financial assets have to be computed based on amortized cost (gross value less ECL provision). Hence Group has recognised interest on advances classified as Stage 3 assets on the transition date and for the year ended March 31, 2018.
5. Under previous GAAP, rent expenses are required to be straight lined over the lease term. Under Ind AS, actual rent paid shall be recognized as expense if the payments to the lessor are restructured to increase in line with expected general inflation. Accordingly the lease equalization reserve has been reversed and actual rent expense has been recognized.

6. Under previous GAAP, interest free lease deposits given (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets and financial liabilities are required to be recognised at their fair value on the initial recognition. Since these deposits are interest free, the transaction did not happen at fair value.

Accordingly, the Group has determined the fair value of the lease deposits by discounting these deposits for the respective lease period. Difference between the discounted value (fair value) and the transaction value of security deposit has been recognised as prepaid rent.

The prepaid rent has been amortised over the lease term and interest income has been recognised on the fair value of the security deposit. The difference in rent expense and interest income have been adjusted with retained earnings on the transition date and with profit for the year ended March 31, 2018.

7. Under previous GAAP, loans given to employees at concessional rate were recorded at their transaction value. Under Ind AS 109, the transaction has to be recognized at its fair value on the day of entering the transaction. Since loans were given to employees at concessional rate (which is not at fair value), the Group has determined the fair value based on the MCLR and the difference has been recognized as deferred employee benefit asset and has been amortized over the loan period and interest income has been recognized on the fair value of the loan.
8. Group recognised impairment on investments based on RBI regulation. As per Ind AS 109, impairment loss allowance has to be measured on financial assets that are measured at amortized cost based on expected credit loss model. Group has recorded the impairment for investments in Government Securities measured at amortized cost on the transition date and for the year ended March 31, 2018.
9. Under previous GAAP, deposits accepted from employees at preferential rate were recorded at their transaction value. Under Ind AS 109, the transaction has to be recognized at its fair value on the day of entering the transaction. Since deposits were accepted from employees at preferential rate (which is not at fair value), the Group has determined the fair value based on the deposit interest rates that would be paid to non-employees and the difference has been recognized as deferred employee benefit asset which has been amortized over the loan period and interest expense has been recognized on the fair value of the deposit.

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

10. Under previous GAAP, the processing fee paid on borrowings were recognised as expense when the amount was received. However, as per Ind AS 109, these processing fee are recognised in Profit and loss over the tenure of the borrowing, as interest expense by applying Effective Interest Rate method (EIR).
11. Under previous GAAP, investments were reclassified between Held till Maturity and Available for Sale (Classifications under RBI) and a loss was recognised on such reclassification in year ended March 31, 2018. Since, such reclassification was not relevant under Ind AS, the loss has been reversed at the year end.
12. Under previous GAAP, Ujjivan Social Services Foundation was not consolidated. Pursuant to the requirements of Ind-AS 110, the investment in the same has been eliminated upon Consolidation, since the net assets were nil.
13. Deferred tax has been created on the Ind AS adjustments.

Reconciliation of Total Comprehensive Income

Particulars	Note	(₹ in Lakhs) 31st Mar 2018
Net profit / (loss) as per Indian GAAP		728.13
Ind AS Adjustments		
Through P&L		
Incremental ECL provision on advances	1	7,430.52
Reversal of processing fees income	2	(3,963.10)
Fair Valuation of ESOP expense	4	(802.77)
Accrual of interest on NPA	5	524.96
Write-off of Interest recognised as NPA		(275.10)
Recognition of actuarial gain / loss in Other Comprehensive Income	6	118.15
Reversal of lease equalization expense	7	78.18
Fair valuation of Lease deposits	8	(12.02)
Fair Valuation of employees deposits at preferential rate	9	(7.19)
Fair Valuation of employees loan at concessional rate	10	2.94
Impairment on Investments - Measured at Amortized Cost	11	4.13
Reversal of loss on reclassification of Investments	12	155.60
Amortisation of Term Loan Processing Fee - Borrowings	13	25.69
Deferred Tax impact on above	3	(1,412.96)
Profit after Tax as per Ind-AS		2,595.16
Recognition of actuarial gain / loss in Other Comprehensive Income	12	(118.15)
Deferred Tax on Ind AS adjustment		40.89
Total Ind AS Adjustments		(77.26)
Total comprehensive income as per Ind AS		2,517.90

Notes :

1. Provision on advances has been computed based on Expected Credit Loss model as required by Ind AS 109. Incremental provision on advances has been recorded on transition date and for year ended March 31, 2018.
2. Under previous GAAP, the processing fee earned from loans and advances was recognised as income when the amount was received. However, as per Ind AS 109, these processing fee are recognised in the Profit and loss account over the tenure of the loan, as interest income by applying Effective Interest Rate method (EIR).The processing fee received by the Group for the loans outstanding as on the transition date and for the loans originated during the year ended March 31, 2018 have been recognised as income over the average period of the loan. Hence,

the excess processing fee which was recognised earlier on receipt have been reversed.

3. Under previous GAAP, the Group has been recording the cost of the employee share based payments based on the intrinsic value method. As per Ind AS 102 Share-based Payment, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. The Group has accordingly determined the cost of the employee share-based payments considering the fair value principles and in line with Ind AS 101, recognised the share based payment expense for all the unvested options as on the transition date for the period starting from the grant date till the transition date. Further, the share based payment expense recognised for the year ended March 31, 2018 as per

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

- the previous GAAP have been adjusted to reflect the amount that has to be recognised as per Ind AS 102.
4. Under previous GAAP, interest is not accrued on NPAs. As per Ind AS 109, interest on credit impaired financial assets have to be computed based on amortized cost (gross value less ECL provision). Hence Group has recognised interest on advances classified as Stage 3 assets on the transition date and for the year ended March 31, 2018. During the year ended March 31, 2018, some of the NPAs existing as on the transition date were written off, hence incremental interest recognised on these advances as on the transition date have been written off.
 5. Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses are recognised in other comprehensive income. For the year ended March 31, 2018, the Group had an actuarial gain of ₹ 116.9 Lakhs, hence on recognition of actuarial gain in other comprehensive income there is an decrease in profit to that extent.
 6. Under previous GAAP, rent expenses are required to be straight lined over the lease term. Under Ind AS, actual rent paid shall be recognised as expense if the payments to the lessor are structured to increase in line with expected general inflation. Accordingly the lease equalization reserve has been reversed and actual rent expense has been recognized.
 7. Under previous GAAP, interest free lease deposits given (that are refundable in cash on completion of the lease term) are recorded at their transaction value. Under Ind AS, all financial assets and financial liabilities are required to be recognised at their fair value on the initial recognition. Since these deposits are interest free, the transaction did not happen at fair value.
- Accordingly, the Group has determined the fair value of the lease deposits by discounting these deposits for the respective lease period. Difference between the discounted value (fair value) and the transaction value of security deposit has been recognised as prepaid rent.
- The prepaid rent has been amortised over the lease term and interest income has been recognised on the fair value of the security deposit. The difference in rent expense and interest income have been adjusted with retained earnings as at April 1, 2017 and with profit for the year ended March 31, 2018.
8. Under previous GAAP, deposits accepted from employees at preferential rate were recorded at their transaction value. Under Ind AS 109, the transaction has to be recognized at its fair value on the day of entering the transaction. Since deposits were accepted from employees at preferential rate (which is not at fair value), the Group has determined the fair value based on the deposit interest rates that would be paid to non-employees and the difference has been recognised as deferred employee benefit asset which has been amortized over the loan period and interest expense has been recognised on the fair value of the deposit.
 9. Under previous GAAP, loans given to employees at concessional rate were recorded at their transaction value. Under Ind AS 109, the transaction has to be recognized at its fair value on the day of entering the transaction. Since loans were given to employees at concessional rate (which is not at fair value), the Group has determined the fair value based on the MCLR and the difference has been recognised as deferred employee benefit asset and has been amortized over the loan period and interest income has been recognised on the fair value of the loan.
 10. Group recognised impairment on investments based on RBI regulation. As per Ind AS 109, impairment loss allowance has to be measured on financial assets that are measured at amortized cost based on expected credit loss model. Group has recorded the impairment for investments in G-sec measured at amortized cost on the transition date and for the year ended March 31, 2018.
 11. Under previous GAAP, investments were reclassified between Held till Maturity and Available for Sale (Classifications under RBI) and a loss was recognised on such reclassification in year ended March 31, 2018. Since, such reclassification was not relevant under Ind AS, the loss has been reversed at the year end.
 12. Under previous GAAP, the processing fee paid on borrowings were recognised as expense when the amount was received. However, as per Ind AS 109, these processing fees are recognised in the Profit and loss account over the tenure of the borrowing, as interest expense by applying Effective Interest Rate method (EIR).
 13. Deferred tax has been created on the Ind AS adjustments.

There were no material differences between the Statement of Cash Flow presented under Ind-AS and the previous GAAP

Notes to the Consolidated Financial Statements

for the year ended 31st March, 2019

NOTE 42 - The RBI vide its letter dated October 24, 2018 has reiterated that 'Ujjivan Small Finance Bank Limited' (hereinafter referred to as USFB), the wholly owned subsidiary of the Company should comply with all the requirements of the Guidelines for Licensing of Small Finance Banks dated November 27, 2014 and the terms and conditions of the banking licence issued to it specifically regarding listing of USFB within three years from the date of commencement of its operations i.e. by January 31, 2020 and maintaining the promoter shareholding in USFB to at least 40 per cent, for a period of five years from the date of commencement of business of USFB i.e. until January 31, 2022. The Company and USFB are engaged in evaluating various options, to ensure the said compliance.

NOTE 43 - The Group is an "Originator" of a securitisation trust ("Trust") where certain business loans have been securitized into Pass-through certificates (PTC) issued to investors. The management has assessed the terms of the securitization and concluded that the derecognition

criteria of the related financial assets is not met and hence, the business loans have been included as a financial asset and the PTC liability has been recorded as the borrowing of the Group. Other transactions of the Trust (being sundry expenses/income and not material) are included in the accounts of the Group.

NOTE 44 - OTHER EVENTS AFTER BALANCE SHEET DATE

The Directors has recommended a final dividend at the rate of ₹ 0.45 per share (4.50%) for the FY 2018-19. The final dividend will be subject to the approval by the members of the Company at the ensuing 15th Annual General Meeting ("AGM") of the Company.

NOTE 45 - The Group has made provision as at March 31, 2019, as required under the applicable law or accounting standards, for material foreseeable losses on long-term contracts. The Group did not have any derivative contracts as at March 31, 2019.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N / N500016

A. J. Shaikh
Partner
Membership No. 203637

Place: Bengaluru
Date: May 30, 2019

For and on behalf of the Board of Directors

K. R. Ramamoorthy
Chairman
DIN:00058467

Ittira Davis
Managing Director & CEO
DIN: 06442816

Deepak Khetan
Chief Financial Officer

Sanjeev Barnwal
Company Secretary

Ujjivan Small Finance Bank Limited
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Management Discussion and Analysis

Macro-economic indicators

Despite a slowdown in growth in Q4 of FY19, India's Gross Domestic Product (GDP) attained 6.8% annual growth rate (NSO). It is encouraging to note, however, that the Reserve Bank of India (RBI), in its monetary policy statement issued in June 2019, has projected a GDP growth of 7% for FY20. The World Bank has estimated that the country's average growth rate will stabilize to 8% over the next decade.

According to the World Bank, the country's ease of doing business ranking went up to 77th position, a rise of 23 ranks in a year. This opens avenues for new and small businesses to grow in the country.

Improvement in investments, robust global trade tendencies, favourable monetary policies and healthy traction in corporate earnings were key enablers behind the growth in GDP last year. Fluctuating crude prices and instability within the Organisation of the Petroleum Exporting Countries (OPEC) continue to stress inflation as well as foreign payments. It is encouraging to note that in FY19, inflation remained broadly below targets set by the central banks across the world. It is also noteworthy that the current government has been successful in keeping the fiscal deficit below 4% in the past year.

Retail inflation considering the Consumer Price Index (CPI) remained controlled at 2.86% in March 2019 compared to 4.28% in the previous year. In August 2018, the RBI hiked the repo rates by 25 bps. However, for the remaining half of the year, RBI's Monetary Policy Committee (MPC) remained vigilant, amid the upward moving inflation trajectory. In February 2019, the RBI retained policy rates and maintained a neutral stance while highlighting the prevalent and imminent inflation risks.

The upside risk to inflation can be regarded as stemming from rise in uncertainties related to the monsoon, unseasonal hikes in vegetable prices, international fuel prices and their pass-through to domestic values, geo-political tensions, financial market volatility and the fiscal scenario. Taking into cognisance poll outcomes and the market's reactions to the same, the overall outlook remains positive as the current government returns to power with a clear mandate. Political stability, high capacity utilisation, uptick in business expectations in Q2 of FY20, buoyant stock market conditions and higher financial flows to the commercial sector will prove to be favourable for investment activity.

Banking industry scenario

The sector constituting scheduled commercial banks displayed a year-on-year growth of 12.2% in gross bank credit. The growth rate was higher than 8.2% during FY18

which was affected by the impact of demonetisation and the launch of GST. In case of aggregate deposit, year-on-year growth of 9.4% in FY19 was recorded which is an upgrade over 6.8% recorded in FY18. However, according to aggregate figures of scheduled commercial banks, published by the Reserve Bank of India, deposit growth continued to lag behind credit growth in FY19. The deposit growth rate at 10.9% was highest in the rural centres and lowest in the metropolitan centres at 8.6%.

Non-food credit, accounting for 99.52% of the share of total credit, recorded a year-on-year growth of 12.3%, a significant improvement over previous year's 8.4%. This growth was led by the service sector where aggregate bank credit grew by 17.8% year-on-year.

The Government of India's stance towards bolstering the health of India's banking sector and implementation of reforms in this direction during the last year will have positive impacts on the industry. These initiatives include identification and resolution of stressed assets in a time-bound manner, implementation of the Insolvency and Bankruptcy Code (IBC), recapitalisation of public sector banks, among others.

The RBI has extended an additional 180-day window to Micro, Small and Medium Enterprise (MSME) borrowers within which to pay dues under standard category to stabilise themselves, and support their next growth phase, a move that will further reduce the Gross Non-Performing Asset (GNPA) for the sector as a whole. The RBI noted that formalisation of businesses through registration under Goods and Services Tax (GST) has adversely impacted cash flows of smaller entities during the transition phase, with consequent challenges in meeting their repayment obligation to banks and non-banking financial companies (NBFCs). It is expected that these businesses would reap benefits and grow at a faster rate during the upcoming year.

RBI defers implementation of Ind AS for banking sector

The Reserve Bank has deferred the implementation of the Indian Accounting Standards (Ind-AS) for scheduled commercial banks (excluding rural banks) as the requisite legislative amendments are still under consideration.

This action requires banks to adopt a probable credit loss model, calculation of effective interest rate for each loan disbursed or availed and calculation of provisions at a higher rate for the assets. This move not only requires additional means related to Information Technology (IT) and human resources but also higher capital requirement for provisioning. The move for deferment shall help the banks align and arrange their resources adequately for future necessities.

Growing relevance of Small Finance Banks

With increased focus of the government on self-employment and growth of MSME, the Small Finance Banks (SFBs) continue to experience good opportunity for advancement in their loan books. The SFBs mainly cater to the needs of small and marginal farmers, non-formal and informal small businesses, factory workers and others in semi-organized employment and within the lower income groups which still remain under-banked. The target customer segments have unmet demands of credit and financial services such as safe remittance, insurance and savings. A large chunk of savings by these customer segments are still held with informal and semi-formal institutions, exposing them to the risks of fraud and loss of hard-earned money. SFBs have just started rendering comprehensive financial services to these customer segments and still have a long road to traverse.

Various estimates have forecasted the credit growth of SFBs within the range of 30-35% for FY20. Furthermore, as efficiencies build in, profitability of the SFBs is also projected to improve in comparison to the previous year.

Our opportunity

The unserved and underserved middle and lower income families

As the Bank ("Ujjivan", "Ujjivan Small Finance Bank" or "USFB") forays into its third year of banking operations, offering diverse sets of financial products to our customers in accordance with their requirements, has become an opportunity as well as a necessity. The products shall not only enable our existing customers to fulfil their financial needs but also help a prospective customer find relevant solutions and be encouraged to start banking with us. Economic growth has led to increase in income levels of the middle and lower income groups and consumption generated by them is driving the virtuous cycle of utilisation led growth. These segments, particularly the lower income groups which are close to the bottom of the pyramid, are relatively underbanked and offer great potential.

Our expanding branch network and Unbanked Rural Centres (URCs)

Our branch network has expanded over the last year to 474 and one-fourth of the branches have been opened in Unbanked Rural Centres (URC) where the Bank is the sole provider of banking services. With a widening network, and relatively lower competition in the rural and semi-urban centres, we have an opportunity to bring large number of customers under the umbrella of our services.

Banking to the youth

India's young population, getting skilled in universities, institutions and skill development centres will join the employment in formal or semi-formal sector and many of them will also start their enterprises for self-employment. This digital generation has high expectations from banking services and Ujjivan is working towards offering an agile and contemporary banking solution to them.

Family banking

The families of our four million plus microfinance customers afford us the opportunity to deliver comprehensive financial services such as deposits, loans

for various purposes, remittance, insurance, pension products and so on. We are poised to make the most of these opportunities by starting a dedicated family banking programme in FY20.

MSME formalisation and growth

The MSME sector is gradually moving towards formalisation, especially after rollout of GST. The government regards the sector as the largest provider of employment and an important contributor to exports and GDP. We have expanded the range of our products and services catering to the micro and small enterprises and are geared up to seize this opportunity.

Demand for affordable housing and policy interventions

The demand for affordable housing has been further fuelled by policy interventions such as implementation of Real Estate Regulatory Authority (RERA) and the Credit Linked Subsidiary Scheme (CLSS) under the Pradhan Mantri Awas Yojana (PMAY). The housing boards and development agencies in various states have come up with special projects for lower income segments. The demand for low cost housing is increasing in metropolitan centres as well as urban and rural markets alike. Under our housing loan programme, we have come up with multiple products to fulfil the home financing needs of the customers.

Threat

Expansion of banks and NBFCs into lower income segments

The commercial banks and NBFCs have gradually started offering their products and services to the lower income groups and semi-urban and rural areas. This will slowly increase the competition among the financial services providers in these target segments.

The FinTech companies

With FinTech companies offering increased number of specialised products, customers are expected to have a plethora of options to choose from to address their diverse needs for each category of product. These specialised FinTech companies give rise to competition as their complete cost structure and product offerings are expected to be competitively priced and have much faster turnaround time as compared to traditional banking players. On the other hand, there is an opportunity to partner with the FinTech companies in order to enhance customer acquisition and experience.

Macro-economic change scenario

With the incumbent government coming to power for a second term, it is expected that there will be more reforms attained in the financial as well as the non-financial domain. These government initiatives impact the financial capabilities of our customer base as well as the economic environment of the country for a short-term and may impact the business of the Bank in relation to disbursements, credit risk or asset quality.

Overlending by microfinance institutions and overheating in certain geographies In certain states, local issues of over-lending by certain microfinance institutions have been reported. In such a situation, the customers tend to borrow beyond their capacities to repay

and the exposure of all lenders is under stress. We will continue to be watchful of such situations and moderate our operations, whenever over-lending is noticed in any specific market.

Our strategy

Ujjivan aims at establishing itself as the best in class mass market bank in the next five years. We foresee 10x growth in our customer base in the next seven years with our MicroBanking business rolling out financial solutions for the families of the current four million strong customer base. The Bank will offer a wider assortment of products and services, based on the needs of the customers across various segments such as the financially underserved micro-enterprises, the formal and semi-formal SMEs, the salaried class who aspire for better financial products, the senior citizen, the Non Resident Indian (NRIs), the

rural population comprising agrarian and other groups, and the millennials who expect efficient and easily accessible modern banking services. This multifarious growth will be powered by modern digital and mobile technologies, supplemented by branch expansion in select cities, towns and rural centres. The use of data analytics will help improve our product offering, facilitate customer behaviour analysis, targeted sales and marketing efforts alongside deepening customer relationship and pro-actively managing risks. Strategic partnerships with FinTech will be instrumental in this journey as technological innovations benefit the customer eco-system with multi-channel payment solutions, lower processing and on-boarding costs and reduced check out times. Our long-term growth trajectory would thus be non-linear and triggered by organic growth and strategic alliances, ensuring substantial investment and sustained returns for all stakeholders.

UJJIVAN SMALL FINANCE BANK LIMITED AT A GLANCE: MARCH 31, 2019

 Banking Outlets & ATM	 Loan Portfolio	 Deposit Balance	 Customer
<ul style="list-style-type: none"> 474 BOs, of that 120 URCs (25% complied) 385 ATMs Roll out of 287 BOs in FY (73 URCs) 	<ul style="list-style-type: none"> OSP at ₹ 11,049 Crores (₹ 7,560 Crores in Mar'18), 46% growth Non-MF book at 15% (7% in Mar' 18) 	<ul style="list-style-type: none"> Deposit ₹ 7,379 Crores (₹ 3,772 Crores in Mar'18), 96% growth CASA: 11% (4% in Mar'18) Retail: 37% (11% in Mar'18) 	<ul style="list-style-type: none"> 46.1 Lakhs Unique Active Customers (38.7 Lakhs in Mar' 18) 27.4 Lakhs Active Liability Customers (7.7 Lakhs in Mar'18)
 Portfolio Quality	 Employee	 Profitability	 Capital & Funding
<ul style="list-style-type: none"> GNPA at 0.9% (3.7% in Mar'18) NNPA at 0.3% (0.7% in Mar'18) Write-off ₹ 178 Crores in FY (₹ 177 Crores in FY18) 	<ul style="list-style-type: none"> 14,752 employees (11,242 in Mar'18) Book (Adv.+Dep.) per employee - ₹ 1.2 Crores (₹ 0.8 Crores in Mar' 18) Attrition at 21% (18.1% in FY18) 	<ul style="list-style-type: none"> PAT - ₹ 199 Crores (₹ 7 Crores in FY18) ROA - 1.7% (0.1% in FY18) ROE - 11.5% (0.4% in FY18) 	<ul style="list-style-type: none"> Cost of Fund - 8.5% (9.0% in FY18) Reduced reliance on CD-8% (28% in Mar'18) of total borrowings CRAR - 19% (23% in Mar'18)

*Net Advances at ₹ 10,552 Crores as on March 31, 2019 (₹ 7,336 Crores on March 31, 2018)

BO- Branch Offices

URC- Unbanked Rural Centres

OSP- Outstanding Principal

CASA- Current Accounts and Savings Bank Accounts

GNPA- Gross Non-Performing Assets

NNPA- Net Non-Performing Assets

PAT- Profit After Tax

ROA- Return on Average Assets

ROE- Return on Average Equity

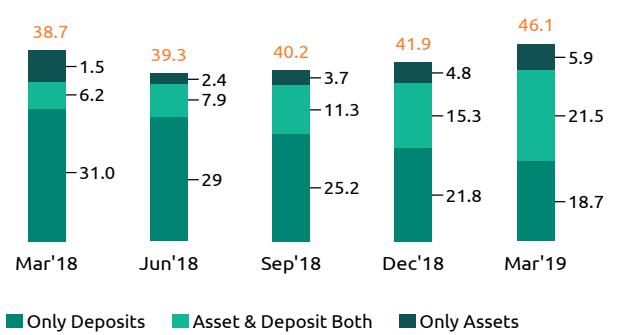
CD- Certificate of Deposit

CRAR- Capital to Risk Weighted Assets Ratio

Customer growth

During FY19, Total Unique Customer base increased by 19%. As of March 31, 2019, 59% of all customers either had a savings bank account or a current account with the Bank, as opposed to 20% in March 2018. This expansion in customer base was driven by large-scale new customer acquisition under assets and deposits programs.

Active Customer Base: (In Lakhs)



Segment-wise performance

Assets growth

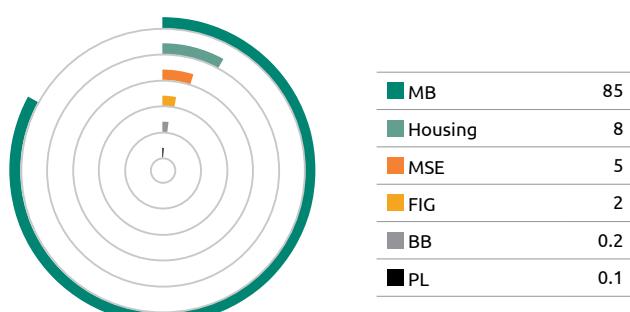
FY19 witnessed strong growth in the asset book accompanied by product diversification, as the newer product categories such as Micro and Small Enterprises (MSE), housing and lending to financial institutions took off even as microfinance continued to grow at a healthy rate. By the end of the year, the newer products comprised 15% of the asset book.

Total Book (%)

March 2018 ₹ 7,560 Crores



March 2019 ₹ 11,049 Crores



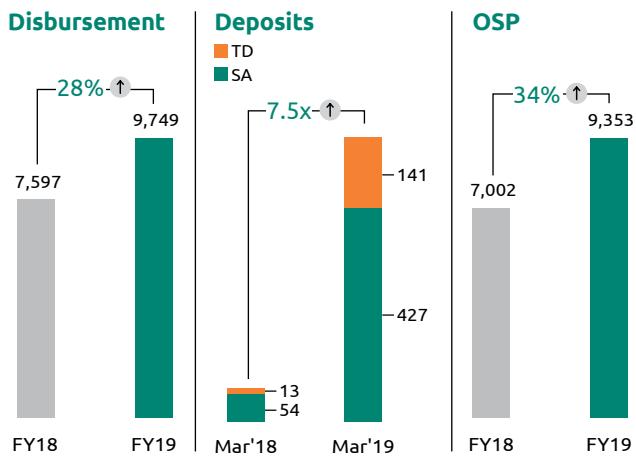
MSE- Micro and Small Enterprises, FIG- Financial Institution Group, PL- Personal Loans, BB- Branch Banking, MB- MicroBanking

Microbanking

FY19 has been a record-breaking one for the business vertical of microbanking. Asset as well liability business achieved new milestones. Our disbursements in each quarter surpassed every benchmark of the previous ones as we re-surveyed the catchment areas of our branches and progressively reopened sourcing from areas where new business was on hold after demonetization. Our portfolio not only grew by 34% but also witnessed an appreciable decline in Portfolio at Risk (PAR) from 4.1% to 1.3%.

Leveraging technology in every aspect of banking has been the key driving point influencing MicroBanking operations this year. In line with our attempts to bring down loan origination and servicing turnaround time for our customers, tab-based Loan Origination System (LOS) is now made available for both group and individual loans. Credit processing for the same is digitized to an extent that we now have the capacity to approve loans within few minutes of sourcing. Automated collection receipt system has been launched to enable seamless collection process for the staff as well as the customers. Services are made available to the customers through various banking channels including internet, phone, missed call and SMS banking for both our microfinance customers and their family members.

MicroBanking key statistics: (₹ in Crores)



The Bank's product and credit process enhancement in accordance with the changing customer demands ensured sustainable growth of customer base. Pre-approved loans will soon be available for customers with good credit history with us. Under Family Banking program, we would be introducing a range of products and services to cater to diverse financial needs of our customers and their family members. New products like kids-based solution, monthly income scheme and goal-based recurring deposit would help us in reaching out to them effectively. Top-up loans would be made available to meet the interim financial requirements of the customers during the tenure of their current loan. In addition to these, we will target new market segments by offering products like micro Loan Against Property (LAP) gold loan and transaction based loan. Score-based lending methods would be incorporated for mitigating risk and having better control over portfolio quality.

In FY19, 73 brick-and-mortar branches were opened in Unbanked Rural Centres (URC), taking the total count of banking outlets in URC to 120. These branches are spread across states like West Bengal, Orissa, Karnataka, Tamil Nadu, Gujarat and Haryana. The doorstep delivery of seamless, hassle free and digitized banking experience was welcomed and appreciated by rural customers. The key focus for the year was small and marginal farmers who constitute 86% of the total farming community and are at the bottom of the financial inclusion pyramid. Customized, affordable and collateral-free product offerings were rolled out in the year for farmers in general with special attention to small and marginal ones in particular. Another initiative which was strengthened during the year was the Farmer's Club. In total 14 farmer clubs were opened during the year with a vision to open at least one in every unbanked rural branch for FY20.

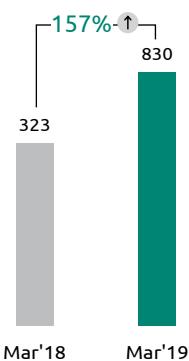
In FY20 the rural banking team plans on expanding its product suite by incorporating a mix of secured retail and enterprise loans pertaining to agriculture. With deployment of loan originations systems for its existing product suites, Kisan credit card was put in place at the beginning of the year. Additionally, a host of enterprise loan products like loans for farmer producer organizations and agricultural processing units will be introduced later during the year.

Housing

The affordable home loans vertical of USFB aims at fulfilling the dreams of owning a house among the low-income group customers. Having successfully served the market in affordable housing space, we are now looking forward to expanding our reach to be able to serve customers in more tier two and tier three cities and towns in the approaching year. Products have been designed on the basis of our focus towards rapid penetration into these markets.

During FY19, the housing vertical has seen steep portfolio growth of over 150% and has successfully facilitated interest subvention for a large number of customers under PMAY-CLSS. In FY20, the business will embark on a digital journey for sourcing and customer service alongside forming alliances with online aggregators to connect with a larger customer base. In addition to geographic expansion, regional policies will also be put in place with product enhancements being carried out to accommodate new property segments.

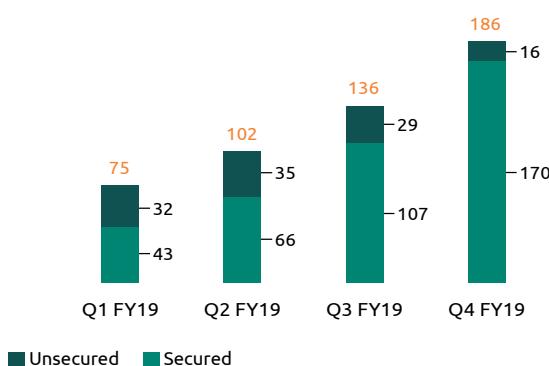
MicroBanking key statistics: (₹ in Crores)



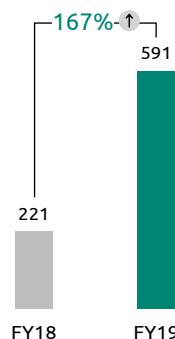
MSE

The MSE business of the Bank caters to the funding requirements of MSE units to meet their business needs and provide growth capital. Both the registered and unregistered segments are serviced under this vertical. FY19 has seen MSE business scale up significantly to close at a loan book of ₹ 591 Crores, a growth of 167% compared to March 2018. The present borrower base is around 13,000, with over 6500 new customers on-boarded during the financial year.

Disbursement (₹ in Crores)



OSP (₹ in Crores)



Progressive focus on secured loans, increase in loan ticket sizes and expansion of the geographical footprint have been key growth drivers for the business. During FY19, the overdraft product was introduced to focus on offering a holistic banking solution to the customer. The overdraft product enabled our offering to stand out in comparison to other SFBs. In addition, our continued emphasis on customer service, reduction in loan service time, rewards and recognition program and marketing efforts enabled strong growth of the business.

The MSE business has evolved during its three yearlong journey from lending driven predominantly by unsecured loans to focusing entirely on secured loans. In the coming financial year, the MSE business plans to offer only secured loan products with special attention on extending holistic banking propositions to the MSE customers. There will be significant focus on driving synergy with branch banking teams through internal customer referrals and deepening of liability relationships. The objective is to become the

best banker for the MSE segment by offering end-to-end banking solutions that enhance the relationship value with the growing customer base. Distribution efficiency will be achieved through improvement of turnaround time for loan processing by introduction of mobility module within Loan Origination System (LOS) and its integration with Loan Management System (LMS). All such measures are expected to result in consistent credit underwriting and superior customer experience.

Personal loan

Our personal loan programme started in September 2018 on a fully digital platform where the customer journey was entirely digitised. Customer convenience clubbed with conventional banking and underwriting policy made the product proposition quite unique and distinguished compared to other lenders in the market. However, the verdict on Aadhaar by the honourable Supreme Court of India posed a new set of challenges, which made us reengineer our process slightly to move into a "Phygital" model. We relaunched it in the month of January 2019 and the product has stabilized over the last quarter of FY19.

In FY20 personal loan programme will focus on the 'Kaizen' principle of continuous process improvement. The priorities for the first two quarters would be to launch in new markets, scale distribution across all channels, while also explore partnerships with select FinTech companies as part of a dynamic lending programme. True to the motto of the Bank, customer service will remain the topmost priority with the endeavour being delivery of best-in-class turnaround time, enabling customers to become self-serving coupled with very minimal touchpoints with the Bank. Along with geographic expansion, the key focus is to get the distribution channels expanded to achieve scale. The focus also would be on launching new variants of products to help salary accounts acquisition, retain customers and bring in more drive into the distribution channels.

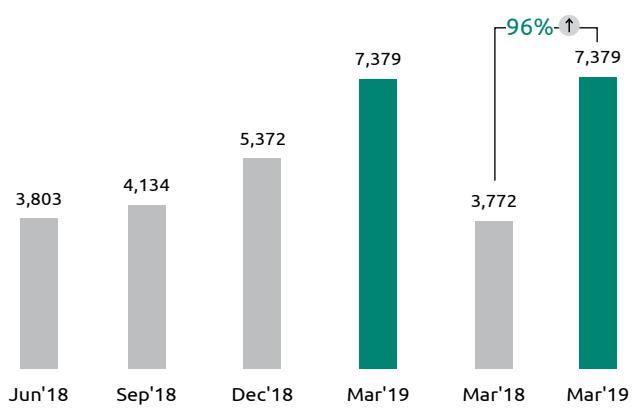
Lending to financial institutions

FY19 also saw the Bank foraying into lending to microfinance institutions and NBFCs catering to MSE, affordable housing and agri-allied enterprises sectors. The Bank leveraged its knowledge and experience of these sectors to select good entities, offering them term loans of up to 36 months durations. In the wake of asset liability mismatches and the resultant liquidity issues being faced by many NBFCs, the programme was run cautiously during the year with total disbursement of ₹ 240 Crores and ending the year with a book of ₹ 225 Crores. In FY20, a scale up has been planned and in order to support the same, enhanced processes and policies as well as an experienced team is being put in place.

Deposits growth

During the FY19 our deposit book almost doubled, led by a strong growth in retail book complemented by similar augmentation in the institutional book consisting of Trust, Association, Society and Club (TASC) and financial institutions.

Deposit book growth: quarter-on-quarter and year-on-year (₹ in Crores)



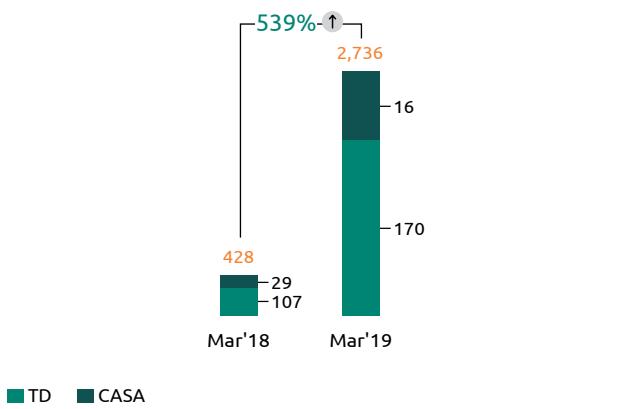
Retail deposits

FY19 was a year of major expansion of branch network for the Bank. With the addition of 287 banking outlets, the branch network grew to a total of 474. 120 of the branch outlets were functional in the Unbanked Rural Centres (URCs) as of March 31, 2019. We introduced new features and languages in our mobile banking application and launched corporate internet banking for our SME customers. There was a lot of focus on acquiring new deposit customers in the catchment areas of our bank branches. Simultaneously, as the microbanking customers were scheduled for disbursement of a repeat loan or a new loan, their savings accounts were opened and they were encouraged to also create term deposits. The loan disbursements for such customers were done in their savings accounts and the customers did maintain some balance even after 2-3 months of the loan disbursement. The branch banking and microbanking teams, supported by MSE and housing finance teams worked together to build a solid retail deposit base for the Bank.

The branch banking team devoted attention to identifying key segments such as retailers, traders, micro and small enterprises, multi-chain retail outlets and start-ups to build the current account base. Value added services such as Point of Sale (POS) terminals, e-mandate, National Automated Clearing House (NACH) and corporate internet banking helped in making the accounts operational and building balances. For bulk acquisition of savings bank accounts, the Bank concentrated more on acquiring corporate salary accounts from manufacturing units, IT/IT enabled services/Business Process Outsourcing (BPO)/Knowledge Process Outsourcing(KPO), service industry such as hotels, restaurants, manpower agencies, educational institutes and hospitals. Driven by the core philosophy of serving the retail mass market, the Bank's corporate salary account primarily targets the working class segment receiving their salaries through cash or

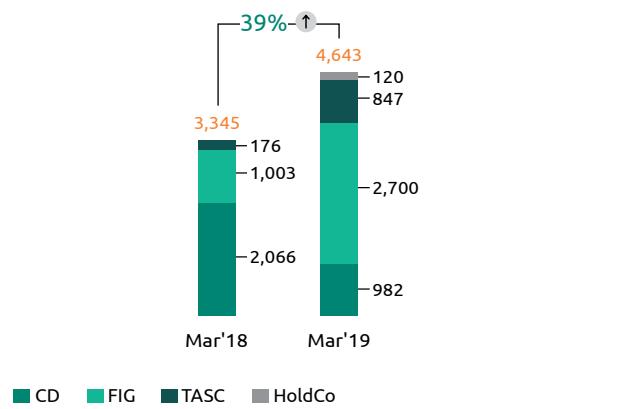
cheque (semi banking mode). This product was specially designed to cater to both banking and financial needs of salaried individuals by offering personal loan as a bundled proposition. 'Senior citizen' and NRI were the other key customer segments in focus during the financial year.

Retail Deposit Book Growth: (₹ in Crores)



The microbanking team also prepared for the launch of 'Sampoorna Family Banking' program in order to provide comprehensive financial services to the family members of the microbanking loan customers. This program will be a key enabler of retail deposit growth in FY20.

Institutional Deposit Growth: (₹ in Crores)



Institutional deposits

During the year under review, the institutional deposits team dedicated focus on building a good base of term deposits alongside starting (Current and Savings Account) CASA relationships. The reliance on Certificate of Deposit (CD) was kept minimal over the year.

The Financial Institutions Group (FIG) is a business unit of the Bank that mobilizes deposits and term money from financial institutions like commercial banks, co-operative banks, mutual funds, insurance companies, NBFCs, micro finance entities, capital and commodity market entities, private equity firms and so on. The team consists of relationship managers that are experienced in working with financial institutions across the country. The group mobilizes funds in the form of fixed deposits, current accounts, term money and certificate of deposits while also aiding in availing inter-bank limits from various banks.

During FY19, the FIG mobilized ~₹ 3,500 Crores of deposits from financial institutions and welcomed 67 new financial institutions on board. The Bank was successfully empanelled with National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) to accept margin Fixed Deposit Receipts(FDRs).

In FY20, the group intends on partnering with the branch banking team across the country to integrate the large network of co-operative banks and regional rural banks which are functioning in the towns and cities of 24 states and Union Territories where the Bank's network is present. The endeavour is also directed towards building CASA relationships besides mobilizing term deposits.

The TASC business unit of the Bank has its emphasis on institutional customers from the non-profit, government and corporate segments. A team of specialised relationship managers establish client relationships, offering to them

our array of products and services. FY19 was significant for the Bank as several large government entities started banking relationship with us. As we move forward, our focus would be on offering comprehensive solution to customers to address their diverse financial needs. In FY20, one of our objectives would be to activate branch network to establish banking relationship with institutional customers in the catchment areas of the branches.

Insurance

We are offering our borrowers, co-borrowers and their spouses, the option of enrolling under group insurance scheme run by our partner insurance companies. This is being done with the purpose of providing financial support to the family of the customer and eliminating the burden of repayment of outstanding loan in case of the unfortunate event of the loan-bearer's death.

In order to understand the insurance needs of our customers, we conducted field researches and during our discussion with them, we realized that they are concerned about the future of their family in the absence of the breadwinner and requirement of funds in case of a medical emergency. There is an unmet demand of insurance products among our customers. We have made corporate agency arrangement with Bajaj Allianz Life Insurance Co Ltd, HDFC Life Insurance Co Ltd and Aditya Birla Sun Life Insurance Co Ltd to provide life insurance facilities to our customers. Similar arrangements have been made with Bajaj Allianz General Insurance Co Ltd and ICICI Lombard General Insurance Co Ltd for general insurance and Apollo Munich Health Insurance Co Ltd and Max Health Insurance Co Ltd for health insurance respectively. During the year under review, the product was launched across the branches and a total commission income of ₹ 13.9 Crores was earned. In the coming financial year, new concepts

such as hospital daily cash product for microbanking customer and indemnity health insurance will be launched.

Financial and operational performance

We closed the year FY19 on a strong note, even as we faced transitional challenges. Our post-tax profits stood at ₹ 199 Crores, against ₹ 7 Crores in previous year.

Particulars	FY19	FY18	Variance
Income from Loans and Advances	1,849	1,442	28%
Other Income	189	137	38%
Total Income	2,038	1,579	29%
Finance Cost	725	607	-19%
Operating Cost	1,003	653	-54%
Total Cost	1,729	1,260	-37%
Credit Cost	41	311	87%
Profit/(Loss) Before Tax	268	9	2,934%
Net Tax	69	2	-3,388%
Profit After Tax	199	7	2,803%

The year marked the Bank's return to normal profitability after unprecedented large-scale defaults after demonetization had increased our credit in the previous year. Overall, the total income grew by 29% over the last FY on the back of a strong loan book growth of 46%. Our asset book growth was propelled by a strong performance across the verticals of housing and microbanking. Interest income on advances constituted 91% of our total revenue. Other income comprising sale of Priority Sector Lending Certificates (PSLC) interest or gain on investments and other fee income grew by 38%. We earned ₹ 27.8 Crores from sale of PSLC during the FY.

Finance cost increased by 19% due to increase in funding requirement to support a growing asset book.

Our operating costs increased by 54% over last year as we upgraded our branches, technology and infrastructure with the total count of Banking Outlets(BO) reaching 474 with an addition of 287, during the year.

The credit cost is lower by 87% as compared to previous year due to abnormally high write-off and provisioning to absorb defaults from demonetisation in FY18. The reduction is also reflective of our efforts to control credit cost and build a strong asset portfolio.

Key Ratios	FY19	FY18	Variance
Yield	20.0%	19.5%	0.5%
Cost of Funds (CoF)	8.5%	9.4%	0.4%
Net Interest Margin (NIM)	10.9%	10.3%	0.6%
Return on Assets (ROA)	1.7%	0.1%	1.6%
Return on Equity (RoE)	11.5%	0.4%	11.1%
Cost to income	76.5%	67.1%	-9.0%
Capital Adequacy (CRAR)	19.0%	23.0%	-4.0%
Net Profit Margin (%)	9.8%	0.4%	9.4%

Our asset yields improved marginally by 50bps from last year due to mid-year increase in interest rates on microbanking products. On the borrowings side, the Bank raised wholesale deposits and certificate of deposits to retire 91% of our high cost legacy borrowings, which coupled with growth in retail deposit reduced our average cost of funds to 8.5% for FY19 from 9% in the previous

financial year. As a result our net interest margin improved to 10.9% from previous year's 10.3%.

The Bank made substantial investment in information technology and branch network expansion to fuel future growth which contributed to increase in operating expenses. Our cost to income ratio increased to 76.5% in FY19 against 67.1% in the bygone financial year.

The bank's Return on Asset (RoA) and Return on Equity (RoE) normalised to 1.7% and 11.5% for FY19 from 0.1% and 0.4% for FY18 respectively. The net profit margin also improved from 0.4% in the previous year to 9.8% in FY19. Capital to Risk Weighted Asset Ratio (CRAR) reduced from 23% in FY18 to 19% in FY19 due to substantial asset growth.

As on March 31, 2019, our balance sheet stood at ₹ 13,742 Crores, an increase of 45% over ₹ 9,473 Crores at the end of March 31, 2018. The Bank's balance sheet equity increased from ₹ 1,647 Crores as on March 31, 2018 to ₹ 1,819 Crores on March 31, 2019 primarily due to accretion of profits in reserves and surplus.

Our gross loan book closed at ₹ 11,049 Crores, registering a 46% growth over the preceding year. We built a deposit base of ₹ 7,379 Crores by the end of FY19. This almost doubled over the year, driven by a substantial increase in retail and institutional deposits.

Internal control systems and adequacy

Risk management

The Bank has a strong risk management framework in place, to identify, measure and mitigate material risk across all its functions. Directed by the Risk Management Committee of the Board, the Bank has an adequately staffed risk management team led by its Chief Risk Officer (CRO), to implement the directions of the Board. The team is mainly at the Bank's corporate office but also has a presence in each of the regional offices, primarily to aid in cascading the operational risk framework at a granular level.

The credit risk management team has, through continuous monitoring and enhancement of policy prescripts, successfully ensured that the Bank ended FY19 with a GNPA below 1%. This is a remarkable turnaround since the adverse effects of demonetisation. As the Bank seeks to diversify its asset portfolio, policy measures have been introduced to contain credit risk in newer verticals like MSE, housing and FIG. The Bank lays emphasis on portfolio monitoring that requires a granular assessment of a wide sampling of loans that are booked. This is intended to ensure that appraisal standards are maintained, no deviation from policy occurs and incipient stress in a portfolio or segment is arrested alongside initiating corrective measures. As its portfolio diversifies, the Bank has been working to develop scorecards for each of its asset verticals. The Credit Risk Management Committee (CRMC) of the Bank meets at least at monthly intervals to review the credit portfolio which includes a review of the performance of loans approved within a defined deviation matrix, or issues relating to loan documentation. During the year under review, the credit risk team was engaged in assessing Expected Credit Loss (ECL) on credit portfolio as required under IND AS 109 principles. While

application of IND AS in banks has been deferred, the Bank nonetheless was required to compute ECL as its books are consolidated with that of its holding Company, Ujjivan Financial Services Limited, where IND AS standards were applicable owing to being an NBFC. The Bank submitted its first ICAAP document during the year, which included an evaluation of adequacy of capital considering Pillar one and Pillar two risks.

The Bank managed its liquidity requirement and the associated risks efficiently during the year. Such nimble management and its robust capital adequacy were endorsed by the Reserve Bank of India during its Annual Financial Inspection (AFI). The Asset Liability and Market Risk Committee (ALCO) of the Bank meets on a regular basis each month or at frequent intervals to evaluate the liquidity situation. Amongst the multiple, impactful measures introduced during the year were monitoring of the deposit concentration and the bearing on account of any stress on this concentration. There was a concerted effort made during this time to diversify the liability profile of the Bank, with reliance on CDs as a funding source, reducing progressively and replaced by institutional deposits and refinance from financial institutions. The ALM situation of the Bank remained healthy through the year, and was tested for efficacy in simulated stress situations. The Bank had developed and tested its Contingency Funding Plan (CFP) and secured its first committed line of credit during the year.

Operational risk assessment and monitoring remained at a granular level, through the use of an internal score card. During the year, the operational risk unit was tasked with conducting the review of Internal Financial Controls (IFC). This required documentation of 26 of the Bank's operating processes and testing 339 controls, both automated and manual. The team also worked on developing and adopting the operating process for evaluation of outsourced vendors and risk assessment of its material outsourced vendors. Business Continuity Planning (BCP) drills have also been undertaken for its branch operations. All new products and processes introduced by the Bank during the year were evaluated from an operational risk perspective before launch. As a preparation for the commencement of Risk Control and Self-Assessment (RCSA) from FY20, the Bank enhanced its existing product manuals and documented the operating processes in FY19.

The Bank's information security and cyber security team continued to win prestigious awards during the year. The Bank also participated in cyber drills conducted by the Institute for Development and Research in Banking Technology (IDRBT) and was successful in detecting and thwarting most of the simulated attacks. The Red Team of the Unit was successfully used during the year to identify security vulnerabilities in the Bank's operating framework and gaps identified were plugged. The team worked with the operational risk team to assess adherence to information, security standards of its outsourced vendors and gaps identified, which were all attended to within a defined timeline.

Legal

The Legal department of Ujjivan Small Finance Bank Limited ("Bank") was set up during the transition from NBFC-MFI into Small Finance Bank. The Department has rapidly grown from the time of its inception and now is a blend of young and experienced professionals having expertise in various fields, placed at the Corporate Office as well as the Regional Offices of the Bank. The department renders its services in the important areas of Legal Advisory & Documentation, Contract Management, support to Infra & Admin department, support to Branch Banking, Employment Law Related Matters, Corporate Affairs, support to Housing & MSE (Including creation of Security), Litigation Management & Recovery Assistance. On the Liabilities side, the department advises on standard processes and legal requirements for opening of CASA Accounts for Trusts, Associations, Societies and Clubs on a case to case basis within prompt timelines. Further, with the Bank venturing into lending to financial institutions, the Legal department has provided end to end assistance in finalisation and execution of agreements and other financing documents for high value loans.

The Legal Department and Collections Department operate as a cohesive unit to achieve substantial recovery through legal tools like issuance of Legal Demand Notices, S. 138 Notices, filing recovery suits, conducting Lok Adalats, initiating action under SARFAESI Act etc. The Legal Department of the Bank has also conceptualized an innovative tool for recovery SAMADHAN where customers are invited to amicably settle their dues before the Bank initiates legal action. The Legal Department has from the inception supported the Marketing function in building the brand "Ujjivan" by securing intellectual property rights for the same. Close to 45 trademarks have been registered in the past two years alone. The Legal Department is also committed to secure registrations of any logos/taglines/Product names that are innovated by the Marketing Department.

With rapid digitalization of the Banking Industry, the Legal Department is pragmatic and has aligned itself to the need for Ujjivan Small Finance Bank Limited to stay ahead of competition by leveraging technology. Ensuring a balance between ease of business and complying with legal/regulatory guidelines, the Legal Department is providing comprehensive legal advice for new digital products/processes. This year has also been special since **Ujjivan Small Finance Bank's Legal Department** was the Winner of the INDEX Legal Awards, 2019 in the Category of "**Best In-House Legal Department- Medium Large**".

The Bank is bracing itself for transition and adding several new business verticals in the upcoming year and the Legal Department is committed to providing prompt, comprehensive and practical legal support required for the scaling business of the Bank.

Compliance

The Bank is fully committed to the financial inclusion objective of the RBI. The Bank has complied positively with the regulatory requirements of lending 75% of its Adjusted Net Bank Credit (ANBC) to priority sectors, having loans and advances of up to ₹25 Lakhs constituting

at least 50% of the assets portfolio and 25% branches situated in Unbanked Rural Centres (URCs).

Compliance is at the heart of the Bank's culture. The independent compliance function has caused us to institutionalise a compliance risk register to conduct compliance assessment across verticals, establishing a self-certification model which is followed by a monitoring process to ensure full compliance with regulatory requirements. The compliance department further provides advisory services, performs assessment of compliance to Know Your Customer (KYC) – Anti-Money Laundering (AML) regulations, performs monitoring activities and assesses the control environment.

The Bank has undergone an inspection by the RBI under the Annual Financial Inspection (AFI) model. Furthermore, the Bank is compliant with the framework for timely submission of data in line with the Risk Based Supervision (RBS) as mandated by RBI.

Internal audit

The Bank has a well-established Internal Audit and Control Systems in place that monitors the Bank's adherence to policies, procedures and systems. The Board Audit Committee assesses the adequacy and effectiveness of the internal audit function, including the structure of the internal audit department, annual audit plan, staffing etc., and ensures effective and independent review procedures.

The Internal Audit Department is responsible for monitoring and evaluating the internal controls of the Bank as well as its adherence to various statutory and regulatory compliances. The audits cover branches or asset centres, various departments and processes at regional offices and the head office at regular intervals.

Vigilance

The Vigilance function of the Bank aims to enhance the level of managerial efficiency in the organization, by way of prevention, detection, investigation and correction of fraudulent activities. The focus of the year under review was on strengthening of vigilance and the risk containment unit, transforming it as per the regulatory requirements and developing it to face future challenges. We focused on preventive controls to minimize cash losses and frauds, by way of upgrading the security systems, creating awareness among the staff and conducting regular checks across branches. The risk containment unit has endeavoured to expand its activities into newer products and upgrade the quality of feedback given to businesses. Physical security at the branches has been enhanced during the year under review through the installation of Remote Monitoring System {RMS} coupled with two-way audio. The system is equipped with facility to simultaneously call and inform the Bank and police officials in case of any trespassing event. Local police stations have been apprised of the matter.

During the year under review, cash loss cases due to robbery occurred in two regions viz., East and North. However, the instances, as compared to the previous year, have come down as a result of certain preventive measures

put in place, such as opening more accounts in other Banks with a view to depositing the cash collected at the field in such accounts immediately.

We are now preparing for the FY20 to better face the fraud risk that may arise from new business verticals such as personal loans, vehicle loans and liability accounts, in addition to the older products like housing loans and micro and small enterprise loans. The frauds relating to AML-KYC issues, ATMs and Debit Cards are also going to be dealt with in a much stringent manner.

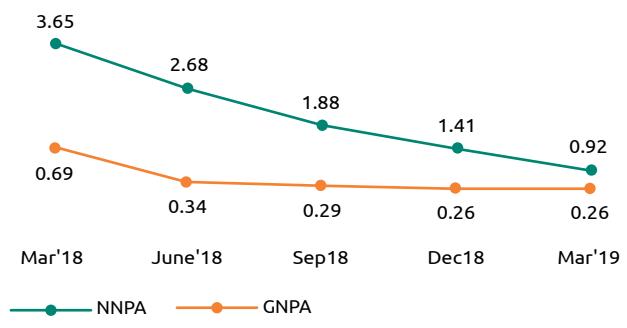
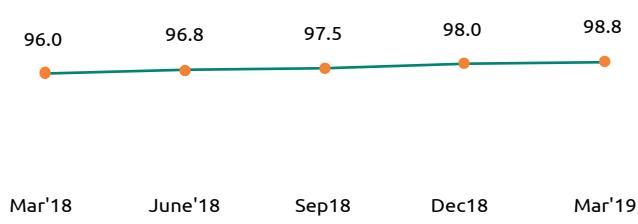
Credit

FY19 has been a comeback year in terms of the bank's portfolio quality. The portfolio stress emerging from the black swan event demonetization has been absorbed and is way past us with the bank's 24 month micro loan book exhibiting solid performance at 0.31%* PAR >0 days past due.

As a result of focused NPA recoveries through the dedicated collections team, the Gross NPA (GNPA) has reduced to 0.92% as at March '2019 from 3.65% as at March '2018. The total NPA recoveries in absolute terms stood at ₹ 92.5 Crores which enabled the bank to maintain its yearly credit cost to below 0.5% as against last FY credit cost of 4.6%. In addition to effective credit cost management, the bank also recovered ₹ 20.8 Crores from written off accounts, 12% from last year's written offs.

The Cumulative Repayment Rate (CRR) has improved to 99% from 96% in Mar'18 post adjustment of our lending policies, affirming that the overall health of the credit portfolio has been excellent and is very close to pre-demonetization levels.

Cumulative Repayment Rate (%)



During the year, parts of Tamil Nadu and Kerala were severely impacted due to cyclone, wherein the bank carried out extensive post cyclone relief work in terms of sustenance relief as well as debt relief in accordance with the SLBC guidelines. The repayment behavior of a large majority has returned to normalcy after the repayment holiday period, consecutively not impacting the credit cost significantly.

On the Microbanking underwriting front, our proclivity to enhanced automation has enabled the implementation of an end to end digital platform integrated with the bureaus and a business rule engine for automated credit decisioning and a straight through process. The year witnessed 75% of the Group Loan applications auto sanctioned with this development. This not only provides excellent turnaround time for loan applications but also paves way for intelligent decisioning by profound mining of historical data. We are also the first SFB to implement Combo Bureau Reports (MFI + Retail loan bureau report) for microfinance customers, enabling comprehensive assessment of borrowers.

The MSE book has witnessed a solid growth of 166% during the year with a significant shift in the product mix. The secured MSE portfolio has almost doubled to constitute 66% of the total MSE book (34% as at Mar'18), indicating a focused approach towards the secured portfolio scale up. The bank has discontinued unsecured MSE funding given our experience over the last 2 years.

%PAR of loans originated last year stands at a robust 0.91% and the secured lending portfolio has also seen a significant reduction in %PAR 1.8% to 1% during the year. A customer grading has been introduced based on customer vintage and repayment behavior to manage collection efforts better and strengthen portfolio monitoring.

We continue to work on developing our people and enhance our processes, underwriting with emphasis on data based decisioning. We are focused on implementing an application scorecard along with the use of a rule engine for automated checks enabling incremental assessments and loan sanctions to credit worthy borrowers.

GNPAs in home loans were at 0.60% as on March 2019 with NNPA's at 0.39% during the same period. In Home loans we have moved from manual processing to automated processing on LOS, this has helped in best in class TAT.

The bank has forayed into new loan products such as Personal loans, Agri loans and has developed grounds for Vehicle finance. Credit processes continue to evolve with a goal to underwrite loans the fin-tech way, i.e., tech inbuilt advanced credit models in the near future. No NPAs on new portfolios as of March'19, is a touchstone of our continued strong credit risk assessment and evaluation.

On the efficiency side, implementation of E-receipts for overdue collections to corroborate tracking of receipts issued and reduce reconciliation effort has been a successful assignment for us.

We look forward to another year with a focus on comprehensive credit risk management considering the bouquet of products being offered. Portfolio management

along with analytics enabled underwriting of various loan products will remain our central focus. As a part of our innovative solutions, transformation is inevitable and we are eager to combine our competence with new talent for products..

Operations

The Bank was empanelled as a registrar and enrolment agency by the Unique Identification Authority of India (UIDAI) in August 2018. Following the empanelment, the Bank joined the ranks of select banks that were authorized to run Aadhaar Enrolment Centres (AECs) where customers and members of the general public can enrol for Aadhaar or get their Aadhaar data updated. The first lot of AECs - five in number - were opened in November 2018 in Bangalore. At the end of FY19, the Bank had 16 live AECs in two states – Karnataka and Assam.

To ensure that business and operations processes are standardized across all branches and units, the same are clearly defined and documented. The industry practice demands all processes to be enshrined in circulars and manuals of instructions. The Bank too adopted the same practice in 2018-19. The task of codifying the entire life cycle of all liabilities and treasury products offered by the Bank, the concomitant processes at branches and operations units, the risks associated and mitigating controls, have been undertaken. The Bank has partnered with Agama Educon Private Limited for this project. At the end of the FY19, almost all the manuals for liability products and processes had been drafted and were in various stages of review and implementation.

The Bank incurs substantial costs to manage its physical cash in the form of (a) charges levied by other banks when the Bank's branches deposit cash with them and (b) service charges paid to cash management agencies that transport and bury cash. Through an initiative called Cash To Other Banks (CTOB), the branch operations team offloaded ₹628 Crores to other banks that were looking for cash and willing to take it from us free of charge, thereby saving the cash handling charges.

Acknowledging the cash risk which field staff have to handle and the problems faced by cashiers in collecting the same, the Bank has entered into an innovative arrangement with Axis Bank. Owing to this alliance, Customer Relationship Officers (CROs) can deposit cash in the Cash Deposit Machines (CDMs)/ Automated Cash Recyclers (ACRs) of nearest Axis Bank. Currently, 649 CROs in 110 branches have access to CDM/ACRs of Axis Bank. The Bank has installed CDMs in two branches on a pilot basis and plans on adding five more in Q1 of FY20. As a step towards building efficient processes, the Bank has implemented Robotic Process Automation (RPA) for reconciliation of transactions.

Technology

The Bank has always been at the forefront of creating and implementing best technology practices as a microfinance institution and the same is being followed post the transition into small finance bank. The Bank has brought together an impressive ensemble of world class IT systems. Our IT strategy is designed in a way that is aligned with customers' needs, convenience, business

requirements as well as the regulatory compliance. We are leveraging technology to serve our customers better, identify opportunities, deliver innovative products and services and advance on our goal towards achieving financial inclusion.

Being a customer-centric organization, the Bank's strategy has always been to derive customer friendly products and services. The product development process extensively relies on inputs from intensive market research and product pilots which help in building consumer insights. We have begun providing digital services to our customers with hassle free documentation and fast disbursal. The prime objective of bringing in digitized services is to reduce the turnaround time across all the workflow stages. During the year, the Bank went live with Unified Payments Interface (UPI); customers are now able to register savings bank accounts on mobile applications like PhonePe, Paytm, WhatsApp, etc to perform financial and non-financial transactions using Virtual Payment Address (VPA). UPI is the first service where USSD can be used without internet and with basic phone to carry out transactions.

In order to achieve further advancement within the domain of digital banking, we provided other alternatives to our customers to repay their loans through different channels like Paytm and Instamojo. During the year, we also offered online bill payment services to our customers which is a convenient, safe and inexpensive way availed from the convenience of their homes.

One of the key offerings of the year FY19 is the corporate internet banking facility for our SME customers. A number of new products were tech-enabled by the technology team of the Bank with focus on keeping the turnaround time low and reducing the customer touchpoints with the Bank by way of digitization and automation. Our personal loan offering is rather distinctive and will prove to be a singular digital product in the market.

While implementing technology, matters concerning data and cyber security have been kept at the forefront to guarantee a secured banking environment to our customers and employees.

Treasury

The Bank has set up a state-of-the-art dealing room at its Bangalore head office. The primary responsibility of the treasury includes compliance to statutory reserve requirements (viz. Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR)), Asset-Liability Management (ALM), Interest Rate Risk Management and raising of short-term and long-term funds as required. Being a scheduled bank, we could raise funds at most competitive rates and managed to repay the high cost grandfathered loans to a large extent during the year. We have been actively leveraging on the various refinance facility offered by Small Industries Development Bank of India (SIDBI), National Bank for Agriculture & Rural Development (NABARD) and National Housing Bank (NHB). The Bank has an Subsidiary General Ledger (SGL) account with the Reserve Bank of India and is a direct member of Clearing Corporation of India Limited (CCIL) which enables the treasury to operate on various platforms such as Negotiated Dealing

System-Order Matching (NDS-OM), NDS-Call, Triparty Repo Dealing and Settlement (TREPS), FIMMDA Trade Reporting and Confirmation System (FTRAC), Clearcorp Repo Order Matching System (CROMS) and E-Kuber. The Bank has an automated dealing environment where the deals flow seamlessly (straight through processing) from the trading and dealing platforms to front office systems, across back office for authorization, confirmation, payments and settlements. There is no manual intervention and thus functional risks are averted.

The treasury has contributed to the bottom line by actively running trading book in both SLR and Non-SLR securities. It has been successful in getting 31 banks set up money market lines for the Bank; some of which include Public Sector Banks, private banks and SFBs and we have set up reciprocal lines from all of them. The Bank is an active player in Priority Sector Lending Certificates (PSLC) and has earned fee Income of ₹27.8 Crores during FY19 by selling them across various categories.

Service quality

The Bank, since inception has always devoted attention towards delivering highest quality of service to its customers. Our service quality initiatives have evolved over the years, strengthening our customer connect and retention, client protection, fair practices, quality assurance and grievance resolution. Service quality objective of the Organization is to 'Deliver Exceptional Service to our Customers, by embedding it in our People, Process and Policy enabled by Technology'. Service index for each business and key support functions with benchmarks was set to achieve high standards consistently, recording an improving trend month on month. Customer service request and grievance redress mechanism were strengthened to enhance experience. In order to recognize and encourage our employees on maintaining high quality standards, monthly rewards program has been introduced in branches pertaining to aspects of service quality.

Human resources

Our empowerment mission begins with our empowered talent pool. Our people continue to be our biggest strength. Change was constant for the Bank throughout last year as we worked to deepen our roots in the banking world. The entire team remained concentrated on growth while continuing to be a purpose driven organisation. The Bank ensures equal opportunity to all employees, irrespective of their background or gender. A total of 7,258 new employees joined the bank in FY19 and we ended the financial year with an employee strength of 14,752. 60% of the new employees were hired through internal employee referrals. The Bank has always worked with the philosophy of people first and any new opportunities or roles are first offered to existing employees. Nearly 25% of job openings were closed through internal job postings in FY19.

In our bid to ensure diversity of thought and a rich talent pool, we initiated the hiring of management trainees from prestigious institutions across India including the Indian Institute of Management (IIMs). We recruited 168 management trainees with diverse backgrounds across different verticals.

We ran specialized programmes to address role specific regulatory requirements and build a culture of compliance in the Bank. In the last year, we introduced SWAYAM, our learning app, and forayed into technology enabled self-paced learning. We educate our employees on products, processes, compliance and basic banking knowledge with the help of SWAYAM. Specific trainings on selling skills for various business roles to enable a sales driven culture were also conducted. At the Bank, we believe in constantly enhancing the skills of our employees. Hence, employees across levels were sponsored for specific certifications by renowned organizations such as College of Agriculture Banking (CAB), Centre for Advanced Financial Research and Learning (CAFRAL), Institute for

Development & Research in Banking Technology (IDRBT), Indian Institute of Banking and Finance (IIBF), National Institute of Bank Management (NIBM) and so on.

An earnest effort to enhance gender diversity has been taken up by the Bank. We have been keen on supporting opportunities for women. Our women customers have left a deep impact on our minds with their agility, desire for improving their own lives and that of their families. We believe that women in the workforce also play a crucial role in influencing our customer base and driving right decisions for financial stability within our customers' families. 17% of our workforce comprises of women and we are making concerted effort to increase this ratio.

Pillar III Disclosures

as at 31st March 2019

1. List of abbreviations

Abbreviation	Full Form
ADF	Automated Data Flow
AFI	Annual Financial Inspection
AFS	Available For Sale
ALCO	Asset Liability Committee
ANBC	Adjusted Net Bank Credit
ATM	Automated Teller Machine
BC	Business Correspondent
BCMP	Business Continuity Management Policy
BIA	Basic Indicator Approach
CA	Current Account
CAC	Credit Approval Committee
CASA	Current Account Saving Account
CBO	Chief Business Officer
CBS	Core Banking Solution
CET1	Common Equity Capital
CFO	Chief Financial Officer
CGTMSE	Credit Guarantee Fund Trust For Micro And Small Enterprises
CIC	Core Investment Company
CRAR	Capital to Risk Assets Ratio
CRMC	Credit Risk Management Committee
CRO	Chief Risk Officer
CRR	Cumulative Repayment Rate
CRR	Cash Reserve Ratio
CS	Company Secretary
DPD	Days Past Due
DSCB	Domestic Scheduled Commercial Bank
EAD	Exposure at Default
ECL	Expected Credit Loss
ECRA	External Credit Rating Agency
EDP	Enterprise Data Platform
ELC	Entity Level Controls
ESOP	Employee Stock Option Scheme
EWS	Early Warning System
FALLCR	Facility to avail Liquidity for LCR
FIG	Financial Institutional Group
FIRB	Foundation Internal Rating Based Approach
GLC	General Ledger Code
GNPA	Gross Non Performing Asset
GPTW	Great Place to Work
GST	Goods and Service Tax
HOLA	High Quality Liquid Assets
IBA	Indian Banks Association
IBPC	Inter Bank Participation Certification
ICAI	Institute of Chartered Accountants of India
ICAAP	Internal Capital Adequacy and Assessment Process
IFC	International Finance Corporation

Abbreviation	Full form
IGAAP	Indian Generally Accepted Accounting Principles
IMF	International Monetary Fund
Ind-AS	Indian Accounting Standards
IRAC	Income Recognition and Asset Classification
IRRBB	Interest Rate Risk in Banking Book
KRA	Key Responsibility Area
KRI	Key Risk Indicator
KYC	Know Your Customer
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LMS	Loan Management System
LR	Leverage Ratio
LWE	Left Wing Extremism
MCA	Ministry of Corporate Affairs
MD	Modified Duration
MD & CEO	Managing Director and Chief Executive Officer
MDG	Modified Duration Gap
MSE	Micro and Small Enterprises
NBFC-ND-SI-CIC	Non-Banking Financial Company-Non Deposit-Systemically Important- Core Investment Company
NE	North East
NI Act	Negotiable Instruments Act
NNPA	Net Non-Performing Asset
NPI	Non Performing Investment
NPV	Net Present Value
NRI	Non Resident India
NSFR	Net Stable Funding Ratio
NTB	New to Bank
NURC	Non Unbanked Rural Centre
ORMC	Operational Risk Management Committee
OSP	Outstanding Principal
OTRR	On Time Repayment Rate
OTS	One Time Settlement
PAC	Product Approval Committee
PAR	Portfolio at Risk
PAT	Profit After Tax
PB	Payment Bank
PD	Probability of Default
PMAY	Prime Minister Awas Yojana
PNCPS	Perpetual Non-Cumulative Preference Shares
PONV	Point of Non Viability
PSL	Priority Sector Lending
PTP	Promise to Pay
QC	Quality Check
RBI	Reserve Bank of India
RCA	Root Cause Analysis
RCSA	Risk and Control Self-Assessment

Abbreviation	Full form
ROA	Return on Asset
RPA	Robotic Process Automation
RSA	Risk Sensitive Assets
RSL	Risk Sensitive Liabilities
RWA	Risk Weighted Assets
SA	Standardized Approach
SDA	Standardized Duration Approach
SFB	Small Finance Bank
SLBC	State Level Bankers Committee
SLR	Statutory Liquidity Ratio
SLS	Structural Liquidity Statement
SMA	Special Mention Accounts
SPV	Special Purpose Vehicle
TAT	Turnaround Time
UFSL	Ujjivan Financial Services Limited
UPI	Unified Payment Interface
URC	Unbanked Rural Centre
VaR	Value at Risk
YTD	Year Till Date

During the financial year, the Bank had rolled out 287 Banking Outlets, out of which 73 were URCs. The Bank is fully compliant with the RBI guidelines on having 25% of its Banking Outlets in the URCs.

The Bank has enrolled seven BCs who are compliant with the requirements as laid out by RBI. These qualify as URCs being located in unbanked locations. These BCs perform essential banking services such as acceptance/withdrawal of small value deposits, balance enquiry, mini statement and undertake activities pertaining to updating Know Your Customer (KYC) requirements. Personnel managing each BC are duly certified by the Indian Institute of Banking and Finance (IIBF) as required by RBI.

The Bank operated a network of 382 Automated Teller Machines (ATMs) as at 31st March 2019.

The Bank provides retail banking services (which include para-banking activities, selling life insurance and general insurance products of third party service providers, with an approval from RBI) to economically active poor in urban and semi urban areas. In line with the objective to further financial inclusion, the Bank has also enhanced its product offerings to agriculture and rural businesses.

On the technology front, the Bank had finalized the scope and technology architecture for Enterprise Data Platform (EDP) during the year. A Vendor to provide data analysis tool was finalized to strengthen the Bank's data analytics capabilities. Finger print (touch) login in mobile application for android customers moved to production. The Bank is currently exploring the use of Robotic Process Automation (RPA) technology for reconciliation of ATM and Unified Payment Interface (UPI) transactions. The Bank has initiated work for extension of digital solution for doorstep delivery of Micro and Small Enterprises (MSE), Housing and Agriculture loans. The Bank has also begun work on implementing inventory and asset management tool. Systems and processes were readied for issuance of RuPay Platinum card for retail trader Current Account (CA) customers. Systems are also being configured to facilitate the on-boarding of Financial Institution customers on CRMnext.

In line with the vision of the Regulator, the Bank lays high emphasis on providing banking services by leveraging technology and digital platforms. Some of the digital initiatives where the Bank has invested and intends on further enhancing its scope are as follows:

- 1) Mobile Banking penetration in various languages to improve penetration;

2. Introduction

Ujjivan Small Finance Bank (hereinafter called "the Bank") has prepared this disclosure document in compliance with the directions of Reserve Bank of India (hereinafter referred to as "the Regulator" or "RBI") vide its circular RBI/2015-16/58; DBR.No.BP.BC.1/21.06.201/2015-16 dated 1st July 2015. The document provides a review of key observations pertaining to the Bank's capital adequacy, credit quality, key business highlights and a review of its key risks as at 31st March 2019. While this disclosure document has been prepared by the Bank for each quarter, this year-end disclosure document summarises the achievements for the whole year so as to provide a comprehensive commentary in one document.

3. About the Bank

The Bank has completed its second full year of business operations. The branch position as at 31st March 2019 was as follows:

Particulars	Position as at 31st March 2019
Total Banking outlets, of which	474
Banking outlets (Non URC) ¹	354
Banking outlets (URC)	96
Qualifying URC Branches (Branches situated in tier 3-6 locations in NE states and LWE districts)	17
Business Correspondents (BC)	7

¹ A 'Banking Outlet' For a Domestic Scheduled Commercial Bank (DSCB), a Small Finance Bank (SFB) and a Payment Bank (PB) is a fixed point service delivery unit, manned by either bank's staff or its Business Correspondent where services of acceptance of deposits, encashment of cheques/cash withdrawal or lending of money are provided for a minimum of 4 hours per day for at least five days a week. It carries uniform signage with name of the bank and authorisation from it, contact details of the controlling authorities and complaint escalation mechanism. The bank should have a regular off-site and on-site monitoring of the 'Banking Outlet' to ensure proper supervision, 'uninterrupted service' except temporary interruptions due to telecom connectivity, etc. and timely addressing of customer grievances. The working hours/days need to be displayed prominently.

² Unbanked Rural Centre (URC)

³ North eastern states

⁴ Districts with active Left Wing Extremism (LWE)



Each 'theme' as mentioned above was substantiated with customer centric strategies.

During the financial year, the Bank received the following awards and recognitions:

- Ranked 16th best place to work by Great Place to Work (GPTW) in Asia;
- "Best Security Practices in Small Finance Bank" award during AISS 2018;
- 6th ASSOCHAM SMEs Excellence Award – 2018 for 'Excellent Service';
- IBA Banking Technology Innovation Awards for 'The Best IT Risk Management and Cyber security Initiative. This was the second consecutive award for the Bank in this category
- Special Jury DSCL Excellence Awards 2018 for 'Security Practices in Small Finance Banks'; and
- Finnoviti Awards, 2019 for 'Best innovation in IT'

4. Key performance highlights of the Bank:

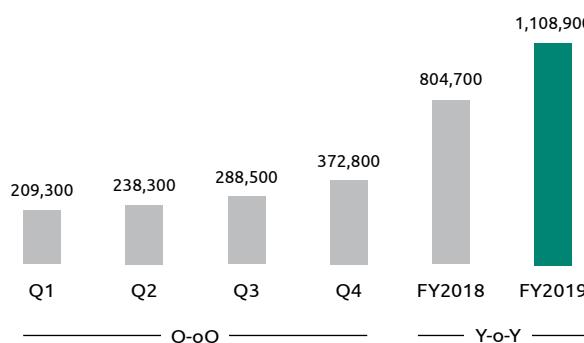
Some of the key achievements made during the financial year were as follows:

- 1) Total outreach increased from 35 Lakhs to over 46 Lakhs customers.
- 2) Brand campaigns on television and radio in regional languages for brand awareness
- 3) Mobile Banking was made available in 5 languages
- 4) Phone Banking capacity was doubled to improve customer service
- 5) Corporate Internet Banking facility was implemented.
- 6) 32% growth in Micro banking portfolio and in excess of 100% growth in Secured MSE and Secured Housing portfolio
- 7) The year witnessed the successful launch of rural banking products, Institutional lending and Personal loans.

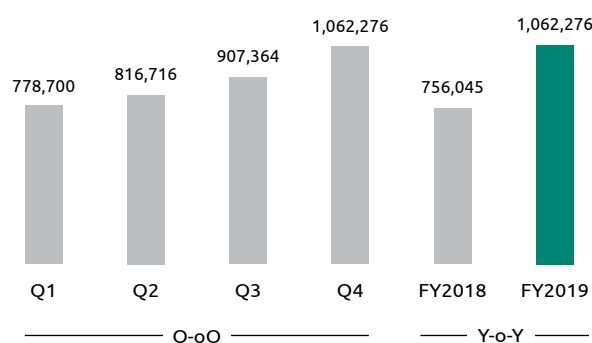
- 8) On the liabilities side, 3 Lakhs plus New to Bank (NTB) customers were onboarded and 17 Lakhs plus micro banking customers were provided with liability products.
- 9) The entire deposit book witnessed an 80% growth and CASA share had increased to 11%.
- 10) RuPay Platinum Card for current accounts was in an advanced stage of completion

Key Highlights	Position as at 31st March, 2019
Loan Portfolio	<ul style="list-style-type: none"> Outstanding Principal (OSP) at ₹ 1,062,276 Lakhs (₹ 756,045 Lakhs in March 2018) Non-Microfinance book at 15% (7% in March 2018)
Deposit Balance	<ul style="list-style-type: none"> Total Deposits (Retail plus Institutional) ₹ 737,944 Lakhs (₹ 377,252 Lakhs in March 2018). CASA: 11% (4% in March 2018) Retail: 37% (11 % in March 2018)
Customer base	<ul style="list-style-type: none"> 49 Lakhs unique customers and 20 Lakhs liability customers
Portfolio Quality	<ul style="list-style-type: none"> Gross Non-Performing Assets (GNPA): 0.92% (3.65% in March 2018) Net Non-Performing Assets (NNPA): 0.26% (0.69% in March 2018) Write offs: ₹ 17,520 Lakhs (₹ 17,653 Lakhs for FY 2017-18)
Employee strength	<ul style="list-style-type: none"> 14,752 employees with 82% in front-end.
Profitability	<ul style="list-style-type: none"> Profit after Tax (PAT FY 2018-19): ₹ 19,922 Lakhs Return on Assets (ROA): 1.88%
Funding	<ul style="list-style-type: none"> Cost of funds: 8.58% (9% in March 2018)

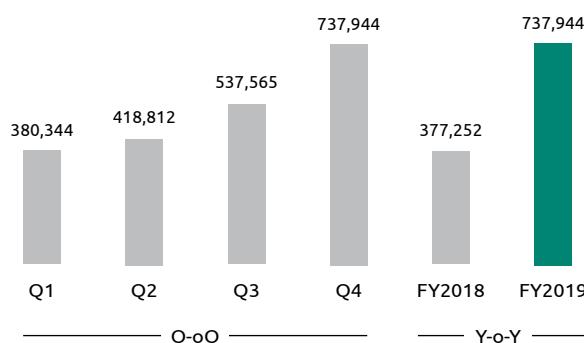
Disbursement (₹ in Lakhs)



Outstanding Principle (₹ in Lakhs)



Deposits (Including CDs) (₹ in Lakhs)



The focus area of the Bank in the next financial year is as follows:

- CASA mobilization as part of the endeavour to optimize cost of funds;
- Accelerated expansion and diversification of customer base;
- Customer centric solutions for the mass market
 - Basket of products and services tailored to identified segments;
 - Enhanced customer convenience;
 - Doorstep Banking, Cash Management, Transaction Points, Fee Management;
 - Collaboration among business verticals to provide total customer solution; and
 - Relationship approach
- Focus on rural and semi-urban markets
- Move towards digital, less-paper, less-cash and self-service

- Re-establish branches, regions & business verticals as profit centres
- Business growth with cost control for sustainable profitability

During the year, the Regulator had conducted their first formal Annual Financial Inspection (AFI). The inspection was on-site and included a comprehensive review of the Tranche I/II data (the data was submitted prior to their visit) and existing policies and processes followed by the Bank. The Regulator had submitted its report along with their findings on existing gaps and areas for potential improvement. No penalty or stricture was directed by the Regulator against the Bank.

5. Table DF- 1: Scope of Application

5.1 Qualitative Disclosures

Parent Organization/Holding Company: Ujjivan Financial Services Limited (UFSL)

The disclosures in this document pertain to the Bank as a stand-alone and independent entity. The Bank does not have any subsidiary - the operating guidelines do not permit Small Finance Banks (SFBs) to have subsidiaries, nor does the Bank have any interest in any insurance entity.

5.1.1 List of group entities considered for consolidation

Name of the entity / country of incorporation	Principal activity of the entity	Total balance sheet equity	Total balance sheet assets
NIL	NIL	NIL	NIL

5.1.2 Aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation

Name of the subsidiaries/ country of incorporation	Principal activity of the entity	Total balance sheet equity	% of the Bank's holding in the total equity	Capital deficiencies
NIL	NIL	NIL	NIL	NIL

5.1.3 Aggregate amounts (e.g. current book value) of the Bank's total interests in insurance entities, which are risk-weighted

Name of the insurance entities/ country of incorporation	Principal activity of the entity	Total balance sheet equity	% of the Bank's holding in the total equity / proportion of voting power	Quantitative impact of regulatory capital using risk weighting methods versus using the full deduction method
NIL	NIL	NIL	NIL	NIL

6. Table DF-2- Capital Structure

6.1 Qualitative Disclosures

6.1.1 Equity capital

The Bank has an authorized capital of ₹ 150,000 Lakhs in the form of Common Equity qualifying as Tier 1 capital under the guidelines of RBI. The Bank has issued, subscribed and paid up equity capital of ₹ 144,003 Lakhs, having 1,440,036,800 shares of face value ₹ 10 each.

The Licensing guidelines for SFBs permit the aggregate foreign investment in a private sector bank from all sources up to a maximum of 74% of the paid-up capital (automatic up to 49% and approval route beyond 49% to 74%). By limiting foreign shareholding in the Holding Company to 38.64% (including NRI holdings) as at the year end, the Bank was compliant with RBI guidelines on SFBs. Further, in compliance with the licensing guidelines, UFSL, the Holding Company, is registered as an NBFC-Non-Deposit-taking Systemically Important - Core Investment Company – (NBFC-ND-SI-CIC) with RBI and is the non-operating holding company. The shares of the Holding Company are listed and are actively traded with a closing market price of ₹ 347.80 as at 31st March 2019.

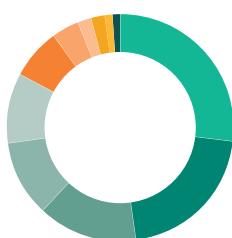
The licensing guidelines require the Bank to list its shares within three years of reaching a net worth of ₹ 50,000 Lakhs. While the net worth of the Bank is in excess of this mandated figure, the Bank has completed its second full year of operation. In compliance with the guidelines of RBI, the Bank proposes to list its shares by January 2020 for which discussions are at an advanced stage.

6.1.1.1. Promoter contribution⁵:

The Bank is a fully owned subsidiary of UFSL. As per RBI guidelines, if the initial shareholding by promoter in the Bank is in excess of 40%, it should be brought down to 40% within a period of five years. Additionally, the promoter's minimum contribution of 40% of paid-up equity capital shall be locked in for a period of five years from the date of commencement of business of the Bank. Further, the promoter's stake should be brought down to 30% of the paid-up equity capital of the bank within a period of ten years, and to 26% within twelve years from the date of commencement of business of the Bank.

The Bank takes cognizance of the same and compliance to the above guidelines will be undertaken as per the timelines prescribed.

Shareholding pattern (%)



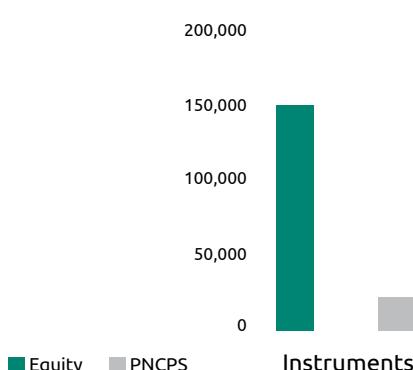
Resident Individuals	27
Foreign Institutional Investor (A)	21
Foreign Portfolio Investors (B)	14
Bodies Corporates	11
Mutual Funds	10
Alternative Investment Fund	7
Insurance Companies	4
Foreign Corporate Bodies (E)	2
Others	2
Non Resident Indians (C)	1
HUF	1

The Capital Structure of the Bank is provided below:

Capital Structure- Summary of Tier I & Tier II Capital

S. No.	Instrument	Whether Tier I or II	Amount (₹ in Lakhs)
1	Equity ⁷	Tier 1	150,000
2	PNCPS ⁸	Tier 1	20,000
3	Lower Tier II Subordinated Debt ⁹	Tier 2	NIL

Capital Structure



6.1.2 Details of PNCPS instruments

Perpetual Non-cumulative preference shares (PNCPS) can be issued by Indian banks, subject to the legal provisions, in Indian rupees and in compliance with the terms and conditions issued by RBI for qualification. A key characteristic of PNCPS is that there can be no maturity date and no step ups or other incentives to redeem with an exception to call option exercisable by the Bank not earlier than the fifth anniversary of the deemed date of allotment. The rate of dividend payable to the investors may be either a fixed rate or a floating rate referenced to a market determined rupee interest benchmark rate.

The claims of the investors in the instruments are:

- Superior to the claims of investors in equity shares;
- Subordinated to the claims of Perpetual Debt Instruments (PDIs), all Tier 2 regulatory capital instruments, depositors and general creditors of the Bank; and
- Is neither secured nor covered by a guarantee of the issuer nor related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis Bank creditors.

Tier II Series	Issue Amount (₹ in Lakhs)	Issue date	Date of Redemption	Basel III complaint (Y/N)	Contractual Dividend rate (% p.a.) (on a fixed rate basis)
PNCPS	20,000	9th Feb 2017	Perpetual	Yes	11% p.a.

During the year, the Bank had modified the terms and conditions of PNCPS. As per the existing Terms & Conditions (T&C), dividend for PNCPS can be paid by the Bank annually in arrears, which means that the Bank can declare preference dividend in the Board meeting that will be convened only in the next financial year (in the month of April/May-2019). The Holding Company can book

⁵ Refer RBI on Guidelines for Licensing of "Small Finance Banks" in the Private Sector dated November 27, 2014.

⁶ 'Others' include Employees, NRI (Non repatriation), Clearing members, Banks, Trusts, Directors and NBFCs

⁷ Authorized capital

⁸ Perpetual Non-cumulative Preference Shares

⁹ The existing subordinated debt instrument of ₹ 5,000 Lakhs has been reclassified as Borrowings post RBI AFI audit

dividends as income only after it is declared by the Bank's Board. To enable the Holding Company to book preference dividends during FY 2018-19, there was a need to modify the terms and conditions of the issue under intimation to RBI. The changes will now enable the Bank to declare dividend as per the discretion of the Board considering the profits of the Bank in the given financial year. The Board is now empowered to:

- (i) Declare Interim Dividend during FY 2018-19
- (ii) Declare for subsequent financial years (including interim dividends) or
- (iii) Declare dividend during the period between the end of the financial year and before conducting the AGM.

For FY 2018-19, dividend of ₹ 2,200 Lakhs was paid by the Bank towards PNCPS.

6.1.3. Subordinated Debt Instrument

The Reserve Bank of India, during its annual inspection had observed that the existing subordinated debt in the nature of Non-Convertible Debentures (NCD) issued by the Bank to SIDBI had restrictive clauses on end-use and deployment in geographical locations. The same was proposed to be reclassified as 'borrowings' and not in the nature of Tier II capital. The Bank has accordingly complied with this direction. The Bank intends on paying off the erstwhile Subordinated debt instrument in July 2019.

The Bank is currently in the process of augmenting additional Tier II capital to the tune of ₹ 350 Crores from IFC. The same is expected to be completed during the first quarter of FY 2019-20.

7. Table DF- 3: Capital Adequacy

7.1 Qualitative Disclosures

The Bank has been well capitalized since inception. As required by RBI in its operating guidelines to SFBs¹⁰, the Bank is required to adopt the Standardized approach for Credit Risk and maintain a minimum Capital to Risk Weighted Assets Ratio (CRAR) of 15% segregated as under:

Minimum Capital Requirement	15%
Minimum Common Equity Tier 1	6%
Additional Tier I	1.5%
Minimum Tier I capital	7.5%
Tier II Capital	7.5%
Capital Conservation Buffer	Not applicable
Counter-cyclical capital buffer	Not Applicable
Pre-specified Trigger for conversion of AT 1	CET1 at 6% up to March 31, 2019, and 7% thereafter

While SFBs are required to comply with Basel II norms for Capital Adequacy, as would be noted from the table above, some elements of the capital structure, such as Common Equity and Additional Tier 1 requirement, are from Basel III guidelines. In essence therefore, in the case of SFBs, the Regulator has adopted a hybrid model.

SFBs are not required to have a separate capital charge for Market Risk and Operational Risk for the time being in terms of an RBI communication dated 8th November 2017 marked DBR. NBD. No. 4502/16.13.218/2017-18. However, as a good governance practice, and as directed by its Board, the Bank separately computes capital charge for all the Pillar 1 risks viz. Credit, Market and Operational Risk following the Standardized Approach (SA) for Credit Risk, Standardized Duration Approach (SDA) for Market Risk and the Basic Indicator Approach (BIA) for Operational Risk. In computing capital charge for Operational Risk, the Bank has used Gross Income for the first two completed years of operation, progressively increasing it each quarter, till it has a record of three completed years of operation. This necessarily implies increasing Operational Risk RWA on a quarter on quarter basis, which is cushioned by improved profitability to minimise any impact on the overall capital adequacy position of the Bank.

In addition to the hybrid model for complying with capital adequacy requirement, for its internal and regulatory reporting, the Bank also complies with certain aspects of Basel III requirement, such as computation and maintenance of RBI prescribed minimum Liquidity Coverage Ratio (LCR) and Leverage Ratio (LR).

The Bank is in advanced stages of negotiation with International Finance Corporation (IFC) for a ₹ 350 Crores Tier II capital raise, where due diligence has been completed, and submission to IFC Board is expected in June 2019.. The aim of the capital raise is two-fold. First, to continue to provide the capital buffer that is required as the Bank embarks on its ambitious plan to grow its business substantially. And more importantly, to also provide for long term funding and minimise any potential asset/liability mismatch as the Bank builds its Housing and MSE portfolio, which have long dated tenors.

The disclosures pertaining to capital adequacy are as per the Generally Accepted Accounting Practices (GAAP). Financial statements under Ind-AS regime have been deferred by RBI until further notice and hence a comparison of capital adequacy under both the regimes will be presented after the same is made applicable for the Bank.

¹⁰ Refer RBI guidelines on Operating Guidelines for Small Finance Banks issued vide DBR.NBD.No.26/16.13.218/2016-17 dated October 6, 2016

7.2 Quantitative Disclosures

The break-up of Basel II capital funds as at 31st March 2019 is as follows:

Capital Funds

	₹ in Lakhs
A Tier I Capital	
A.1 Paid-up Share Capital	144,003.68
A.2 Reserves	16,989.14
A.3 Perpetual Non-Cumulative Preference Shares	20,000.00
A.4 Minority Interest	-
B Deductions	
B.1 Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	
B.2 Securitisation exposures including credit enhancements	1,382.53
B.3 Deferred Tax Assets	4,197.59
B.4 Good will and Adjustments for less liquid position/intangibles	10,075.33
C Net Tier 1 Capital	165,337.38
D Tier II Capital	
D.1 General Provisions	5,391.54
D.2 Investment Fluctuation Reserve	970.13
D.3 Lower Tier II capital instruments	-
E Deductions	
E.1 Investments in instruments eligible for regulatory capital of financial subsidiaries/associates	-
E.2 Securitisation exposures including credit enhancements	1,382.53
F Net Tier 2 Capital	4,979.14
F Total Eligible Capital	170,316.53

Capital Requirements for Various Risks

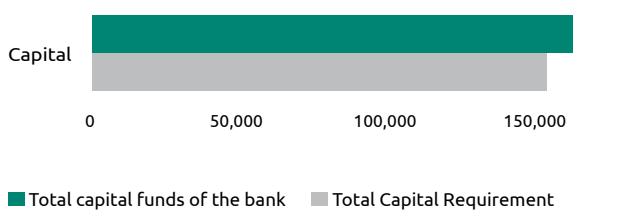
Sl.No	Capital Requirements for various Risks	Amount (₹ in Lakhs)
A Credit Risk		134,845
A.1 For non-sec portfolio		134,845
A.2 For Securitized portfolio		-
B Market Risk		63
B.1 For Interest Rate Risk		63
B.2 For Equity Risk		NIL
B.3 For Forex Risk (including gold)		NIL
B.4 For Commodities Risk		NIL
B.5 For Options risk		NIL
C Operational Risk		17,066
D Total Capital Requirement		151,975
E Total Risk Weighted Assets		1,113,086
F Total capital funds of the bank		170,317

Basel II Ratios as at 31st March 2019 (₹ in Lakhs)

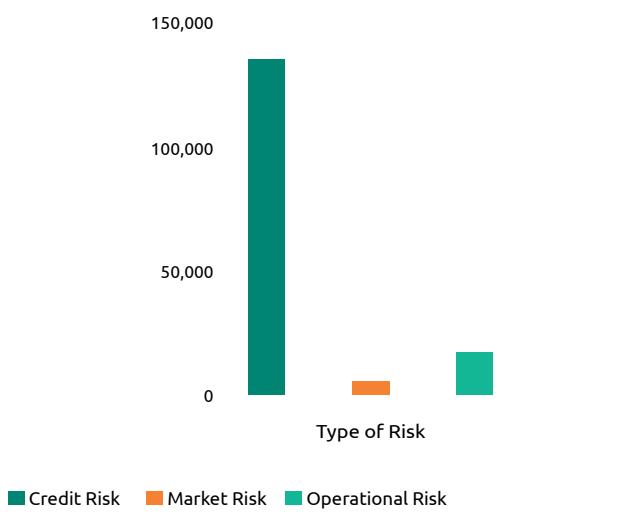
Particulars	Amount/Ratio (Only Credit RWA)	Amount/ Ratio (all Pillar 1 risks)
Tier I Capital	1,65,337	1,65,337
Tier II Capital	4,979	4,979
Total Capital	170,317	170,317
Total RWA	898,968	1,113,086
Tier I Ratio	18.39%	14.85%
Tier II Ratio	0.55%	0.45%
CRAR	18.95%	15.30%

Graphical representation of capital position by reckoning all three risks is as below:

Available Capital vs Regulatory Capital (Amount in Lakhs)

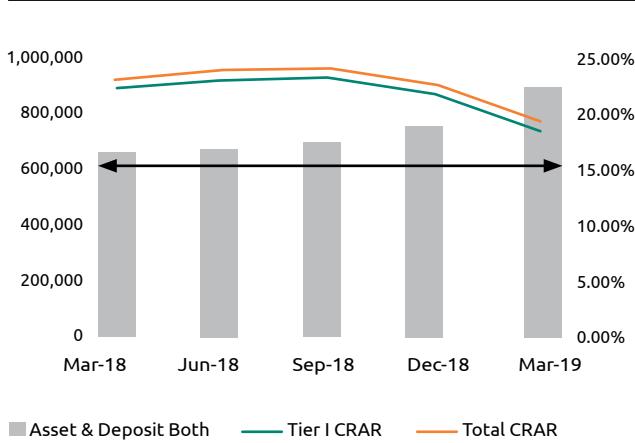


Regulatory Capital Requirement (Amount in Lakhs)



The movement of regulatory ratios on Credit RWA is shown as below:

Movement of Credit RWA and CRAR



*The red line indicates minimum CRAR requirements

8. Table DF- 4: Credit Risk: General Disclosures

8.1. Qualitative disclosures

8.1.1. Definitions of past due and impaired loans

A Non-Performing Asset (NPA), as defined by the RBI, shall be a loan or an advance where-

- Interest and/or instalment remains overdue for a period of more than 90 days in respect of a Term Loan;
- The account remains out of order for 90 days;
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted. The Bank does not offer Bill Discounting as a product.
- In case of advances granted for Agricultural purposes
- The instalment or interest thereon remains overdue for two crop seasons for short duration crops
- The instalment or interest thereon remains overdue for one crop season for long duration crops
- The amount of liquidity facility remains outstanding for more than 90 days, in respect of a securitization transaction undertaken in terms of guidelines on securitization dated February 1, 2006.
- In respect of derivative transactions, the overdue receivables representing positive mark to- market value of a derivative contract, if these remain unpaid for a period of 90 days from the specified due date for payment. The Bank had no derivative transaction on its books.

8.1.2. Provisioning norms of the Bank

The Board reviews the provisioning norms of the Bank at regular intervals to determine if any enhanced provisioning is required based on credit performance. Despite a history of low Portfolio At Risk (PAR) and delinquencies, the microfinance portfolio of the Bank is unsecured and at times of extraneous events, as at the time of demonetization, it can have a debilitating impact on the portfolio. Taking cognizance of this and especially since the microfinance portfolio comprised 85% of the loan book as at 31st March 2019, the Bank has deemed it appropriate to follow a conservative approach in its provisioning policy. This is reflected in the higher than mandated provisions in each overdue bucket.

Asset Class	Outstanding Principal (OSP)	Provision	% Provision
Standard	1,052,491	5,392	0.51%
Sub-standard	6,830	4,082	59.76%
Doubtful	2,208	2,189	99.15%
Loss	760	760	100.00%
Total	1,062,276	12,422	--

While the Bank provides 0.50% on its standard asset portfolio against the RBI mandated figure of 0.40%, the Bank, under the direction of its Board, is exploring to increase the provision on standard assets to 0.6% from the ensuing financial year. The provisioning norms are automated which were validated at the time of the recent AFI.

8.1.2.1. Provisions as per Expected Credit Loss (ECL) under Ind-AS

With the beginning of accounting year 2018, the Non-Banking Financial Companies (NBFCs) adopted Indian Accounting Standard (Ind-AS) for the first time. As per the Ind AS implementation road map issued by the Ministry of Corporate Affairs (MCA) on 30th March 2016, NBFCs were required to adopt Ind-AS in a phased manner from accounting periods beginning on or after 1st April 2018 (with comparatives for the periods ending on or after 31st March 2018). The initial plan of MCA was to implement Ind-AS for banks, insurance companies and NBFCs from 1 April 2018 onwards. Earlier this year, the Ind-AS implementation date was deferred for banks by one year and for insurance entities by two years. To summarize, the Bank was expected to switch to Ind-AS regime w.e.f 1st April 2019 while its Holding Company is required to switch to the same w.e.f 1st April 2018. However, on 22nd March 2019, the Regulator had issued a notification¹¹ that the legislative amendments recommended by the RBI were under consideration of the Government of India. Accordingly, it has been decided to defer the implementation of Ind AS till further notice. However this deferral is applicable only to Scheduled Commercial Banks (SCBs).

The Ind AS transition continues to be applicable to Non-Banking Financial Services Companies (NBFC).

Inasmuch as the financial accounts of the Bank are consolidated with that of the Holding Company, the Bank has also recast its financials using the IND AS standards, including the computation of Expected Credit Loss (ECL). This is in addition to financial statements under Indian Accounting Standards Board (IASB).

Ind-AS 109 (framework for ECL) ushers in a new provisioning approach different from the current incurred loss model (the present Income Recognition and Asset Classification (IRAC) norms issued by RBI) to expected loss model which is fully data driven. ECL models would ensure

- Recognition of expected losses in addition to incurred losses;
- Assessment of Significant Increase in Credit Risk (SICR) which will provide better disclosures; and
- Ascertainment of better business ratios.

As the accounts of the Bank are consolidated with that of its Holding Company at the year end, the Bank was required to compute key risk factors under ECL i.e. Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). To define the staging criteria to compute ECL, the Bank has incorporated the 30 days rebuttable presumption as allowed under Ind-AS guidelines which is as follows:

Particulars	Stage-1 (Zero DPD and 1-30 DPD)	Stage-2 (31 – 89 DPD)	Stage-3 (90 DPD & BEYOND)
Name	Performing	Under performing	Non-Performing
Credit Quality	Slight deterioration since onboarding	Significant deterioration since onboarding	Objective evidence of impairment
Credit risk	Low	Moderate to High	Very High
PD used	Point in Time PD	Life time PD	Life time PD
Interest	On gross basis	On gross basis	On net basis (gross carrying value minus loss allowance)

In line with the guidelines, the Bank has applied Point In Time (PIT) PD for stage 1 assets and lifetime PD for Stage 2 and 3 assets. Since micro banking loans constituted a significant portion of the total advances, the Bank has computed PD on pooled basis. The microfinance portfolio was divided into various homogenous pools. MSE loans were pooled on the basis of unsecured and secured portfolio while the other retail categories such as Secured housing, Agriculture loans, Personal Loans and Staff loans were considered as individual pools. FIG loans were benchmarked to external PD as published by CRISIL. The Bank has internally assessed its LGD for micro banking loans while LGD was reckoned as per Foundation Internal Rating Based (FIRB) guidelines or Dynamic Loan Loss Provisioning Paper for all other loan portfolios.

One of the key requirements of Ind-AS guidelines was to capture the business cycle dependency of the Bank's default rates. Business cycle dependency can be explained

by studying the movement of default rates and changes to macro-economic indicators. The Bank attempted to model its historical default rates as a function of various macroeconomic variables which can statistically explain a relationship. This typically entailed using various forms/types of regression to ascertain if that relationship is statistically significant. If found significant, then historical ECL can be converted to a forward looking estimate by incorporating this relationship aspect. The dataset included the Bank's own trend in defaults and various macro-economic variables, the data for which is publicly available with International Monetary Fund (IMF) and RBI.

The statistical analysis revealed that the trend in default rates within the microfinance portfolio is primarily driven by local events and that the relationship to macro variables is close to very thin/ negligible. Secondly, the customer segments catered to by the Bank are largely outside the formal financial ecosystem and add little value

¹¹ Refer RBI notification on Deferral of Implementation of Indian Accounting Standards (Ind AS) issued vide RBI/2018-2019/146 DBR.BP.BC.No.29/21.07.001/2018-19 dated 22nd March 2019.

¹² CRISIL publishes its annual default study paper based on rating transitions

¹³ Refer RBI guidelines on Implementation of the Internal Rating Based (IRB) Approaches for Calculation of Capital Charge for Credit Risk issued vide RBI/2011-12/311; DBOD.No.BP.BC.67/21.06.202/2011-12 dated December 22, 2011

¹⁴ Refer to the Dynamic Loan Loss Provisioning paper issued by RBI.

to the broad macroeconomic indicators. Drawing a comparison between the two can be counter intuitive even if the relationship is found to be statistically significant.

To address the requirement of Ind-AS, the Bank had adopted a management overlay approach to define its default cyclicalities. Under this approach, the Bank calculated its forward looking PD estimates by defining the probability of risk factors using historical trends and collective wisdom.

The results of ECL and a comparative position with IGAAP computed as at 31st March 2019 is shown as follows:

Asset Classification under IND-AS	Ind-AS			Current GAAP			Difference between Ind-AS and IGAAP
	Gross Carry amount under Ind-AS	Loss Allowance under Ind-AS	Net Carry Amount	Gross Carry amount under Current Framework	Provisions under Current Framework	Net Carry Amount	
Stage 1	1,159,455	8,561	1,150,894	1,049,979	5,368	1,049,979	3,193
Stage 2	2,774	37	2,737	2,512	23	2,512	14
Stage 3	10,741	6,824	3,917	9,786	7,030	2,756	-206
Total	1,172,970	15,422	1,157,548	1,062,277	12,422	1,055,247	3,000

It is noteworthy to state that the difference between IND-AS provisioning and IRAC based provisioning (also called as IGAAP¹⁵) is minimal and the Bank has reversal on stage 3 assets under IND AS; as the Bank had already implemented an accelerated provisioning regime on its loan and advances.

It is important to note that ECL has only been temporarily deferred for banks. The banking industry is also expected to move to Ind-AS regime in a time bound manner and taking cognizance of this, the Bank is considering an increase in the standard asset provisioning under IGAAP to maintain parity with IND- AS standards once these are made applicable.

8.1.3. Rescheduled loans

All loans, where the repayment terms of existing advances have been revised in order to extend the repayment period and/or decrease the instalment amount as per the borrower's request are marked as rescheduled loans. Loan rescheduling is done for genuine cases and not for technical reasons.

- Rescheduling results in an immediate downgrading of the loan, i.e. a standard loan becomes sub-standard and immediately attracts provision as per the asset classification and subsequent provisioning norms.
- If the account continues to deteriorate post rescheduling, it slips into further lower asset classification with reference to pre-rescheduling repayment schedule and attracts provisioning as per the policy.
- If a non-performing asset is rescheduled, it continues to have the same classification as prior to rescheduling and slips into further lower asset classification upon non-performance as per asset classification norms

with reference to the pre-rescheduling repayment schedule and attracts provisioning as per policy. If the account performs regularly, it is upgraded after one year of satisfactory performance of the loan.

- As required by RBI guidelines, in each case of rescheduled loans for its MSE and Housing vertical, the Bank makes an additional provision by computing comparable NPVs for the "before" and "after" restructuring scenarios¹⁶. For the microfinance book, this is provided for as a percentage of the overall restructured book. These additional provisions are aimed to capture the loss due to diminution in the fair value of advances due to restructuring.
- On 1st January 2019, RBI issued guidelines¹⁷ allowing a one-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification (subject to certain conditions). This dispensation was made with a view to facilitate meaningful restructuring of MSME accounts that have become stressed on account of Goods and Service Tax (GST) imposition. The key conditions (among others) were
 - The borrower's account must be in default but is a 'standard asset' as on January 1, 2019, i.e. <90 Days Past Due
 - The borrowing entity is GST-registered on the date of implementation of the restructuring. The Bank took cognizance of these guidelines and found that borrowers eligible for restructuring who meet these dual conditions were few in number. However, the Bank will be required to make an additional provisioning of 5% in addition to the provisions already held, if such a borrower wishes to avail restructuring under this scheme.

¹⁵ Generally Accepted Accounting Principles

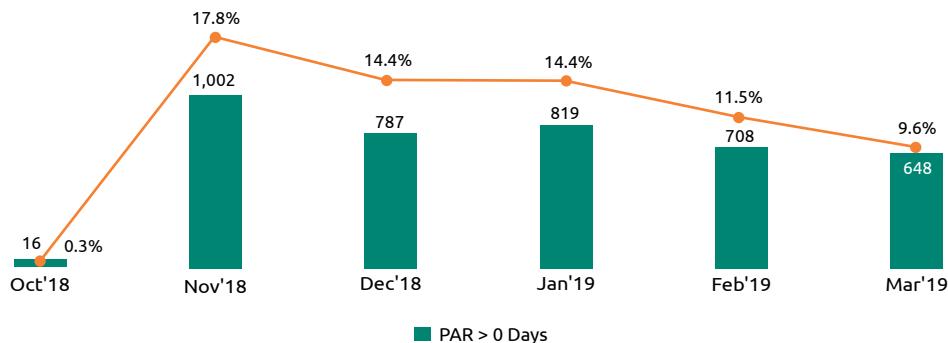
¹⁶ Refer clause 17.4.2 of RBI guidelines on Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances dated July 1, 2015.

¹⁷ Refer RBI guidelines on Micro; Small and Medium Enterprises (MSME) sector – Restructuring of Advances issued vide RBI/2018-19/100;DBR.No.BP. BC.18/21.04.048/2018-19 dated 1st January 2019.

8.1.4. Rescheduling of Loans in flood affected areas in Tamilnadu

Cyclone Gaja hit the state of Tamilnadu in November 2018 and caused widespread disruption in the coastal areas. The branches of Mannargudi and Thiruvarur were affected and repayment pattern of its borrowers was disrupted. The Bank has undertaken various relief measures in the form of distribution of groceries and giving them time to repay.

Portfolio performance in flood affected branches in Tamilnadu (₹ in Lakhs)



As at 31st March 2019, the total number of default accounts was at 3,805 with an outstanding balance of ₹ 648 Lakhs. Most borrowers are making repayments with a lag. The branches are showing signs of recovery which can be evidenced in the decline in PAR. The Bank has made an incremental provision of ₹ 35 Lakhs against such accounts.

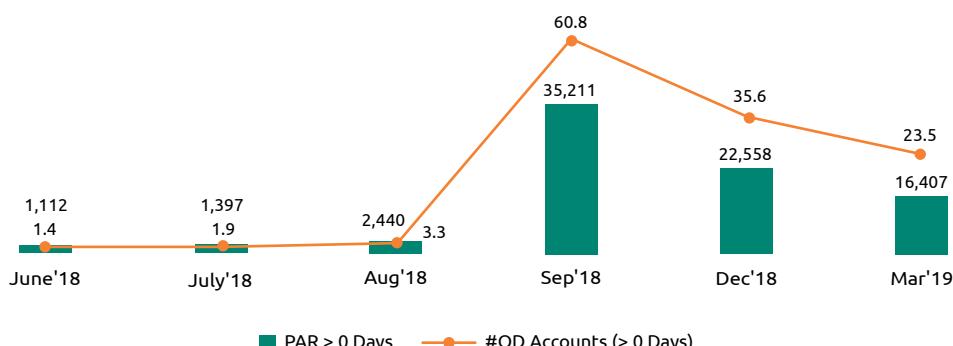
8.1.5. Kerala portfolio update post floods

Following the devastating floods in Kerala, and in compliance with the directives of the State Level Bankers Committee (SLBC) (Kerala SLBC/61/104/GN/208), the Bank had extended a repayment holiday to all customers in the affected branches. The repayment behaviour of affected customers as at year end was as follows :

Particular	Normalized	Paying Regularly	Missed 1 EMI	Missed 2 EMIs	NPA
# Accounts	17,077	12,253	752	484	1,326
% Accounts	53.5%	38.4%	2.4%	1.5%	4.2%
PAR (₹ in Lakhs)	-	1800	100	80	180

Out of 35,211 overdue cases, 54% customers have regularized their loan and 38% customers are paying EMIs with a lag in Q4. 3.9% customers are irregular payers and 4.2% have become NPA.

Portfolio performance of Kerala (Cr)



8.1.6. Write-offs

The following table provides the criteria for writing off loans for the different category of loans. The Bank, however continue its efforts on recovery even after writing off:

Category of loans	Trigger point
Unsecured loans	<ul style="list-style-type: none"> a) Doubtful and Loss assets can be written off after 180 Days Past Due (DPD) which are fully provided for b) Loss assets identified earlier based on specific reasons or circumstances can be written off after 180 DPD with Credit Risk Management Committee (CRMC) approval
Secured Loans	Can be written off after 545 DPD
Loss Assets classified as Benami loan/Sub lending/Abscond cases	<ul style="list-style-type: none"> a) Unsecured loans after 180 DPD b) Secured loans after 365 DPD c) Benami/Sub-lending cases may be written off earlier basis the report from Risk and Fraud Management Committee.
Fraud Cases (As confirmed by the Risk and Fraud Management Committed and reviewed by the Risk Committee)	<ul style="list-style-type: none"> a) Unsecured loans after 180 DPD or immediately after the fraud have been established and full provision is made on the Bank's books. b) Secured loans after 365 DPD or immediately after the fraud have been identified and full provision made on the books. c) Any fraud account over and above ₹ 1 Lakh can only be written off by the MD & CEO

For Q4 of FY 2018-19, the Risk Management Committee had approved write-offs to the tune of ₹ 3,770 Lakhs. These were advances where no recoveries had been made in the recent past. Further, the Bank is of the opinion that these advances have low probability of recovery. The trend of the last 4 quarters is given below:

Period	Amount (₹ in Lakhs)
Q1 (YTD)	5,603
Q2 (YTD)	10,993
Q3 (YTD)	13,930
Q4 (YTD)	17,520

The Bank has effectively written off almost the total portfolio affected by demonetisation. This was a decision made by the Board after careful evaluation of the residual portfolio. With these write offs and continuous recoveries in NPA, Gross Non-Performing Assets (GNPA) as a percentage to the overall book had reduced to 0.92% (₹ 9,785 Lakhs) as at 31st March 2019 when compared to 3.65% as at 31st March 2018.

8.1.7. Credit Risk Management

The overall distribution of gross advances as at 31st March 2019 was as under:

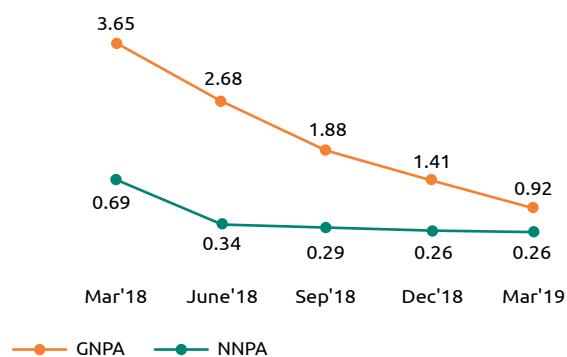
Asset Class	Gross Advances	% Share
Micro banking ¹⁸	889,448	83.73%
Secured Housing	82,991	7.81%
MSE	59,079	5.56%
Institutional Lending	22,497	2.12%
Agriculture Loans ¹⁹	3,423	0.32%
Advances against deposits	2,743	0.26%
Personal Loans	1,143	0.11%
Staff Loans	913	0.09%
Two Wheeler Loans	39	0.004%
Total Advances	1,062,276	100.00%

¹⁸ IBPC to the tune of ₹ 33,500 Lakhs is excluded

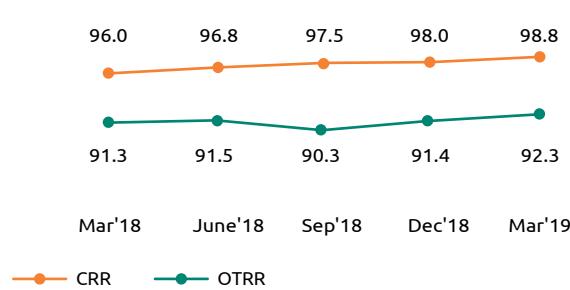
¹⁹ Includes corporate agriculture exposure of ₹ 1,000 Lakhs

The Gross NPA (GNPA) had reduced to 0.92% as at March 2019 from 3.65% as at March 2018. Key risk indicators such as On Time Repayment Rate (OTRR) and Cumulative Repayment Rate (CRR) had shown encouraging trends affirming that the overall health of the credit portfolio was very close to pre-demonetization levels.

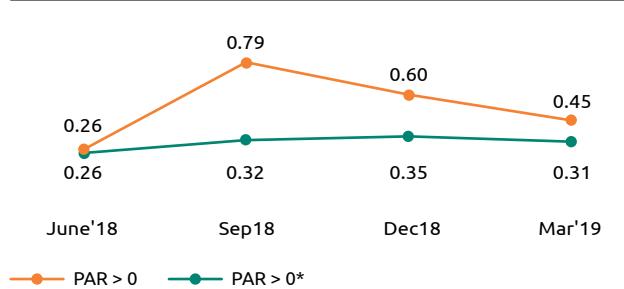
GNPA & NNPA (Bank Level) (%)



Cumulative Repayment Rate & On time Repayment Rate (MB) (%)



PAR of cases sourced from April' 17 (MB) (%)



* Excluding flood affected Kerala OD and cyclone affected Tamilnadu cases

8.1.7.1 Recovery Trend and Collections

Recovery efforts across multiple channels exhibited an encouraging trend. Recovery from delinquent accounts are undertaken through various channels including direct contact by the collections team, tele calling reminders, collection through legal notices and settlement recoveries. Some of the salient achievements in collections were as follows:

- Achieved ₹ 11,320 Lakhss over all collections in Micro Banking from NPA and Write-off pool.
- Achieved ₹ 2,072 Lakhs collections from written-off borrowers and ₹ 92.59 Lakhs in NPA – Micro banking
- In MSE and Housing, the Bank had recovered physical collection of ₹ 507 Lakhs.
- The Bank had clocked its highest ever recovery from written off accounts in March 2019 with ₹ 492 Lakhs.

On the various initiatives and executions made during the year, the Bank had entered into OTS²⁰ settlements with 16,581 borrowers and garnered a total collection of ₹ 1,477 Lakhs. Around 56.09% (₹ 834 Lakhs) was through OTS from NPA borrowers while 43.91% (₹ 653 Lakhs) was through OTS from written off NPA borrowers.

The Bank initiated recovery programs such as "Samadhan" during the year which aimed at incremental recoveries, normalization of accounts and negotiation for settlements. Some of the key achievements were as follows :

- SAMADHAN** – Motive behind Samadhan was to touch base with all delinquent customers to whom

the Bank could not reach, those who were highly critical. The aim was to invite delinquent customers to branch and have fruitful negotiation and utilize the Bank's settlement policy. During the year, the Bank had conducted over 200 Samadhan , reached ~59,000 accounts through personal invitation by the field collection team and have collected ~₹ 432 Lakhs of collection from unpaid and unallocated customers.

- Legal notices** were sent to 35,000 customers and the Bank could convert and collect ~₹ 241 Lakhs.
- Executed** 500+ notices as per section 138 of NI Act²¹ & 66 notices under SARFAESI²².
- Conducted Pan India Lok Adalats²² and invited ~16520 customers and collected ₹ 143 Lakhs in collection.

Use of Collection Agents

In an effort to boost collection of dues that had been written off post demonetisation, the Bank, with the approval of Board, appointed outside collection agents in the last quarter of FY 2017-18. These were all agents that are accredited and conform to the guidelines of RBI. As at 31st March 2019, there were 6 agencies with 20 agents active. The Bank had collected ₹ 161.70 Lakhs in FY 2018-19 through the use of Collection Agents.

On the technology front, the Bank has successfully executed e-receipt module for micro banking with reverse interface of collection to core system. The module generates ~ 5000 receipts on a daily basis from more than 1500 users. Automation of write off within the internal collections systems is now implemented to reduce manual intervention.

8.1.7.2. Non-Microfinance Portfolio

The non-microfinance portfolio includes advances for secured Housing, MSE loans, Agriculture Loans, Personal loans and Institutional lending. The entire non-microfinance loans contributed to 15% of the total advances. From a risk management perspective, the Bank has put in place various frameworks for risk identification, risk measurement, risk mitigation and risk monitoring. The intended purpose was to establish a robust governance, risk and compliance framework for the newer portfolios. These frameworks would help the Bank to identify incipient stress and provide early warning signals of stress.

A brief description of the performance in each category is furnished as below:

8.1.7.2.1. Secured Housing

Housing Loans	OSP as at June 2018	OSP as at Sept 2018	OSP as at December 2018	Outstanding balance as at March 2019 ²⁴	₹ in Lakhs Growth%
South	12,577	16,502	20,617	25,660	24%
North	10,939	12,602	13,959	15,509	11%
East	3,928	5,271	7,058	9,325	32%
West	14,260	18,879	25,132	32,505	29%
Grand Total	41,704	53,254	66,767	82,998	24%

²⁰ OTS

²¹ Negotiable Instruments Act, 1881

²² Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002

²³ Lok Adalats is one of the Alternative dispute resolution mechanisms in India, it is a forum where cases pending or at pre litigation stage in a court of law are settled. They have been given statutory status under the Legal Services Authorities Act, 1987

²⁴ Outstanding principal plus accrued interest (1-90 days)

The performance of Secured housing loans has largely been satisfactory with an exception to a few states/clusters where there are signs of early warnings. Root cause analysis is continuously undertaken to plan risk mitigation strategies. Based on an internal review, the Bank has undertaken policy and process level changes in sync with industry practices during the last quarter. The Bank had onboarded ~6500 new customers during the financial year. The overall portfolio had clocked a growth rate of 156% over March 2018. The Bank had clocked its highest ever disbursement of ₹ 7,272 Lakhs in the month of March 2019. More than half of incremental disbursements are self-sourced with the rest sourced through various internal and external referrals. The average ticket size of the portfolio was ₹ 9.59 Lakhs during the year.

The Bank has increasingly focused on increasing its share in semi-formal/formal customer segments. The benefit of subsidy received under the aegis of PMAY²⁵ scheme was transferred to 829 customers amounting to ₹ 1,778 Lakhs.

On the technology front, the Bank had initiated migration of Housing loans from the legacy Loan Management System (LMS) to the new Core Banking System (CBS) for purpose of better portfolio management. The Bank is in the process of exploring various mobility solutions by leveraging its technology platforms. The Bank has already increasingly channelized its efforts towards Automated Data Flow (ADF) with the purpose of reducing Turnaround Time (TAT).

8.1.7.2.2. Micro and Small Enterprises (MSE):

Region	OSP as at June 2018	OSP as at Sept 2018	OSP as at 31st December 2018	Outstanding Balance as at 31st March 2019	₹ in Lakhs Growth%
South	8,405	10,518	13,614	17,695	30%
North	8,443	10,318	12,931	16,209	25%
East	6,941	9,134	12,014	16,874	40%
West	4,238	5,322	6,478	8,307	28%
Grand Total	28,028	35,293	45,037	59,084	31%

The MSE advances registered a robust growth of 142% over the previous year with 13000+ customers and a total advances book of ₹ 59,084 Lakhs as at 31st March 2019. The Bank has increased its focus on secured lending to cater to established businesses with higher funding requirement and better credit profile. This is evidenced through introduction of new credit facilities in the nature of overdrafts against property. Furthermore, the share of monthly secured loans disbursements has increased sharply from 50% in April 2018 to 95% in Mar 2019. In absolute terms, secured loans have grown from around ₹ 104 Lakhs in April 2018 to ₹ 6,840 Lakhs in March 2019. The total share of secured advances to total MSE is at 69.22%.

Credit Guarantee Fund Trust For Micro And Small Enterprises (CGTMSE) provides credit guarantee for MSME units against finance availed from Banks. Small Finance Banks are also covered as per a resolution passed in March 2018 for loans up to ₹ 200 Lakhs. During the quarter, the Bank was empanelled by the CGTMSE trust. This will now allow the Bank to cater to customers with better credit profile who do not have collateral availability. The CGTMSE guaranteed loans are expected to commence during the first quarter of the next financial year.

8.1.7.2.3. Agriculture and Rural Business

The newly commenced business vertical for Agriculture and Rural Business had performed well and a summary of their key indicators is given below:

Region	Position as at 30th Sept 2018*	Position as at 31st December 2018*	Position as at 31st March 2019*
QTD Disbursement	3,300	4,600	10400
YTD Disbursement	5,100	9,800	20500
Outstanding Principal	6,600	9,900	18500
Ticket Size	30,588	32,056 (GL) and 77,109 (IL)	30,543 (GL) and 78,830 (IL)
Productivity	11.50	14 (GL) and 9 (IL)	12.5 (GL) and 8 (IL)

*rounded to nearest 100

As at 31st March 2019, the Bank catered to 66,507 borrowers in URC branches. Agriculture and rural banking had disbursed an all-time high of ₹ 5,179 Lakhs in the month of March 2019. The first corporate agriculture loan of ₹ 1,000 Lakhs was disbursed during the financial year. The deposits mobilized by Non-URC branches crossed ₹ 100 Lakhs since inception. The composition of deposit balance as at 31st March 2019 in these URCs was CASA (49%), and Term Deposits (51%).

²⁵ Prime Minister Awas Yojana

8.1.7.2.4. Loans to Financial Institutions

As at 31st March, 2019, the Bank had built a portfolio of loans to Financial Institutions with an aggregate sanctioned limit of ₹ 24,000 Lakhs. The Bank has been selective in building this portfolio, which requires separate due diligence by the Business and Risk Management teams addressing business and the risk parameters, based on which loans are approved by the Credit Approval Committee (CAC).

8.1.7.2.5. Personal Loans (PL)

The Bank has rolled out its PL loans in select cities and has garnered tremendous interest across these locations. This is evidenced by the large influx of online applications and significant share of business from the online platform. A key development is the revision in the PL policy which is slated to improve approval rates from current levels and also help build operational efficiency. The priorities for the first two quarters would be to launch in new markets, scale distribution across all channels and also explore partnerships with select Fintech companies on a dynamic lending program.

As at 31st March 2019, the total disbursements made were ~₹ 1,213 Lakhs.

8.1.8. Credit Risk Monitoring

8.1.8.1. Micro Finance portfolio

Credit limits are set for occupation categories under each branch. No new credit application is allowed across occupations breaching the limits. These limits are monitored and revised at regular intervals based on the area survey reports, ticket size analysis and repeat loan portfolio performance of last 12 months.

In order to make informed decisions on lending, the Bank has introduced usage of Combo Credit Bureau Reports (CCR). CCR is a comprehensive credit information report which carries details of all loans taken by a borrower inclusive of microfinance loans and other retail loans. It provides a combined view of the customer's overall credit exposure and repayment behavior across all type of loans thereby helping the Bank make more informed credit decisions. With the implementation of CCR, the following changes to number of lender rule and indebtedness cap were made applicable:

Type of Customer	Indebtedness cap	Number of lender rule
Fresh Loans	₹ 100,000/ ₹ 80,000 as applicable	3 lender rule (Including the Bank) applicable for MFI loans only
Repeat Loans		
Only MFI or Only Retail Match	₹ 100,000	Lender rule not applicable
Both MFI + Retail Match	₹ 150,000	Lender rule not applicable

8.1.8.2. Housing and Micro and Small Enterprises (MSE) portfolios

Credit risk monitoring for MSE and Secured Housing loans is broadly done at two levels – account level and portfolio level. While regular portfolio reviews are undertaken to assess the health of the portfolio, the Bank has also assessed inter-linkages of risks especially legal risk induced credit risk. Collateral related processes and procedures were reviewed to ascertain various gaps in the process. The Bank seeks to address these gaps during the ensuing financial year which will help in reduction of errors and associated risks. During the last quarter, the Bank had formalized the monitoring mechanisms at process level encompassing credit deviations, collateral management, documentation etc.,

During the last quarter, the Bank had designed risk rating scorecards at product level and customer segment level for its MSE and Housing loan portfolio respectively. These scorecards are designed on expert judgement basis and will be back tested and validated with data. The scorecards are designed to provide an objective and unbiased assessment on potential customers duly factoring their personal, income, repayment track records and collateral aspects. The Bank has initiated the necessary changes and modifications at system level for implementation of the same. The same is expected to be in place during the second quarter of FY 2019-20.

8.1.9. Audit

The Bank is subject to statutory audit as per the provisions of section 29 of the Banking Regulation Act, 1949, accounting standards issued by ICAI²⁶, circulars and guidelines issued by RBI as applicable to banks and other matters which are required to be included in the audit report.

The Internal Audit process of the Bank complements the risk management function as the third line of defence. Traditionally, the focus was on audit of branch processes, with each microfinance branch being audited thrice a year. However, with its transformation into a Bank, there are newer audit processes that have been introduced with Risk Based Internal Audit having commenced. The Bank has built a strong team for credit audit, the aim being to ensure that there are no policy deviations and that due processes are followed as it seeks to diversify its asset book and build its asset portfolio. The Bank commenced ISO 27001 certification processes for its IT applications during the year and had completed IS Audit.

As per RBI guidelines on Concurrent Audit System in Commercial Banks²⁷, Concurrent audit at branches should cover at least 50% of the advances and 50% of deposits of a bank. In addition to these, there are specific branches/verticals which fall under the ambit of concurrent audit as per the RBI guidelines.

Accordingly the Bank has identified 152 branches that contributed to 50% of advances and 50% of deposits of

²⁶ Institute of Chartered Accountants of India

²⁷ Refer RBI guidelines on Concurrent Audit System in Commercial Banks - Revision of RBI's Guidelines issued vide RBI/2015-16/133 DBS.CO.ARS.No. BC. 2/08.91.021/2015-16 dated 16th July 2015

the bank as per 31st March 2018 balance sheet figures to be covered under concurrent audit. Similarly, few critical processes / functions at Head Office are also covered under concurrent audit. The Bank has put in place a Board approved Concurrent Audit Policy. The audit reports along with gaps identified are regularly placed to the Audit Committee of the Board for further action.

The Bank was subjected to Information Technology examination in the month of February 2019 by the regulator. The focus of the examination was to assess the cyber security risk in the Bank by examining in detail the cyber security and resilience framework as implemented by the Bank in terms of RBI guidelines on 'Cyber Security Framework in Banks'²⁸. The assessment covered IT governance, Information Security, IS/IT audit, regulatory reporting systems, BCP/DR aspects, IT operations, Digital products, IT related outsourcing and extent of IT risk in Operational Risk Management. The various observations made by the regulator are being addressed in a time bound manner.

8.2. Quantitative Disclosures

8.2.1. Exposure summary: Facility type

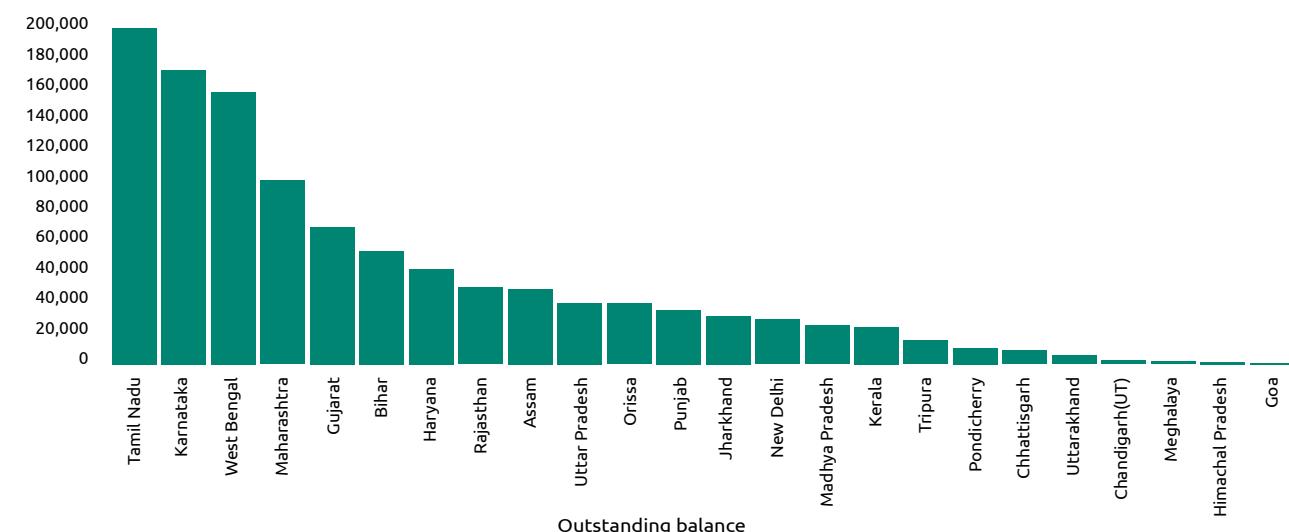
Exposure Type	Domestic ₹ in Lakhs)	Overseas
Fund-Based exposure	1,366,979	-
Non-Fund Based Exposure*	4,459	-
Total	1,371,438	-

*Non fund based exposure includes undrawn limit to Overdraft customers and Contingent liabilities.

8.2.2. Geographic Distribution of advances (State-wise)

State	Outstanding balance	% Share
Tamil Nadu	177,873	16.74%
Karnataka	155,602	14.65%
West Bengal	143,830	13.54%
Maharashtra	97,246	9.15%
Gujarat	72,756	6.85%
Bihar	60,093	5.66%

Total Outstanding Portfolio (₹ in Lakhs)



²⁸ Refer RBI guidelines on Cyber Security Framework in Banks issued vide DBS.CO/CSITE/BC.11/33.01.001/2015-16 dated 2nd June 2016

8.2.3. Advances distribution by activity

Sector	Outstanding total advances	Gross NPAs	₹ in Lakhs % of Gross NPAs to Total Advances in that sector
Priority sector:			
Agriculture and Allied activities	141,188	677	0.48%
Advances to industries eligible as priority sector lending	21,480	61	0.28%
Services	58,515	429	0.73%
Personal loans	397,105	3,008	0.76%
- of which Housing	128,769	646	0.50%
Sub-Total (A)	618,288	4,176	0.68%
Non-Priority sector:			
Agriculture and Allied activities	155,294	593	0.38%
Industry	23,832	287	1.20%
Services	96,450	3,421	3.55%
- of which NBFC	22,497	-	0.00%
Personal loans	168,412	1,309	0.78%
- of which Housing	39,731	816	2.05%
Sub-Total (B)	443,988	5,610	1.26%
Total (A) + (B)	106,2276	9,785	0.92%

8.2.4. Priority Sector Lending (PSL) Compliance

The licensing conditions for SFBs require that PSL composition of a bank's asset book is a minimum of 75% of the total portfolio.

The Adjusted Net Bank Credit (ANBC) as on the corresponding date of the preceding year i.e. 31st March 2018 was ₹ 685,592.70 Lakhs. The Priority Sector lending was above the minimum requirement of 75% i.e. 90.18% (₹ 618,188 Lakhs as a percentage to ANBC). The PSL portfolio available in excess of the Bank's target was sold as Priority Sector Lending Certificate (PSLC).

Particulars	₹ in Lakhs Year ended March 31, 2019 PSLC Sold
1) PSLC Agriculture	-
2) PSLC Small Farmers / Marginal Farmers	1,54,400
3) PSLC Micro Enterprises	25,000
4) PSLC General	60,000
	2,39,400

8.2.5. Maturity pattern of assets and liabilities

(₹ in Lakhs)

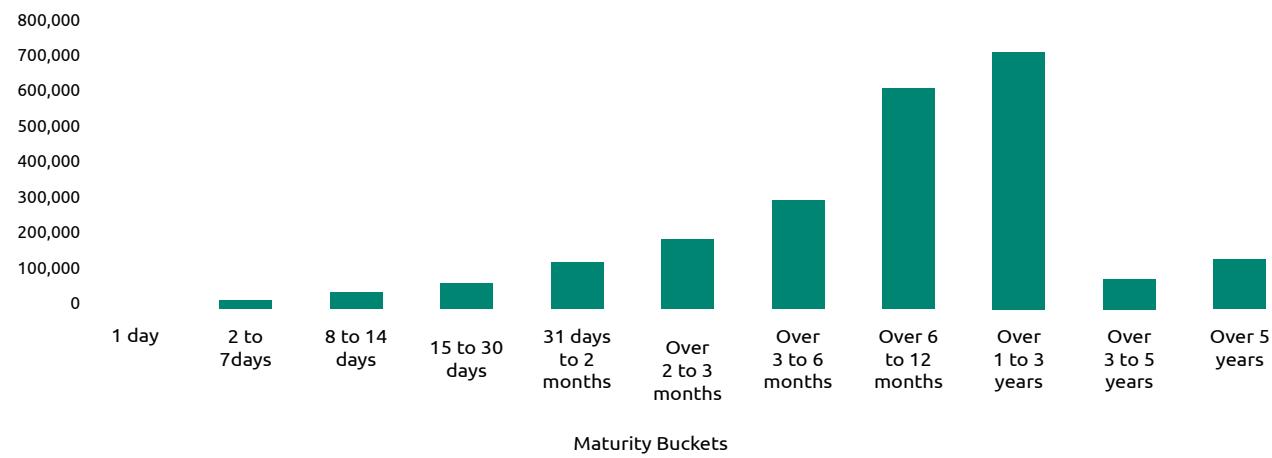
The liquidity crisis arising from default in commercial paper by a large NBFC in June 2018 had shut out several available funding avenues for NBFCs and resulted in widespread speculation of imminent liquidity crisis within the NBFC industry. The situation was further exacerbated during the month of April 2019 and May 2019 where large NBFCs and Housing Finance Companies defaulted on their debt commitments. RBI, in its part had introduced a slew of measures to contain the liquidity crunch. The measures included increase in Facility to Avail Liquidity for

LCR (FALLCR) from 11% to 13% which had the potential to inject ~2.5 Lakhs Crores in the financial system. RBI has also made the appointment of Chief Risk Officer (CRO) mandatory for NBFCs with asset size of more than ₹ 500,000 Lakhs. RBI has issued a draft circular on "Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies" for public comments. While some of the current regulatory prescriptions applicable to NBFCs on ALM framework have been updated / recast, certain new features have been added. Among others, the draft guidelines cover application of generic ALM principles, granular maturity buckets in the liquidity statements and tolerance limits, liquidity risk monitoring tool and adoption of the "stock" approach to liquidity. In addition, the draft proposes to introduce Liquidity Coverage Ratio (LCR) for all deposit taking NBFCs and non-deposit taking NBFCs with an asset size of ₹ 5,00,000 Lakhs and above. With a view to ensuring a smooth transition to the LCR regime, the proposal is to implement it in a calibrated manner through a glide path over a period of four years commencing from April 2020 and going up to April 2024. The Bank has taken cognizance of the same and has assessed its impact on its ALM position.

The Bank, by virtue of its holding company structure was mistakenly perceived to be an NBFC during the first half of FY 2018-19. In addition, the crisis within the NBFC industry impacted the share price of USFL, where the only asset is the investment in the Bank's shares. The liquidity situation of the Bank was not impacted, though in the short run there was an impact on the marginal cost of funds.. During the year, the Bank remained well-matched in case of the ALM position.

Maturity Buckets	Loans & Advances	Investment	Deposits	Borrowings
1 day	2	0	757	-
2 to 7 days	10,330	7,089	8,935	-
8 to 14 days	21,105	9,765	8,979	9,167
15 to 30 days	32,727	11,082	32,753	-
31 days to 2 months	67,829	13,649	42,923	7,667
Over 2 to 3 months	70,425	10,372	113,747	9,167
Over 3 to 6 months	164,363	1,501	83,819	54,751
Over 6 to 12 months	317,253	13,175	203,611	87,621
Over 1 to 3 years	274,332	24,436	240,905	185,586
Over 3 to 5 years	24,166	3,010	984	57,650
Over 5 years	72,714	58,582	531	5,000
Total	1,055,245	152,662	737,944	416,609

Residual Maturity of Asset and Liabilities



SLS Mismatch:

SLS	1 Day	2-7 Days	8-14 Days	15-30 Days
Total Outflows	19,084	9,017	20,985	38,859
Cumulative Outflows	19,084	28,101	49,086	87,945
Total Inflows	38,753	94,757	22,835	50,175
Cumulative Inflows	38,753	133,509	156,344	206,519
Mismatch	19,669	85,739	1,850	11,316
Cumulative Mismatch	19,669	105,408	107,258	118,574
Mismatch %	103%	375%	219%	135%
RBI Limits	-5.00%	-10.00%	-15.00%	-20.00%

As shown above, the Bank is positively matched (the cumulative inflow is greater than cumulative outflows). Further, the Bank is also positively matched for its residual maturity buckets on a cumulative basis.

The Bank has commenced a behavioural analysis of cash flows, especially for its Current Accounts and Savings Account balances using Value at Risk (VaR) based approaches to identify potential mismatches. The analysis is done on the basis of two years data and is expected to be repeated at regular intervals so as to form a constructive basis when the Bank has three years data. Aside from providing critical input on the churn and the likely impact that such churn can have on the liquidity mismatch, the analysis is intended to be the basis for devising strategy to stave off any flight of short term deposits, as the Bank focusses on building its CASA volumes.

The Bank continues to monitor impact on liquidity under simulated stress situations by applying the RBI mandated increase in the run off factors. The analysis has shown that the ALM situation remained comfortable in normal stress scenarios, with only marginal mismatch in medium and severe stress situations. During the year, the Bank also reworked on its Contingency Funding Plan (CFP), and tested it to ensure efficacy in a contingency.

8.2.6. Non-performing assets (NPA) (₹ in Lakhs)

Category of Gross NPA	31st March 2019
Sub-standard	6,818
Doubtful	2,207
Loss	7,60
Total	9,785
Net NPA	2,755

NPA Ratios	Percentage
Gross NPA to Gross Advances	0.92%
Net NPA to Net Advances	0.26%

8.2.7. Movement of Gross NPA's

Particulars	Amount (₹ in Lakhs)
Opening Balance	22,498
Provisions made during the period	5,252
Write back of excess provisions	20,719
Closing Balance	7,030

8.2.9. Non-performing Investments (NPI)

	Amount (₹ in Lakhs)
Amount of Non-performing investments	NIL
Amount of provisions held for non-performing investments	NIL

8.2.10. Movement of provisions for depreciation on investments

Particulars	Amount (₹ in Lakhs)
Opening Balance	--
Provisions made during the period	--
Write-off	--
Write- Back of excess provisions	--
Closing Balance	--

9. Table DF-5: Credit Risk: Disclosures For portfolios subject to the Standardised Approach

9.1. Qualitative Disclosures

- a) The Bank has adopted Standardized Approach for computation of capital charge for Credit Risk as per RBI guidelines. These guidelines envisage different risk weights for different asset classes, which have been duly applied.
- b) The loan book of the Bank predominantly comprised retail category loans. There was a small book comprising loans to Financial Institutions and a growing portfolio loans to Affordable Housing sector. Therefore, the risk weights as applicable to Regulatory Retail, Claims under Residential Mortgage and staff loans were applied. For consumer loans within its microfinance portfolio, the applicable risk weight is applied.
- c) Institutional lending is risk-weighted as per ratings assigned by Eligible Credit Rating Agencies (ECRA) as prescribed by RBI.

d) The Bank has also taken into cognizance assets under lien for its "grandfathered" portfolio of legacy borrowings and applied an additional risk weight of 25% to these assets as per the specific directives by RBI to SFBs. These loans are being paid off and as at 31st December 2019, they comprised less than 3% of the funding sources for the Bank. All legacy loans will be fully repaid in the ensuing financial year as directed by RBI.

9.2. Quantitative Disclosures

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk Weight – Position as on 31st March 2019.

Sl. No	Risk Weight	₹ in Lakhs
1	Below 100% Risk Weight	1,131,784
2	100% Risk Weight	90,647
3	More than 100% Risk Weight	149,008
4	Deductions from CRM	0
5	Total	1,371,438

Details of Gross Credit Risk Exposure (Fund based and Non-fund based) based on Risk Weight (%)



Below 100% risk weight	82
More than 100% risk weight	11
100% risk weight	7
Deductions from CRM	0

10. Table DF-6: Credit Risk Mitigation: Disclosures for Standardised Approach

10.1. Qualitative Disclosure

- The Group Loan and Individual Loan portfolio, under microfinance is unsecured. Loans to the Affordable Housing segment are collateralized by a mortgage over the property financed. There are unsecured and secured product variants under MSE loans. Loans to Financial Institutions are secured by a charge over book debts which are registered with CERSAI.
- The Bank does not accept any eligible financial collateral²⁹ for risk mitigation. Therefore, the Bank does not take any netting off benefit for its collateralized transactions under comprehensive approach³⁰ while computing its Risk Weighted Assets (RWA).
- However, the Bank has in place the following risk mitigation techniques for its loan portfolio which are as follows:
 - Life insurance cover is mandatory for all the borrowers availing of the Bank's microfinance, two wheeler and personal loans.

²⁹ Refer section 7.3.5 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 1, 2015

³⁰ Refer section 7.3 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline New Capital Adequacy Framework (NCAF) dated July 1, 2015

- The Bank works with 4 Credit Information Companies (CICs) and ensures 100% application screening through the bureaus using their comprehensive credit reports.
- NPA Customers are identified and follow up is undertaken by the tele-calling team. The tele calling team updates the field recovery officer through revised Promise to Pay (PTP) dates from the borrower. Further, the Early Warning System (EWS) tool for Housing and MSE loans also enables the Bank to monitor the repayment behaviour and discipline of the borrower. This tool provides valuable insights which enable the Bank to focus more on customers deemed to be of higher risk.
- The Bank also undertakes independent surveys and analysis to identify negative areas/No- go areas based on historical events. These surveys enable the Bank to discourage increasing business from these areas as identified above.

11. Table DF-7: Securitisation Exposures: Disclosure For Standardised Approach

11.1. Qualitative Disclosure

The Bank had entered into a securitization deal on the sell side for ₹ 18,211 Lakhs on 31st October 2018. The Bank had proposed to sell a pool of receivables through a special purpose vehicle (SPV). The securitization met the 'true sale criterion' prescribed under the securitization guidelines.

As per RBI guidelines on securitization³¹, banks are required to hold regulatory capital against all of their securitisation exposures, including those arising from the provision of credit risk mitigants to a securitisation transaction, investments in asset-backed securities, retention of a subordinated tranche, and extension of a liquidity facility or credit enhancement.

Furthermore, when a bank is required to deduct a securitisation exposure from regulatory capital, the deduction must be made 50% from Tier I and 50% from Tier II, except where expressly provided otherwise.

Accordingly, the Bank has deducted the over collateralization and credit enhancement portion from its regulatory capital in the manner as prescribed above.

11.2. Quantitative Disclosure

Sl. No	Description	Particulars (₹ in Lakhs)
1.	Pool Size (Principal+ Interest)	₹ 18,211
2.	Pool Principal	₹ 16,029
3.	PTC Tranche	1
4.	Par/Premium	Par
5.	Amortization of the pool	19.79 months
6.	Purchased consideration	₹ 13,945
7.	Overcollateralization	₹ 2,084
8.	First Loss Credit Enhancement Amount	₹ 681

12. Table DF- 8: Market Risk and Liquidity Risk

12.1. Qualitative Disclosures

The Bank has a well-defined Investment and Market Risk Management Policy. This policy covers all important areas of market risk measurement. The other policy which also deals with Market Risk Management is the Asset Liability Management (ALM) Policy. The policies set various prudential exposure limits and risk limits for ensuring that the operations are in line with the Bank's expectations of return through proper Market Risk Management and Asset Liability Management.

The Bank defines Market Risk as the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market process, in particular, changes in interest rates, exchange rates and equity and commodity prices.

There is minimal market risk that the Bank is required to address, given that it did not hold overnight G-Sec trading positions for the limited amount of trading that it conducted during the year. The Bank also had no holding of dated Government Securities in its AFS portfolio and hence did not have to make any provisions for adverse movements in yield.

The Bank has in place an independent Mid-office which monitors the AFS portfolio on a daily basis. Macro-economic indicators including interest rate movement and peer analysis play a vital role in the effective functioning of the Bank. Mid-Office keeps Asset and Liability Committee (ALCO) and senior management informed on the recent developments in the economy and its possible implication on the interest rate movement.

12.1.1. Liquidity Risk:

The average tenor of a microfinance loan is 18 months. The Bank has grown its portfolio of Affordable Housing and MSE portfolio, which are of longer tenor. Personal loans are for short dated tenors and the average tenor for loans to Financial Institutions did not exceed 24 months. The ALM position for the Bank was well managed and regulatory thresholds complied with.

At commencement of operations, the Bank's book was wholly funded by borrowings from other banks. These were availed of as an NBFC- MFI and under dispensation from RBI were classified as "grandfathered" legacy loans on the Bank's book to be progressively repaid. These legacy loans were not considered while computing the Bank's interbank borrowings, but the assets under lien, provided as book debt to the lending banks, attracted an additional risk weight of 25%. The share of legacy borrowings had reduced sharply to 3% of the borrowing mix as at 31st March 2019 from 17% as at 31st March 2018. To effectively manage its ALM and also to diversify its funding sources, during the year the Bank availed of refinance from SIDBI and NABARD. Other than it being cost effective, since there is no obligation to maintain Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) on these borrowings, these are also long tenor loans, thereby providing the necessary cushion for ALM.

³¹ Refer Clause 5.16 of Master Circular - Prudential Guidelines on Capital Adequacy and Market Discipline-New Capital Adequacy Framework (NCAF) dated 1st July 2015

The Bank had also issued Inter Bank Participation Certificate (IBPC) for which it received a consideration of ₹ 33,500 Lakhs. These transactions were done to further cushion the Bank against any potential liquidity risk against the backdrop of default in commercial paper by a large NBFC.

The share of deposits showed an increasing trend during the quarter with a contribution of 50% of the total funding. As part of its Contingency Funding Plan and

also to diversify its funding sources, the Bank has been sanctioned a committed line of credit from a large private sector bank to the tune of ₹ 5,000 Lakhs. The accent on retail deposits will continue in the ensuing years but the Bank will simultaneously seek to grow its long term liability as an effective way to manage its Asset/ Liability maturity profile.

A comparative picture of the funding mix for FY 2018-19 is given below:

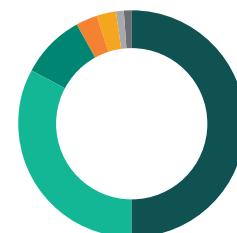
Sl. No	Particulars	March 2018	June 2018	September 2018	December 2018	March 2019 ³²
1	Legacy	127,688	91,368	44,247	18,861	34,700
2	Refinance	195,097	240,597	324,400	312,440	372,000
3	Interbank	2,500	2,500	-	18,000	0
4	Deposits	160,623	205,756	264,883	385,151	561,300
5	CDs (< 3 Months)	174,700	41,000	81,000	92,500	77,500
6	CDs (> 3 Months)	45,000	136,500	37,500	5,000	22,500
7	NCDs	60,000	60,000	50,000	10,000	10,000
8	Securitization	-	-	-	12,600	9,100
9	IBPC	-	-	15,000	15,000	33,500
	Outstanding	765,608	777,720	817,030	869,552	1,120,600

The distribution of funding mix is detailed as below:

Funding mix as at March 2018 (%)



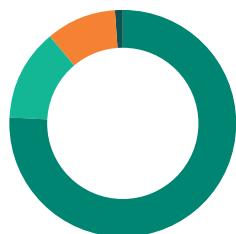
Funding mix as at March 2019 (%)



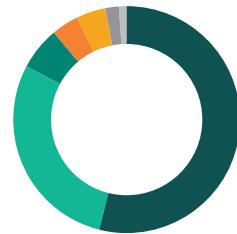
12.1.2. Deposit profile of the bank

The below mentioned graph shows the deposit concentration (as a source of liability) and deposit bifurcation as at 31st March 2019

Deposit Classification (%)



Borrowing concentration (%)



³² rounded to nearest zero

Refinance accounted to 83% of the total borrowing with refinance from NABARD accounting for more than half of the borrowing. CASA accounted for 11% (1% in Current Account) of the total deposits with limited contribution from Institutional CASA.

40% of Term Deposits are from Retail accounts. The top 2 depositors held 10% of total deposits in March 2019. As at 31st March 2019, the top 20 depositors held 46% of the total deposits, and the highest depositor held 6% of the total deposits. The share of top 20 depositors is shown below:

Funding mix as at March 2019 (%)



Assam Co-operative	6	Capital SFB	2
UTI MF	4	PNB GILTS	2
Kangra Co-op Bank	4	Hoshiarpur Co-op Bank	2
NABARD	4	Pandyan Grama Bank	2
Bank of India	3	BNP Paribas Liquid Fund	2
Baroda Pioneer MF	2	United Bank of India	1
HSBC MF	2	DSP MF	1
Tripura Co-op Bank	2	ECGC Limited	1
Pallavan Grama Bank	2	Kapurthala Co-op Bank	1
Ujjivan Financial Services	2	Rest of TD	54
NSE Clearing	2		

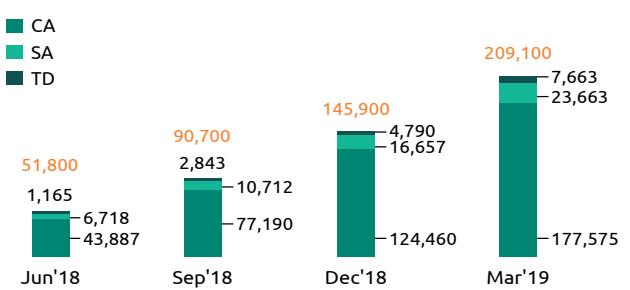
The Bank has increasingly focused on ramping up its retail deposit base. Sales Officer (SO) productivity had increased from ₹ 22 Lakhs to ₹ 28 Lakhs by year end. The Bank has successfully launched its Senior Citizen Program during the year with state of the art door-step banking service. The Bank has also synchronized the Common Application Form for Current Account with MSE loan application forms. The average bank balance in SA and CA account was ₹ 8,500 and ₹ 57,900 respectively.

The key highlights of retail deposits are as follows:

Particulars	(₹ in Lakhs)		
	As at 30th September 2018	As at 31st December 2018	As at 31st March 2019
Retail Deposit	90,800	1,45,900	2,09,100
Balance			
CASA	13,600	21,500	31,500
Term Deposits	77,200	1,24,500	1,77,600

The trend in deposits growth is shown as below:

Deposits



³³ Trusts, Associations, Societies and Clubs

The Bank has also focused on increasing institutional deposits. The key highlights of institutional deposits are as below:

Particulars	As at 30th September 2018	As at 31st December 2018	As at 31st March 2019
Financial	140,300	183,000	270,000
Institutional			
Group-FD (FIG)			
TASC ³³ - Branch Channel	8,500	11,500	84,100

The Bank adheres to RBI guidelines relating to the Liquidity Coverage Ratio (LCR), Liquidity Risk Monitoring Tools and the LCR Disclosure Standards pursuant to the Basel III Framework on Liquidity Standards that are applicable to Small Finance Banks in India. LCR aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) to meet its liquidity needs, convertible into cash under significantly severe liquidity stress scenario lasting for 30 days horizon period.

The Bank computes LCR in Indian rupees, the only currency it deals with. HQLA of the Bank consists of cash, unencumbered excess SLR eligible investments, a portion of statutory SLR as allowed under the guidelines, cash balance with RBI in excess of statutory CRR, and high rated corporate bonds issued by entities other than financial institutions. The Bank maintains excess SLR securities of ₹ 15,000 Lakhs on the average. This portion serves as the security that the Bank can fall back on in a contingency.

The LCR position as at 31st March 2019, computed on the basis of daily average of three months, was comfortable and significantly in excess of the mandatory minimum i.e. 70% as applicable for this financial year.

Liquidity Coverage Ratio

	(₹ in Lakhs)
	Adjusted Baseline Scenario
A High Quality Liquid Assets	
Level 1 Assets	115,075
Level 2 A Assets	0
Level 2 B Assets	0
B Total Stock of HQLAs	115,075
C Cash Outflows	142,592
D Cash Inflows	80,902
E Net Cash-flow	61,690
F 25% of Total Cash Outflow	35,648
G Higher of E or F	61,690
Liquidity Coverage Ratio	186.54%

The Bank also computes its Net Stable Funding Ratio (NSFR). While NSFR will not be applicable till the 2020-21, the exercise is intended to ensure that the Bank develops its stable long term resources on an ongoing basis, so that it can be compliant with the regulatory requirement when it becomes applicable.

12.2. Quantitative Disclosures

On the basis of SDA, the capital requirement for market risk reported to the Board from a governance perspective was as under:

Capital Requirement for Market Risk	(₹ in Lakhs)
Interest Rate Risk	63.30
Equity Position Risk	--
Foreign Exchange Risk	--
Total	63.30
Total Market Risk RWA	791.25

13. Table DF- 9: Operational Risk

13.1. Qualitative Disclosures

13.1.1. Strategy and policy for Operational Risk Management

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It excludes Strategic and Reputational Risks but includes Legal Risk. Strategic or Reputational risks are second order effect of Operational Risk.

Legal risk includes, however not limited to, exposure to penalties, fines, punitive damages arising out of supervisory action, civil litigation damages, related legal costs and any private settlements.

The Bank has in place a Board approved Operational Risk Management policy to mitigate and manage Operational Risk. The Operational Risk management process is a top-down approach and is driven by strong and sound operating procedures and internal control culture with well-defined reporting and contingency planning. This is a continuing process and the Bank is continuously striving to enhance its processes.

13.1.2. Governance Structure

For effective management of Operational Risk, the Bank has constituted an Operational Risk Management Committee (ORMC) consisting of senior management drawn from different functions such as Operations, Finance, Information Technology (IT) and Human Resources (HR). The ORMC supports the Risk Management Committee (RMC) of the Board and is responsible for implementing the best practices in managing Operational Risk.

13.1.3. Risk identification, measurement, monitoring and reporting

Following are some of the key techniques applied to manage operational risks. It involves both a qualitative and quantitative approach.

- Scorecard approach:** An internal scoring mechanism to capture key risk parameters at a granular level within the Bank. The scorecard includes all facets of branch operations: micro banking, Housing and MSE loans, liabilities and other branch related parameters. Branches are categorized as High, Medium or Low risk based on these assessments on monthly basis. The scores are reviewed at ORMC and actionable to address key risk factors, be they at a branch or in a particular region are evaluated and addressed. Key policy decisions emerge from these scoring and reviews. The scorecard is continuously enhanced

to include relevant parameters for optimizing the Operational Risk score.

- The Bank is in the process of strengthening its existing **Quality Check (QC)** mechanism by enhancing the comprehensive checklist, to address the deficiencies observed in the RBI inspection report for Housing and MSE loans. Bank had a process of couriering the copy of the loan agreements to the borrower. With effect from April 01, 2019, a copy of the loan agreement will now be stored for future reference and verification. A deep dive analysis on the documentation issues was undertaken by the Operational Risk vertical. Loan documents were reviewed on a sample basis across MSE/SHL verticals and key observations were provided to operations department to enhance/strengthen Quality Check (QC) mechanism. 229 loan files were verified from loans disbursed during November 2018 to February 2019 across all regions. Each sample file was checked on 17 key parameters. The documentation check will now be an on-going activity and review reports will be placed at necessary forums at regular intervals. Loan documents on a sample basis for loans disbursed in April, May and June 2019 is currently under progress.
- Risk and Control Self-Assessment (RCSA) framework:** RCSA as an independent exercise will commence from next financial year. Since commencement of operations as a Bank and especially in the past one year, new products and processes have been introduced. The Bank has completed the process of consolidating and documenting these from a control perspective which will provide the basis for the RCSA framework.
- The Bank has defined **20 Key Risk Indicators (KRIs)** as part of the Operational Risk Management Framework. The KRIs are monitored on bi monthly basis. The thresholds for the KRIs had been decided upon in consultation with the stakeholders. With the results of RCSA exercise, the thresholds for these KRIs will be revised. The report on the KRIs is shared with stakeholders for necessary action regularly.
- Thorough **due diligence** is undertaken prior to **opening any new bank branch** incorporating inputs from business and all control functions. This includes analysis of PIN CODE data to analyse portfolio quality within the area, including competitor analysis. In addition, inputs from field staff on key risk issues complements this data;
- Operational risk checklist** is in place for reviewing controls for liability, MSE and Housing products in SFB branches. The checklist is also used to raise awareness about potential risks in case of controls being compromised.
- Incident reporting process** is in place to record material incidents and learn from errors and strengthening existing controls. Incidents recorded as loss and near miss data. This is followed by a Root Cause Analysis (RCA) for each reported incident. EGRC module on SAS is implemented to record all

loss events across the Bank. Significantly, the efforts of the Operational Risk team have resulted in greater reporting of operational risk incidents from the branches. The Bank has created a separate General Ledger Code (GLC) to record losses on account of these incidents and these are reported to the Board at quarterly intervals.

- All new products are rolled out post assessment of critical operational and compliance risks along with approval of the Product Approval Committee (PAC). The Bank has engaged an external consultant to review and enhance some of the key processes and introduce controls as these have significantly evolved over the past two years. This exercise is expected to be completed by next quarter.
- **Outsourcing Risk:** Progressive risk assessment of all material outsourced vendors to ensure that these vendors comply with the minimum requirements prescribed by RBI. During the year the Bank had undertaken risk assessment for 13 vendors who are material to the Bank. Vendors where risk assessment was done included Business Correspondents (BC). Detailed notes had been recorded on the risk assessment done for each vendor. But more importantly each observation was discussed with the relevant stakeholders when a timeline for closure of gaps was prepared.
- **User Access reviews** are conducted at regular intervals to ensure that access and role matrix are well defined and that access is commensurate with the responsibility assigned;
- **Fraud monitoring and reporting:** The Bank has had only minor instances of fraud and these relate to cash related activities on the field. The Bank records instances along the Basel defined lines of Operational Risk events and process enhancements arising from these occurrences are tabled at ORMC.
- During the year the Bank tested its Business Continuity at a ground level. Each branch is mapped to a neighbouring branch. Likewise, each regional office of the Bank is mapped to its closest regional office. The testing involved the shutting down of some essential services in the "affected" branches and operating these services from the backup branches. The tests were successful. It is aimed to complete the testing in all branches in the next financial year.
- Significantly for the current financial year, the entire review and testing of Internal Financial Controls (IFC), a mandated requirement for annual financial audit was done in house by the Operational Risk team. In consultation with the external auditors, the Bank had identified 26 key processes for which Risk Control Matrices (RCMs) were prepared to capture the process flow. The RCMs record the manual and automated controls for each of the processes. The exercise required the testing of 368 controls both automated and manual. The Board has directed that the number of manual controls be reduced to the extent possible and this is being evaluated. In

addition to the 26 processes, at the apex, there was the recording and testing of Entity Level Controls (ELCs) for the Bank as a whole.

- On **people risk**, the Bank acknowledges that inadequate employment practices and workmen safety can damage the morale and work-efficiency. The banking industry witnesses an average attrition of 16% to 22% as per various studies available in public domain. The Bank had an annualized attrition rate of 20.26% during FY 2018-19. This is in line with the industry average. One of the key determinants to successful HR management is to understand and monitor the problems and grievances of employees on a regular basis. The Bank conducts 'BOLO-UJJIVAN', a survey undertaken to evaluate the employee satisfaction with their roles, synergy with team members/ supervisors/organization goals, motivation and morale, key impediments to increased productivity and identify gaps in HR practices. This is an online survey undertaken on annual basis. During FY 2018-19, the survey was undertaken in 2 slots covering 26 verticals in the Bank. The Bank has a policy in place to cover various aspects of mandatory leave, group insurance and sexual harassment. The Bank has also established a welfare and relief charitable trust for the purpose of providing relief, promoting and strengthening the social welfare, upliftment of education and upholding the right to life of the employees and customers and/or their surviving legal heirs and representatives/ immediate family members/ bona fide dependents, affected by any exigency, without any distinction or discrimination of gender, race, creed or caste.
- The Bank has an independent **Vigilance and Risk Containment Unit (RCU)** for the purpose of prevention, detection, investigation and reporting of frauds. The Bank has established preventive controls to minimize cash losses and frauds, by way of upgrading the security, introducing procedural changes in Bank branches operating structure, training of staff for fraud detection and regular checks across Branches. The Bank disseminates modus operandi reports on various frauds on regular basis to sensitize its staff on the same.

13.1.4. Information Technology and Security Risk

The Bank recognizes that we are living in a world where the threat landscape is constantly changing, cybercrimes and attacks are increasingly sophisticated and to counter these attacks banks have to combine traditional security practices with advanced and next gen security solutions. The Bank's continued efforts in maintaining the security posture and enhancing threat detection capabilities have been rewarded at various forums such as IBA Banking Technology Awards and DSCI Excellence Awards.

The Bank makes use of latest technological framework for supporting various operations. Use of technology brings in newer kind of risks like business disruption, risks related to information assets, data security etc. The Bank has put in a governance framework, information security practices to mitigate information technology related risks

which ensures preservation of Confidentiality, Integrity and Availability (CIA) of all Information assets. The Bank is complying with the directives issued by RBI, from time to time in the area of Information/Cyber security standards and follows the best practices.

The Bank has well-documented, Board approved information security and cyber security policies in place. Awareness sessions are carried out through classroom trainings, meetings and discussions, induction programs, awareness mailers and Short Messaging Service (SMS's) to update employees on information security policies and practices. The Bank has implemented various IT Security related solutions like Anti-Virus, Firewalls, Encryption Technologies, Intrusion Detection Systems, Web Filtering Solution, Network Security Solutions, Anti Advanced Persistent Threats etc.

The Bank carries out regular vulnerability assessments and penetration tests for its applications and infrastructure. Third party Information Security Assessment is performed to evaluate third party's information security related practices. The Bank has a 24/7 Security Operations Center which monitors the security posture of the Bank. The Bank receives threat feeds from various sources and also does in-house threat hunting to keep the Bank safe from cyber-attacks.

The Bank is actively participating in various meetings and forums organized by the Institute for Development and Research in Banking Technology (IDRBT), RBI and other forums to remain updated in latest security technologies and to continuously upgrade the security posture of the bank.

13.1.5. Business Continuity

The Business Continuity Management Policy (BCMP) of the Bank provides guidance for handling emergency situations and to reasonably ensure continuous and reliable delivery of key products and services to customers in the event of a significant business disruption, while maintaining confidence levels of its shareholders and satisfy relevant compliance requirements. The plans and procedures are in line with the guidelines issued by the RBI in this regard and are subject to regular review. A Business Continuity Management Committee and Operational Risk Management Committee at apex level monitor the business continuity preparedness of the Bank on an on-going basis. Further, the Bank's critical systems undergo periodical disaster recovery drills/tests to ensure the capability of the same to handle disastrous situations.

13.1.6. Capital charge assessment

Although RBI is in the process of issuing detailed guidelines on Operational Risk Management for SFBs, the Bank has adopted BIA for measuring the capital requirements for Operational risk as applicable to Scheduled Commercial Banks. While the capital charge on operational risk has witnessed an increasing trend in the first year, the same is expected to stabilize with time. BIA directs Banks to allocate capital at 15% of the 3 years average gross income. The Bank has computed its Operational Risk Capital Charge at 15% of gross income for the past two completed years of operation..

13.2. Quantitative Disclosure

Particulars	Capital Reqd.	RWA (₹ in Lakhs)
Operational Risk (BIA Approach)	17,066	2,13,327

14. Table DF- 10: Interest Rate Risk in Banking Book (IRRBB)

14.1. Qualitative Disclosures

Interest Rate Risk in Banking Book (IRRBB) refers to the risk of loss in earnings and economic value of a bank's banking book as a consequence of movement in interest rates. The Bank has identified the risks associated with the changing interest rates on its exposures in the banking book from both a short-term and long-term perspective.

The interest rate risk is measured and monitored through two approaches:

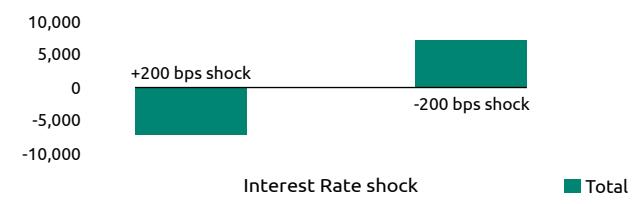
- 1) Earnings at risk (Traditional Gap Analysis): The impact of change in interest rates on net interest income is analysed under this approach and calculated under yield curve approach. Under this approach a parallel shift of 2% is assumed both in assets and liabilities.
- 2) Economic Value of Equity (Duration Gap Approach): Modified duration of assets and liabilities is computed separately to arrive at modified duration gap. A parallel shift in yield curve by 200 basis points is assumed for calculating the impact on economic value of equity.

14.2. Quantitative Disclosures

14.2.1. Earnings at Risk (Earnings Perspective)

Interest Rate Risk in the Banking Book (IRRBB) (₹ in Lakhs)			
Sl. No	Country	Interest Rate Shock	
		+200 bps shock	-200 bps shock
1	India	-7,348	7,348
2	Overseas		
3	Total	-7,348	7,348

Interest Rate Risk in the Banking Book (₹ in Lakhs)



14.2.2. Economic Value Perspective

Category	Items	Amount (₹ in Lakhs)
A	Equity (i.e., Net Worth)	145,337
B	Computation of Aggregate RSA	1,297,424
C	Computation of Aggregate RSL	1,178,879
D	Weighted Avg. MD of RSL across all currencies	1.28
E	Weighted Avg. MD of RSA across all currencies	1.13
F	MDG	0.25
G	Change in MVE as % of equity for 200bps change in interest rate	-4.45%
H	Change in MVE in absolute terms	-6,465

15. Table DF-13: Main features of Regulatory capital Instruments

Disclosure template for main features of regulatory capital instruments		
	Equity Shares	Preference Shares
1 Issuer	Ujjivan Small Finance Bank Limited	Ujjivan Small Finance Bank Limited
2 Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Not Applicable (NA)	NA
3 Governing law(s) of the instrument	Applicable Indian Statutes and regulatory requirements	Applicable Indian Statutes & Regulatory requirements and RBI Basel III Guidelines dated July 1, 2015
Regulatory treatment		
4 Transitional Basel III rules	Common equity Tier 1	Addition Tier 1 Capital (AT1)
5 Post-transitional Basel III rules	Common equity Tier 1	Addition Tier 1 Capital (AT1)
6 Eligible at solo/group/ group & solo	Solo	Solo
7 Instrument type	Common Shares	Perpetual Non-Cumulative Preference shares
8 Amount recognised in regulatory capital (in million, as of most recent reporting date)	₹ 14,400 Million	₹ 2,000 Million
9 Par value of instrument	₹ 10/-	₹ 10/-
10 Accounting classification	Capital	Capital
11 Original date of issuance	₹ 0.50 million – 4th July 2016 ₹ 1,099.868 Million – 30th July 2016 ₹ 13,300 Million - 10th February 2017	10th February 2017
12 Perpetual or dated	Perpetual	Perpetual
13 Original maturity date	No Maturity date	No Maturity date
14 Issuer call subject to prior supervisory approval	No	No
15 Optional call date, contingent call dates and redemption amount	NA	NIL
16 Subsequent call dates, if applicable	NA	NIL
Coupons / dividends		
17 Fixed or floating dividend/coupon	Dividend	Dividend
18 Coupon rate and any related index	NA	Fixed
19 Existence of a dividend stopper	NA	11.0%
20 Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
21 Existence of step up or other incentive to redeem	No	NIL
22 Noncumulative or cumulative	Non-Cumulative	Non-Cumulative
23 Convertible or non-convertible	NA	Non-Convertible
24 If convertible, conversion trigger(s)	NA	NA
25 If convertible, fully or partially	NA	NA
26 If convertible, conversion rate	NA	NA
27 If convertible, mandatory or optional conversion	NA	NA
28 If convertible, specify instrument type convertible into	NA	NA
29 If convertible, specify issuer of instrument it converts into	NA	NA
30 Write-down feature	No	Yes
31 If write-down, write-down trigger(s)	NA	PONV trigger & CET1 trigger
32 If write-down, full or partial	NA	Full and Partial
34 If temporary write-down, description of write-up mechanism	NA	The Issuer shall: 1. Notify holders of preference Shares 2. Cancel any dividend accrued and unpaid to as on write down date 3. Without the need for the consent of holders of the PNCPS, write down the face value of the PNCPS by such amount as the Issuer may in its absolute discretion decide. Provided that, in no event shall such amount of write down be less than the amount required to immediately return the Issuer's Common Equity Tier 1 Ratio (as defined below) to above the CET1 Trigger Event Threshold (as defined below), nor shall such amount of write down exceed the amount which would be required to be written down to ensure that the Common Equity Tier 1 Ratio is equal to the aggregate of the CET1 Trigger Event Threshold and 2.5%, or such other percentage as may be prescribed by the RBI (the "CET1 Write Down Amount").
35 Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Secured Term Loan Borrowings , NCD's , Creditors of the Bank and Depositors	Subordinate to the claims of all depositors and general creditors and all capital instruments qualifying Tier II Capital instruments and perpetual debt instruments. Only Superior to Equity Shares
36 Non-compliant transitioned features	No	No
37 If yes, specify non-compliant features	NA	NA

16. Table DF-14: Terms and conditions of Regulatory Capital Instruments

Full Terms and Conditions of Equity Shares of the Bank		
SN	Particulars	Full Terms and Conditions
1	Voting shares	Equity Shares of the Bank are Voting Shares
2	Limits on Voting Shares	Limits on Voting rights are applicable as per provisions of the Banking Regulation Act, 1949. One share has one voting right
3	Position in Subordination hierarchy	Represent the most Subordinated claim on liquidation of the Bank. It is not secured or guaranteed by issuer or related entity nor subject to any other arrangement that legally or economically enhances the seniority of the claim
4	Perpetuity	Principal is perpetual and never repaid outside of liquidation (Except discretionary repurchases/buy backs or other means of effectively reducing capital in a discretionary manner that is allowable under relevant law as well as guidelines, if any issued by RBI in the matter)
5	Accounting Classification	The paid up amount is classified as Equity Capital in Banks Balance Sheet
6	Distributions	Distributions are paid out of Distributable items (retained earnings included). There are no circumstances under which distributions are obligatory. Non Payment is therefore not an event of default
7	Approval for Issuance	Paid up capital is only issued with approval given by Board of Directors

Full Terms and Conditions of Perpetual non-cumulative Preference Shares (PNCPS) of the Bank

SN	Particulars	Full Terms and Conditions
1	Type of Instrument	Perpetual Non-Cumulative Preference Shares
2	Terms for Raising PNCPS	Issue of PNCPS for augmenting the overall capital of the Issuer to strengthen the Issuer's capital adequacy and enhance its long-term resources in compliance with the applicable law.
3	Seniority	The claims in respect of the PNCPS, subject to applicable law, will rank: 1. Superior to claims of holders of equity shares and 2. Subordinate to the claims of all depositors, term loan borrowings, all capital instruments qualifying as tier II capital and all perpetual debt instruments
4	Listing	Unlisted.
5	Tenor	The PNCPS shall be perpetual i.e. there is no maturity date and there are no step-ups or any other incentives to redeem the PNCPS.
6	Dividend Payment Frequency	Subject to Dividend Limitation and Loss Absorption, dividend will be payable as per the discretion of the Bank's Board ³⁴ . The Board is empowered to (i) Declare Interim Dividend during the financial year (ii) Declare for subsequent financial years (including interim dividends) or (iii) Declare dividend during the period between the end of the financial year and before conducting the AGM.
7	Dividend Rate	11% per annum or at a rate as specified in terms of RBI Master Circular on Basel III capital regulations
8	Dividend Stopper	In the event that the Preference shareholders are not paid dividend at the Dividend Rate, there shall be no payment of discretionary dividend on equity shares until the Dividend payments to the shareholders are made in accordance with terms hereof.
9	Put Option	Not Applicable.
10	Call Option	Issuer call: The Issuer may at its sole discretion, subject conditions for Call and Repurchase and exercise of such call option (with a notification to the holders of the PNCPS which shall specify the date fixed for exercise of the call option), exercise a call option on the PNCPS ("Issuer Call"). The Issuer Call may be exercised at the option of the Issuer no earlier than on the fifth anniversary of the Deemed Date of Allotment. Tax Call: If a Tax Event has occurred and is continuing, the Issuer may at its sole discretion, subject to Conditions for Call and Repurchase and notification to the holders of PNCPS of not less than 21 calendar days prior to the date of exercise of such call option (which notification shall specify the date fixed for exercise of the call option), exercise a call option on the PNCPS ("Tax Call"). Provided further that, subject to conditions for Call and Repurchase the Issuer may substitute the PNCPS with capital instruments that are in accordance with the RBI Master Circular on Basel III capital regulations and any other applicable law Regulatory Call: If a Regulatory Event has occurred and is continuing, the Issuer may at its sole discretion, subject to Conditions for Call and Repurchase and notification to the holders of PNCPS of not less than 21 calendar days prior to the date of exercise of such call option (which notification shall specify the date fixed for exercise of the call option), exercise a call option on the outstanding PNCPS ("Regulatory Call"). Provided further that, subject to Condition 27 (Conditions for Call and Repurchase) the Issuer may substitute the PNCPS with capital instruments that are in accordance with the RBI Master Circular on Basel III capital regulations and any other applicable law.

³⁴ In HY 2018-19, no dividend was paid by the Bank for PNCPS. During the quarter, the Bank had modified the terms and conditions of PNCPS. As per the existing Terms & Conditions (T&C), dividend for PNCPS can be paid by the Bank annually in arrears, which meant that the Bank could declare preference dividend in the Board meeting that will be convened only in the next financial year (i.e. in the month of April/May of subsequent financial year). The Holding Company could book dividends as income only after it is declared by the Bank's Board. To enable the Holding Company to book preference dividends during current financial year itself, there was a need to modify the terms and conditions of the issue under intimation to RBI. The changes made would now enable the Bank to declare dividend as per the discretion of the Board

SN	Particulars	Full Terms and Conditions
11	Repurchase/ Redemption/ Buy-back	The Issuer may subject to Conditions for Call and Repurchase having been satisfied and such repayment being permitted by the RBI Master Circular on Basel III capital regulations, repay the PNCPS by way of repurchase, buy-back or redemption.
12	Loss Absorption	PNCPS should have principal loss absorption through a write-down mechanism which allocates losses to the instrument at a pre-specified trigger point. The write-down will have the following effects: 1. Reduce the claim of the PNCPS in case of liquidation; 2. Reduce the amount re-paid when a call over the PNCPS is exercised by the Issuer; and 3. Partially or fully reduce dividend payments on the PNCPS. The specific criteria for such loss absorption through conversion/write-down/write-off on breach of pre-specified trigger and the Point of Non-Viability (PONV) will be in accordance with the applicable RBI guidelines The relevant terms of Annex 16 in Master Circular of Basel III capital regulations shall be deemed to be incorporated herein.
13	Permanent Principal Write-down on PONV Trigger Event	If a PONV Trigger Event occurs, the Issuer shall: 1.Notify the holders of the PNCPS; 2.cancel any dividend which is accrued and unpaid on the PNCPS as on the write-down date; and 3. Without the need for the consent of the holders of the PNCPS, write down the outstanding principal of the PNCPS by such amount as may be prescribed by RBI ("PONV Write Down Amount") and subject as is otherwise required by the RBI at the relevant time. The Issuer will affect a write-down within 30 (thirty) days (or such other time as may be prescribed by applicable law) of the PONV Write-Down Amount being determined by the RBI.A Permanent Principal Write-down on PONV Trigger Event may occur on more than one occasion. Unless specifically permitted by applicable law, once the face value of the PNCPS has been written down pursuant to PONV Trigger Event, the PONV Write-Down Amount will not be restored in any circumstances, including where the PONV Trigger Event has ceased to continue.
14	Temporary principal Write-down on CET1 Trigger Event	If a CET1 Trigger Event (as described below) occurs, the Issuer shall: 1. Notify the holders of the PNCPS; 2. Cancel any dividend which is accrued and unpaid to as on the write-down date; 3. Without the need for the consent of holders of the PNCPS, write down the face value of the PNCPS by such amount as the Issuer may in its absolute discretion decide. Provided that, in no event shall such amount of write down be less than the amount required to immediately return the Issuer's Common Equity Tier 1 Ratio to above the CET1 Trigger Event Threshold , nor shall such amount of write down exceed the amount which would be required to be written down to ensure that the Common Equity Tier 1 Ratio is equal to the aggregate of the CET1 Trigger Event Threshold and 2.5%, or such other percentage as may be prescribed by the RBI (the "CET1 Write Down Amount"). A write-down may occur on more than one occasion. Once the value of a PNCPS has been written down pursuant to this temporary Write down, the value of the PNCPS may only be restored in accordance with condition of reinstatement.

17. Table DF-15: Disclosure Requirements for Remuneration

17.1. Remuneration - Qualitative disclosures

a. Information relating to the bodies that oversee remuneration. Disclosure should include:

- Name, composition and mandate of the main body overseeing remuneration.

The Bank has constituted the Nomination & Remuneration Committee (NRC) as per the provisions of Section 178 of the Companies Act, 2013. The Functions of the NRC include

- 1) Overseeing the framing, review and implementation of the compensation policy of the bank on behalf of the Board,
- 2) Formulation of a criteria for determining qualifications, positive attributes and independence of a Director,
- 3) To ensure 'fit and proper' status of proposed/existing Directors,
- 4) Identifying persons who are qualified to become directors and who may be appointed in senior

management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal, whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors,

- 5) To recommend to the Board the appointment and removal of Senior Management,
- 6) To carry out evaluation of Director's performance and recommend to the Board appointment / removal based on his / her performance to recommend to the Board on:
 - i) Policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and
 - ii) Executive Directors remuneration and incentive, conducting due diligence as to the credentials of any director before his or her appointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations

and the requirements of RBI, overseeing the framing, review and implementation of the Bank's Compensation Policy for Whole Time Directors/ Chief Executive Officers / Risk Takers and Control function staff for ensuring effective alignment between remuneration and risks,

- 7) To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Bank subject to the provision of the law and their service contract;
- 8) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
- 9) To devise a policy on Board diversity and to develop a succession plan for the Board and to regularly review the plan;
- 10) To approve Job descriptions & KRA's of Senior Managers and Business Line Managers on an annual basis.

- 11) To review Performance of the senior/business line managers by NRC on an annual basis.

- 12) Recommend to the board all remuneration, in whatever form, payable to senior management.

The Bank effectively aligns its compensation for all types of risk, symmetric with risk outcomes and sensitive to the time horizon of risks.

The Nomination and Remuneration Committee of the Bank comprises of the following Non-Executive Directors:

1. Ms. Vandana Viswanathan – Chairman of NRC.
2. Mr. Sunil Vinayak Patel
3. Mr. Biswamohan Mahapatra (inducted as a Member of the Committee w.e.f 1st July 2018)
4. Mr. Prabal K Sen
5. Ms. Mona Kachhwaha (moved out as a Member of the Committee w.e.f July 01, 2018).

Sr. No.	Name of Director	Designation	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Ms. Vandana Viswanathan	Committee Chairperson-Non Independent Non-Executive Director	5	5	100
2.	Mr. Sunil Vinayak Patel	Independent Director	5	5	100
3.	Mr. Biswamohan Mahapatra	Independent Director	4	3	75
4.	Mr. Prabal Kumar Sen	Independent Director	5	5	100
5.	*Ms. Mona Kachhwaha	Independent Director	1**	1	100

*Ms. Mona Kachhwaha moved out of Nomination Committee and Mr. Biswamohan Mahapatra replaced her w.e.f July 01, 2018.

** Ms. Mona Kachhwaha was eligible to attend only one meeting during the financial year 2018-19.

External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.

Not Applicable

- **A description of the scope of the Bank's remuneration policy (eg: by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.**

The purpose of the Compensation Policy is to ensure statutory compliance as well as alignment with the Bank's business policies and practices. The Compensation & Benefits (C&B) Policy document is based upon the principle that a fair and competitive salary is paid for acceptable levels of performance on the job. The compensation policy document is designed to align long-term interest of the employee and the organization.

The policy document covers all employees and Board of Directors of the Bank. This document provides guidance on:

- Compensation Philosophy
- Compensation Structure
- Grades
- Pay Review Process
- Variable Pay Plans
- Salary Pay-out

A description of the type of employees covered and number of such employees.

All employees of the Bank are governed by the Compensation Policy. The total number of permanent employees of the Bank at 31 Mar 2019 was 14,752.

- b Information relating to the design and structure of remuneration processes. Disclosure should include:**
- An overview of the key features and objectives of remuneration policy.**

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

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

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.

Yes:

The Compensation policy for the Bank was duly reviewed and approved by the board.

A discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.

The Bank periodically benchmarks its remuneration practices against the market. Compensation ranges in alignment to market pay are derived and reviewed periodically. Remuneration payable for each function is independent of amounts payable to other function as is the market practice. Further, performance metrics for the Risk and Compliance function are completely unrelated to deliverables of any other business function. The deliverables of the risk function are periodically reviewed by the Risk Committee of the Board ensuring due independence. Thus, the remuneration payable (which is linked to performance) is differentiated as well.

- c Description of the ways in which current and future risks are taken into account in the remuneration processes.**
- Structurally, the Control functions such as Credit, Risk and Vigilance are independent of the business functions and each other, thereby ensuring independent oversight from various aspects on the business functions.
 - On yearly basis, the Bank comprehensively measures and reviews material risks to which Bank is exposed to under its ICAAP. The Bank also complies with Basel II requirements.
 - The Bank has ensured that significant financial benefits may accrue to employees displaying high levels of individual performance over a 3 year period allowing adequate time for risks to completely manifest.
- d Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration.**
- A discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance.**
 - The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
 - Ujjivan shall, from time to time benchmark its compensation against identified market participants to define its pay structure and pay levels.
 - The merit increments will be finalized and approved by the National Human Resources Committee year on year, basis organization's budgets and accomplishments as well as market reality.
 - Ujjivan believes in paying its employees in an equitable and fair manner basis the incumbent's Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.
 - Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.
 - A discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak. This should include the bank's criteria for determining 'weak' performance metrics**

The Bank reviews metrics of all business units on a periodic basis and makes necessary changes to metrics to ensure satisfaction with the defined metrics and performance business outcomes across the stakeholder spectrum including investors, customers, regulator and employees.

The Bank, particularly at Corporate and senior levels takes a balanced approach to performance management. High performance of an individual/ department is dependant not only on delivery

of business metrics but also achievements of control functions.

For eg: over achievement of business targets would not translate into a high performance rating if there are significant issues with Portfolio quality.

Cost of acquisition, both in short and long term are typically evaluated to ensure healthy bottom-line.

- **A discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after**

The performance bonus payout shall be Annual. Bonus is to be prorated for employees who have worked for part of the year at the Bank. The target setting is done in a manner that the average pay-out remains between 15% - 25% of fixed pay (excluding benefits) range.

In case Variable Pay gets capped, the capped amount shall be deferred for a period of three years (including the year it was awarded) and is paid on pro rata basis of 1/3 each year.

Incentive pay-out may be done on a monthly or quarterly basis, but a portion of the pay-out is withheld to be paid annually/semi-annually to ensure retention of performers.

The Bank believes in the philosophy of collective ownership by its employees. Thus, Employee Stock Options of the holding company Ujjivan Financial Services Ltd was distributed amongst employees basis their criticality and performance.

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

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

Description of the different forms of variable remuneration that the bank utilizes and the rationale for using the same

Variable Compensation at the Bank has the following distinct forms:

1. Statutory Bonus
2. Performance Pay:
 - a. Performance Bonus
 - b. Sales Awards
3. Rewards & Recognition

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

- The Variable pay structure and amounts shall always conform to applicable Income Tax statutes, Labour Laws, Regulatory Requirements, any other applicable statutes and prevalent market practice.
- It is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.

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

- **Performance Bonus:** All employees who are not a part of an Incentive/ Sales Award Scheme will be covered under the Performance Bonus Plan of the Bank. However, the actual payout of performance bonus shall only be to employees based on performance.

- **Sales Awards:** Employees in the Sales function, directly responsible for revenue generation shall be covered under the Sales Award Scheme. Typically some of the entry level roles and upto two levels of supervision thereof shall be covered by sales awards. Individual businesses may devise award schemes for specific roles. There is a provision for Malus / Clawback in case the performance of the individual drops in the interim.

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

- **Employee Stock Options (ESOPs):** ESOPs are given across the Bank to employees based on tenure and performance. The Bank has approved its ESOP Plan, 2019 in the Shareholders meeting held on March 29, 2019, however no grant has been made to any employees of the Bank or of the Holding Company (Ujjivan Financial Services Limited) under the Banks ESOP Plan -2019.

- Eligible Bank employees are holding ESOPs of the Holding Company and were also granted fresh ESOPs of the Holding Company during the financial year 2018-19 based on the recommendation of Nomination & Remuneration Committee of the Bank.

17.2. Quantitative Disclosures

SN	Quantitative Disclosures (Covers only Whole Time Directors/ CEO/ Other Risk Takers ³⁵)	Numbers
1	Number of meetings held by the Remuneration Committee during the financial year and remuneration paid to its members.	5 meetings of Nomination & Remuneration Committee (NRC) were held during the financial year 2018-19. Further, 3 meetings of Human Resource and Compensation Committee (HRC) was also held during the financial year 2018-19. The members of the NRC were paid total sitting fees of ₹ 7.60 Lakhs for the five meetings while members of HRC were paid total sitting fees of ₹ 2.40 Lakhs for three meetings.
2 ³⁶	Number of employees having received a variable remuneration award during the year.	5 employees (MD& CEO/ CFO/CRO/Head Treasury/ CS) – Refer to notes
3	Number and total amount of sign-on awards made during the financial year.	Nil
4	Details of guaranteed bonus, if any, paid as joining / sign on bonus.	Nil
5	Details of severance pay, in addition to accrued benefits, if any.	Nil
6 ³⁷	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	₹1,500,017 - (MD&CEO/CBO/ CFO/CRO/Head Treasury/ CS) – Refer to notes
7 ³⁸	Total amount of deferred remuneration paid out in the financial year.	₹ 720,841 -(MD&CEO/CFO/CRO/Head Treasury/ CS) - refer to notes
8 ³⁹	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Annual Fixed Gross - ₹ 39,063,396 (MD&CEO/CBO/Head of Treasury/ CFO/CRO/ CS)
9	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	Nil
10	Total amount of reductions during the financial year due to ex- post explicit adjustments.	Nil
11	Total amount of reductions during the financial year due to ex- post implicit adjustments.	Nil

18. Table DF-17: Summary Comparison of Accounting assets vs. Leverage ratio exposure measure

Summary comparison of accounting assets vs. leverage ratio exposure measure		₹ in Lakhs
Item	Amount	
1 Total consolidated assets as per published financial statements	1,352,721	-
2 Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-	-
3 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-	-
4 Adjustments for derivative financial instruments	-	-
5 Adjustment for securities financing transactions (i.e. repos and similar secured lending)	21,500	-
6 Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)	3,360	-
7 Other Adjustments	-15,655	-
8 Leverage ratio exposure	1,361,926	-

³⁶ Variable Remuneration was paid in FY 18-19 only to these risk takers. Key Risk takers are defined as MD & CEO/ CBO/CRO/ CFO/CS/ Head of Treasury. The variable remuneration paid to the MD & CEO is the amount for the period 1 Feb 17 - 31 Mar 18. Date of joining of CBO is 12 Feb 2018. Hence, CBO was not eligible for variable remuneration.

³⁷ This is the provision amount. Outstanding Deferred Remuneration Cash (Bonus) ₹ 1,500,017. However the actual pay-out will differ depending upon company performance and the guidance from the NRC. ESOPs are from UFSL therefore they are not disclosed. This includes the provision amount for MD & CEO which will be paid out subject to RBI approval

³⁸ Since Performance Bonus is paid out deferred in the following financial year, it is being shown as deferred. This includes the bonus paid out to MD & CEO for the period 1 Feb 17 - 31 Mar 18.

³⁹ The Variable deferred includes the bonus paid out to MD & CEO for the period Feb 17 - Mar 17 and Apr 17- Mar 18.

19. Table DF 18: Leverage ratio common disclosure template

Item	Amount
On-balance sheet exposures	
1 On-balance sheet items (excluding derivatives and SFTs, but including collateral)	1,352,721
Domestic Sovereign	152,592
Banks in India	53,807
Corporates	22,497
Exposure to default fund contribution of CCPs	60
Other Exposure to CCPs	-
Others	1,123,766
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	-15,655
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	1,337,066
Derivative exposures	
4 Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
5 Add-on amounts for PFE associated with all derivatives transactions	-
6 Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7 (Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-
8 (Exempted CCP leg of client-cleared trade exposures)	-
9 Adjusted effective notional amount of written credit derivatives	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-
11 Total derivative exposures (sum of lines 4 to 10)	-
Securities financing transaction exposures	
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	21,500
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-
14 CCR exposure for SFT assets	-
15 Agent transaction exposures	-
16 Total securities financing transaction exposures (sum of lines 12 to 15)	21,500
Other off-balance sheet exposures	
17 Off-balance sheet exposure at gross notional amount	4,459
18 (Adjustments for conversion to credit equivalent amounts)	1,099
19 Off-balance sheet items (sum of lines 17 and 18)	3,360.1
Capital and total exposures	
20 Tier 1 capital	165,337
21 Total exposures (sum of lines 3, 11, 16 and 19)	1,361,926
Leverage ratio	
22 Basel III leverage ratio	12.14%

Presently the contribution of Tier I capital to Total Basel II capital is 97.08%. The business model of the Bank is relatively simple with a significant portion as fund-based assets. Gross advances were primarily in the nature of term loans. Since the exposure to Securities Financing Transactions (SFT) and Off Balance Items are presently low, the Leverage ratio is well above the benchmark of >4.5%.

Board of Directors' Report

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), it is our immense pleasure to present the 3rd Annual Report of Ujjivan Small Finance Bank Limited (the "Bank") along with the Audited Financial Statements and Auditors Report thereon for the financial year ended March 31, 2019.

Overview and State of Affairs of the Bank

The financial year ended March 31, 2019, saw Bank getting back on the track of growth, expansion and profitability. The Bank closed the financial year on a good note, delivering higher than expected performance in asset and retail deposit businesses, maintaining a stable portfolio quality, resulting in bottom line numbers in line with expectations.

For the financial year ended March 31, 2019, Net Profit is of ₹ 199.22 Crores against ₹ 6.86 Crores in the previous financial year ended March 31, 2018.

Business momentum picked up in second half of the financial year ended March 31, 2019 to close at 46% AUM growth for the financial year. The Bank had an exponential growth in Housing (157%) & MSE (167%) coupled with robust growth in Micro Banking (34%). The Bank's backend processes were also simplified. The Bank reopened markets post overcoming the impact of demonetization and renewed focus on customer acquisition and retention in Micro Banking. The Bank also forayed into new business segments – Rural Banking, Financial Institutional and Personal Loans.

The Bank saw a significant growth in retail deposits which increased from 11% to 37% of total deposits with good traction in senior citizen and long tenure Term Deposits

at 47% and 43% respectively of total Term Deposits. Bank's CASA % (as a % of total deposits) also increased from 4% to 11%.

The Bank's total customer base increased by 19% Y-o-Y to 46.1 Lakhs. Deposit customers increased 2x to 27.4 Lakhs.

The Bank accomplished a challenging task of setting up 287 Banking Outlets including 73 in URCs, complying with the RBI prescribed norm of 25% compliance in the financial year ended March 31, 2019. The Bank operates a network of 385 ATMs, having an average utilization rate of 101 hits per day.

Portfolio quality improved due to continued efforts towards portfolio management and overdue collections. Overall Portfolio at risk reduced by ₹ 145 Crores during the year. Total write off stood at ₹ 178 Crores in the financial year ended March 31, 2019. The Bank is also back to pre-demonetization collection efficiency at 98.8% in March, 2019.

The Bank largely believes on providing best in the class service to its customers and to achieve the same, the Bank launched bouquet of services – UPI , Corporate internet Banking, Mobile Banking in 5 languages, RuPay platinum card for business and current account customers, bill payment facility on online platform and various promotional offers for its existing card holders. The Bank also launched many new products for its customers. Agricultural composite loans were launched to primarily cater Rural and Agri customers. Overdraft facility was launched for MSE customers. The Bank also launched composite loans (plot+construction) for housing customers. The Bank also has started Kisan Suvidha Loans in rural and semi urban banking outlets.

Financial Overview

Your Directors submit Annual Report of the Bank along with the Audited Financial Statements for the financial year ended March 31, 2019.

Particulars	(₹ in Crores)	
	Financial Year Ended March 31, 2019	Financial Year Ended March 31, 2018
Revenue from Operations	1,831.61	1,467.87
Other Income	205.96	111.48
Less: Operational Expenses	(423.96)	(251.07)
Personnel Expenses	(518.80)	(360.44)
Profit/loss before Depreciation, Finance Costs, Exceptional items, Provisions and Tax Expense	1,094.81	967.84
Less: Depreciation/ Amortisation/ Impairment	(60.59)	(41.37)
Profit /loss before Finance Costs, Exceptional items, Provisions and Tax Expense	1,034.22	926.47
Less: Finance Costs	(725.20)	(606.86)
Profit /loss before Provisions, Exceptional items and Tax Expense	309.02	319.61
Less: Provisions & Contingencies	(40.60)	(310.77)

Particulars	(₹ in Crores)	
	Financial Year Ended March 31, 2019	Financial Year Ended March 31, 2018
Add/(less): Exceptional items	-	-
Profit /loss before Tax Expense	268.42	8.84
Less: Tax Expense (Current & Deferred)	(69.20)	(1.98)
Profit /loss for the year (1)	199.22	6.86
Total Comprehensive Income/loss (2)	-	-
Total (1+2)	199.22	6.86
Balance of profit /loss for earlier years	5.17	0.03
Less: Transfer to Debenture Redemption Reserve	-	-
Less: Transfer to Statutory Reserves	49.80	1.72
Less: Transfer to investment Fluctuation Reserve	9.70	-
Less: Dividend paid on Equity Shares	-	-
Less: Dividend paid on Preference Shares	22.00	-
Less: Dividend Distribution Tax	4.53	-
Balance carried forward	118.36	5.17

Key Ratios: (Comparative ratios are annualized)

Particulars	(₹ in Crores)	
	Financial Year Ended March 31, 2019	Financial Year Ended March 31, 2018
Interest income as a percentage to working funds	17.28%	17.15%
Non-interest income as a percentage to working funds	1.94%	1.30%
Operating profit as a percentage to working funds	2.93%	3.74%
Business (deposits plus gross advances) per employee (₹)	11,344,358	7,937,355
Profit per employee (₹)	153,279	6,411
EPS (Basic and Diluted)	1.20	0.05

Highlights of the financial year:

- PAT of the Bank for the financial year ended March 31, 2019 stands at ₹ 199.22 Crores.
- Collection efficiency of new loans has improved to 98.8% from 96%.
- Overall PAR has gone down from 4.10% to 1.5% in March, 2019.
- NNPA went down from 0.7% to 0.3% in March 2019.
- Bank managed to repay 73% of its legacy borrowings.
- Cost of funds of the Bank went down from 9.0% to 8.5% in March, 2019.
- The Deposit business stood at ₹ 7,379 Crores spanning 29 Lakhs accounts at the end of March, 2019.
- CASA stood at ₹ 784 Crores, of which 14,091 staff savings/salary accounts constituted ₹ 38.7 Crores
- Time Deposits (excluding CDs) stood at ₹ 5,613 Crores of which institutional deposits stood at ₹ 3,661 Crores, while Recurring Deposits stood at ₹ 32.70 Crores.
- Certificate of deposits stood at ₹ 982 Crores
- Cost to Income Ratio stood at 76.50%

Profitability: Pre-tax profits - ₹ 268.42 Crores and Post-tax profits - ₹ 199.22 Crores for the financial year ended March 31, 2019.

Transfer to Reserves

A. Statutory Reserve

The Bank has transferred ₹ 49.80 Crores to statutory reserves pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

B. Investment Fluctuation Reserve (IFR)

The Bank has made an appropriation of ₹ 9.70 Crores (previous year: NIL) out of profits for the financial year ended March 31, 2019 to the IFR pursuant to the RBI notification RBI/2017-18/147 DBR. No. BP.BC.102/21.04.048/2017-18 dated April 02, 2018.

Dividend

Considering the overall performance of the Bank, the Board had declared 1st and 2nd interim preference dividend, in compliance with the provisions of all applicable laws, term sheet and dividend distribution policy of the Bank, to 200,000,000, 11% Perpetual Non-Cumulative Preference Shares of ₹ 10/- each amounting to ₹ 200 Crores for the financial year ended March 31, 2019.

The said dividend was declared out of the profits earned during the period April 01, 2018 to December 31, 2018.

The details of the dividend declared on 200,00,000, 11% Perpetual Non-Cumulative Preference Shares of ₹ 10/- each amounting to ₹ 200 Crores are as follows:

Date of declaration	% age of dividend	Amount of dividend excluding dividend distribution tax (₹ in Crore)
December 06, 2018	5.5	11.00
March 18, 2019	5.5	11.00

The Board of the Bank, after considering holistically the relevant circumstances has decided that it would be prudent, not to recommend any dividend on equity shares of the Bank for the financial year ended March 31, 2019.

In compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the Bank has formulated Dividend Distribution Policy which is available on the website of the Bank at <https://www.ujjivansfb.in/regulatory-policies.html>.

Change in the Nature of Business

There was no change in the nature of business of the Bank during the financial year ended March 31, 2019. However, the Bank has forayed into new business segments – Rural Banking, Financial Institutional Lending and Personal Loans.

Material Changes and Commitments

No material changes and commitments have occurred after the closure of the financial year ended March 31, 2019 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.

Capital and Debt Structure

A. Changes in the Capital Structure

During the financial year ended March 31, 2019, there was no change in the capital structure of the Bank. However, after the closure of the financial year ended March 31, 2019, the Authorized Share Capital of the Bank was increased from ₹ 17,00,00,00,000 (Rupees One Thousand Seven Hundred Crores) divided into 1,500,00,00,000 (One Hundred Fifty Crores) equity shares of ₹ 10/- (Rupees Ten) each and 200,00,000 (Twenty

Crores) 11% perpetual non-cumulative preference shares of ₹ 10/- (Rupees Ten) each to 25,00,00,00,000 (Rupees Two Thousand Five Hundred Crores) divided into 2,300,00,00,000 (Two Hundred Thirty Crore) equity shares of ₹ 10/- (Rupees Ten) each and 200,00,000 (Twenty Crores) 11% perpetual non-cumulative preference shares of ₹ 10/- (Rupees Ten) each vide shareholder's resolution dated April 26, 2019.

B. Issue of Equity Shares or Other Convertible Securities

During the financial year ended March 31, 2019, the Bank has not issued any share or other convertible securities.

C. Issue of Equity Shares with Differential Rights and/or Sweat Equity Shares

During the financial year ended March 31, 2019, the Bank has neither issued any equity shares with differential rights nor any sweat equity shares.

D. Employee Stock Options

During the financial year ended March 31, 2019, Ujjivan Small Finance Bank –Employee Stock Option Plan- 2019 ("ESOP 2019/Plan") was approved in the Extra-Ordinary General Meeting of the members of the Bank held on March 29, 2019.

A total no. of 144,00,00,000 options were approved under the ESOP 2019/Plan. No option was granted during the financial year ended March 31, 2019.

However, the employees of the Bank hold vested and unvested options under various ESOP Schemes of Ujjivan Financial Services Limited, Holding Company.

E. Issue of Debentures, Bonds or any Non-Convertible Securities or Warrants

During the financial year ended March 31, 2019, the Bank has not issued any Debenture, Bond or other Non-Convertible Securities or Warrants.

Credit Rating

Credit ratings assigned to various instruments of the Bank during the financial year ended March 31, 2019.

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	4,250	CARE A+, Stable	June 29, 2018	No
Secured NCD	CARE Ratings Limited	40	CARE A+, Stable	June 29, 2018	No
Secured NCD	CARE Ratings Limited	60	CARE A+, Stable	June 29, 2018	No
Non-Convertible Debenture	ICRA Limited	175	[ICRA] A+ (Stable)	June 29, 2018	No
Non-Convertible Debenture	ICRA Limited	225	[ICRA] A+ (Stable)	June 29, 2018	No
Non-Convertible Debenture	CARE Ratings Limited	100	CARE A+, Stable	June 29, 2018	No
Certificate of Deposit	ICRA Limited	1000	[ICRA] A1+	June 29, 2018	No
Fixed Deposit Programme	ICRA Limited	1000	[ICRA] A1+	June 29, 2018	No
Certificate of Deposit	CRISIL Limited	4000	CRISIL A1+	March 01, 2019	No
Short Term Fixed Deposit	CRISIL Limited	3000	CRISIL A1+	March 01, 2019	No

The Bank has made timely repayments of the NCDs maturing during the financial year ended March 31, 2019. The following NCDs were outstanding as on March 31, 2019.

Sr. No.	ISIN	Description of NCD	Maturity date	Amount (₹ in Crores)	Debenture Trustee Name
1	INE334L07076	Secured and Redeemable	July 30, 2019	40	IDBI Trusteeship Ltd.
2	INE334L07100	Secured and Redeemable	May 28, 2019	60	IDBI Trusteeship Ltd.
Total				100	

Transfer of Unpaid and Unclaimed amount to Investor Education and Protection Fund

The Ministry of Corporate Affairs under Section 125 read with Section 124 of the Companies Act, 2013 requires that dividends that are not encashed/claimed by the shareholders for a period of seven consecutive years, to be transferred to the Investor Education and Protection Fund (IEPF). Being the third financial year since incorporation, there were no amounts due for transfer to IEPF.

Management

The Board was duly constituted during the financial year ended March 31, 2019 and the changes in the Board are as follows:

A. Appointment to the Board

Mr. Sanjay Jain

Pursuant to the Loan Agreements between the Small Industries Development Bank of India ("SIDBI") and the Bank, SIDBI had appointed vide its letter dated May 07, 2018, Mr. Sanjay Jain as its nominee, not liable to retire by rotation, on the Board of the Bank vice Mr. Anadi Charan Sahu w.e.f May 07, 2018.

The Board had noted his appointment in its meeting held on May 08, 2018.

Mr. Jayanta Kumar Basu

The Board had appointed Mr. Jayanta Kumar Basu, in its meeting held on November 13, 2018, as an Additional Director (Non-Executive, Non-Independent) of the Bank w.e.f November 14, 2018 to hold office up to the date of ensuing Annual General Meeting ("AGM") of the Bank. However, on the recommendation of the Board, the Members of the Bank appointed him as a Director (Non-Executive, Non-Independent), liable to retire by rotation, in the Extra-Ordinary General Meeting of the Bank held on January 04, 2019.

In terms of Section 152 of Companies Act, 2013, he would not be retiring by rotation at the ensuing AGM of the Bank.

Mr. Sachin Bansal*

The Board has appointed Mr. Sachin Bansal, in its meeting held on May 28, 2019, as an Additional Director (Independent) of the Bank w.e.f June 01, 2019 to hold office up to the date of ensuing AGM of the Bank.

He meets the criteria of independence as prescribed under Section 149(6) of Companies Act, 2015 read with rule 5 of Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation 16(1)(b) of SEBI Listing Regulations.

The Board recommends his appointment, as an Independent Director, to the Members for their approval at the ensuing AGM of the Bank.

*After end of financial year ended March 31, 2019.

Mr. Nitin Chugh*

The Reserve Bank of India had given its approval vide its letter dated May 14, 2019 for the appointment of Mr. Nitin Chugh as a Managing Director and CEO of the Bank for the period of three years commencing December 01, 2019.

Further to the approval of Reserve Bank of India, the Board has, in its meeting held on May 28, 2019, appointed him, as a Managing Director and CEO of the Bank w.e.f December 01, 2019.

His appointment is subject to approval of the Members at the ensuing AGM of the Bank.

The Board recommends his appointment, as Managing Director and CEO of the Bank, to the Members for their approval in the ensuing AGM of the Bank.

He shall not be liable to retire by rotation.

*After end of financial year ended March 31, 2019.

Ms. Chitra K Alai*

Pursuant to the Loan Agreements between SIDBI and the Bank, SIDBI has appointed vide its letter dated May 09, 2019, Ms. Chitra K Alai as its nominee, not liable to retire by rotation, on the Board of the Bank vice Mr. Sanjay Jain w.e.f May 09, 2019.

The Board has noted her appointment in its meeting held on May 28, 2019.

*After end of financial year ended March 31, 2019.

B. Resignation/Cessation

Mr. Anadi Charan Sahu

Mr. Anadi Charan Sahu was appointed by SIDBI as its nominee on the Board of the Bank w.e.f February 01, 2017.

He has resigned from the Board with effect from May 06, 2018.

Mr. Sanjay Jain*

Mr. Sanjay Jain was appointed by SIDBI as its nominee on the Board of the Bank w.e.f May 07, 2018,

SIDBI has appointed Ms. Chitra K Alai as its nominee on the Board of the Bank vice Mr. Sanjay Jain w.e.f May 09, 2019 vide its letter dated May 09, 2019. Therefore he ceased to hold office as Nominee Director of the Bank w.e.f May 09, 2019.

*After end of financial year ended March 31, 2019

C. Retirement

Ms. Vandana Viswanathan

Ms. Vandana Viswanathan was re-appointed by the members at the Second AGM of the Bank held on June 18, 2018 as Director (Non-Executive, Non-Independent) and is liable to retire by rotation.

Ms. Vandana Viswanathan would be retiring by rotation at the ensuing AGM of the Bank. She is eligible and offers herself for reappointment as Director (Non-Executive, Non-Independent). She shall be liable to retire by rotation in terms of Section 152 of the Companies Act, 2013.

D. Key Managerial Personnel

Pursuant to Section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMP) of the Bank are Mr. Samit Kumar Ghosh, Managing Director and CEO, Ms. Upma Goel, Chief Financial Officer and Mr. Chanchal Kumar, Company Secretary.

Mr. Samit Kumar Ghosh

Mr. Samit Kumar Ghosh was appointed as first director in terms of article 120 of the Articles of Association of the Bank.

Further, he was appointed as Managing Director and CEO and Key Managerial Personnel of the Bank for the period of three years w.e.f February 01, 2017.

His tenure as Managing Director and CEO and Key Managerial Personnel would be completing on November 30, 2019 on attaining the age of 70 years.

Ms. Upma Goel

Ms. Upma Goel was appointed as Chief Financial Officer and Key Managerial Personnel of the Bank w.e.f February 01, 2017.

Mr. Chanchal Kumar

Mr. Chanchal Kumar was appointed as Company Secretary and Compliance Officer, in terms of Regulation 6 of SEBI Listing Regulations, of the Bank w.e.f March 24, 2018.

Mr. Nitin Chugh*

The Reserve Bank of India had given its approval vide its letter dated May 14, 2019 for the appointment of

Mr. Nitin Chugh as a Managing Director and CEO of the Bank for the period of three years commencing December 01, 2019.

Further to the approval of Reserve Bank of India, the Board, in its meeting held on May 28, 2019, appointed him, as Managing Director and CEO of the Bank for the period of three years commencing December 01, 2019.

Pursuant to the Section 203 of the Companies Act, 2013, the Board has appointed him as Key Managerial Personnel of the Bank.

*After end of financial year ended March 31, 2019.

Declaration by Independent Directors and Statement on Compliance of Code of Conduct

The Bank has received declarations from its Independent Directors confirming that they meet with 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.

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

Number of Meetings of the Board

The Board met 6 (six) times during the financial year ended March 31, 2019. The details of Board Meeting are available in Corporate Governance Report which forms part of the Annual Report.

Board Committees

The Bank believes that the Board committees are pillars of corporate governance. In pursuit of highest standard of corporate governance and to comply with the provisions of Companies Act, 2013, SEBI Listing Regulations and RBI guidelines, the Bank has constituted various Board committees, statutory as well as non-statutory, to improve the Board effectiveness and efficiency and decision making process.

As on March 31, 2019, the Bank has thirteen Board Committees which are given below:

Sr. No.	Board Committee	Companies Act, 2013	RBI Requirement
1.	Audit Committee	Yes	Yes
2.	Risk Management Committee	Yes	Yes
3.	Nomination and Remuneration Committee	Yes	Yes
4.	Stakeholders Relationship Committee	Yes	No
5.	IT Strategy Committee	No	Yes
6.	Customer Service Committee	No	Yes
7.	Fraud Committee (Special Committee of Board for Monitoring High Value Frauds)	No	Yes
8.	Review Committee of Wilful defaulters	No	Yes
9.	Corporate Social Responsibility Committee	Yes	No
10.	Human Resource & Compensation Committee*	No	No
11.	Committee of Directors*	No	No
12.	Business Strategy Committee*	No	No
13.	Listing Committee*	No	No

* Non-Statutory Committee of the Bank

The details of compositions, number of meetings held and date thereof and terms of reference of above Committees are available in Corporate Governance Report which forms part of the Annual Report.

Recommendations of Audit Committee

During the financial year ended March 31, 2019, there was no incidence, where the Board has not accepted any recommendations of the Audit Committee.

Bank's Policy on Directors' Appointment and Remuneration

The Bank pursuant to the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI Listing Regulations 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 <https://www.ujjivansfb.in/regulatory-policies.html>.

Board Evaluation

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

Performance evaluation criteria for Board, Board Committees and Individual Directors were approved by the Nomination and Remuneration Committee in its meeting held on March 25, 2019.

The above 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 few of which are detailed 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 and committee members respectively.

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.

In a separate meeting of Independent Directors held on March 25, 2019, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed by the Board in its meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and Individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

Remuneration of Directors and Employees

The remuneration being paid to the Managing Director and CEO is in accordance with the provisions of the Companies Act, 2013 and in conformity with the RBI approval.

The remuneration of Non-Executive Directors was paid by way of sitting fees which is within the limits prescribed under Section 197(5) of 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 Managing Director/ Whole-time Director from Holding or Subsidiary Company

During the financial year ended March 31, 2019, Mr. Samit Kumar Ghosh, Managing Director and CEO of the Bank, has not received any commission from the Bank and remuneration or commission from Ujjivan Financial Services Limited, Holding Company of the Bank. There is no Subsidiary Company of the Bank.

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, 2019.

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 had been followed along with proper explanation relating to material departures;
- (b) We had 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) We had 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) We had prepared the annual accounts on a going concern basis;
- (e) We had 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) We had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Adequacy of Internal Financial Control

The Bank has laid down certain guidelines, policies, processes and structures to enable implementation of appropriate internal financial controls across the Bank. These control processes enable and ensure the orderly and efficient conduct of the Bank's business, including safeguarding of assets, prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information. There are control assessment for both the Bank's critical operating processes and IT applications, including ERP applications, wherein the transactions were 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 mis-statements 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 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 financial year ended March 31, 2019, neither the statutory auditors nor the secretarial auditor have 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 financial year ended March 31, 2019.

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 the financial year ended March 31, 2019.

Deposits

The Chapter V of Companies Act, 2013 does not apply to the Bank. During the financial year ended March 31, 2019, the Bank has accepted deposits from public in its ordinary course of banking business. The details of the deposits are enumerated in the financial statement for the financial year ended March 31, 2019.

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. The details of the investments are disclosed in Schedule-8 of the financial statements as per applicable provisions of Banking Regulation Act, 1949.

Related Party Transactions and Contracts/Arrangements

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

All the contracts/arrangements/transactions entered by the Bank with the related parties during financial year ended March 31, 2019 were in the ordinary course of business and 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' and on dealing with 'Related Party Transactions' which is available on the website of the Bank at <https://www.ujjivansfb.in/regulatory-policies.html>.

Corporate Social Responsibility

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 Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director".

Pursuant to the above, the Bank has duly constituted Corporate Social Responsibility Committee with three Directors of which two are Independent Directors and one is a Non-Executive & Non Independent Director as its members.

The Bank has formulated CSR policy which is available on the website of the Bank at <https://www.ujjivansfb.in/regulatory-policies.html>.

Further, the said section stipulates that the company should spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years. The Bank completed two financial years since Incorporation and financial year ended March 31, 2019, being the third financial year since Incorporation, the average net profits for three immediately preceding financial years were not available for calculating the CSR amount to be spent.

Therefore, the Bank does not have a mandatory CSR obligation during the financial year ended March 31, 2019. However, the Bank would have a mandatory CSR obligation from financial year ending March 31, 2020 and the Bank is committed to fulfill the guidelines prescribed for the Corporate Social Responsibility under the Companies Act, 2013.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are not applicable to the Bank. However, your Bank has been taking steps at all times for conservation of energy.

Further, there was no foreign exchange inflow and outflow during the financial year ended March 31, 2019.

Risk Management Policy

The Risk Management Committee of the Bank consists of experienced directors from diverse background who bring in the best risk practices to the Bank. The Risk Management Committee, which is required to meet every quarter, comprises of 5 (Five) Directors out of which 4 (Four) are Independent Directors.

The Risk Management Committee fulfils its roles and duties through various management level risk committees. Risk-specific management level committees are also constituted such as Credit Risk Management Committee (CRMC), Operational Risk Management Committee

(ORMC) and Asset Liability and Market Risk Committee (ALCO). These committees are entrusted with the task to identify, measure, mitigate and monitor various risks.

The frequency, members and the quorum required for these management level committees is furnished in the respective risk policies. These committees meet at regular intervals to assess and monitor the level of risk pertaining to market, credit and operations.

The Bank's risk management framework is based on a clear understanding of various 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 Board has an oversight on all the risks assumed by the Bank.

The Risk Management Committee reviews the risk management framework of the Bank and verifies adherence to various risk parameters and compliances. The Bank's Risk Management strategy is based on clear understanding of various risks, disciplined risk assessment and continuous monitoring. The Committee reviews various risks which the Bank is exposed to including Credit Risk, Interest Rate Risk, Liquidity Risk, Operational Risk, Regulatory Compliance issues and Outsourcing Risks etc. The Risk Management Committee approves all its risk-related policies, including the quarterly/half-yearly/annual review reports of major Risks.

The Bank has in place an effective risk management policy(s) which highlights the functions, implementation and the role of the Committee and the Board.

Whistle Blower Policy/Vigil Mechanism

The Bank's Whistle Blower Policy allows employees, directors and other stakeholders to report matters such as genuine grievances, corruption, fraud, misconduct, misappropriation of assets, and non-compliance of code of conduct of the Bank or any other unethical practices. The Policy provides adequate safeguard against victimisation to the Whistle Blower and enables them to raise concerns and also provides an option of direct access to the Chairman of Audit Committee. During financial year ended March 31, 2019, none of the personnel have been denied access to the Chairman of the Audit Committee.

The Whistle Blower Policy is available on the website of the Bank at <https://www.ujjivansfb.in/regulatory-policies.html>.

Name and Address of the Whistle and Ethics Officer:

Ms. Carol Furtado – Head of HR

Ujjivan Small Finance Bank Limited
Grape Garden, No. 27, 3rd "A" Cross, 18th Main,
6th Block, Bangalore – 560095, Karnataka
Email- carol.furtado@ujjivan.com

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

Name and Address of Managing Director and CEO of the Bank

Mr. Samit Kumar Ghosh

Ujjivan Small Finance Bank Limited
Grape Garden, No. 27, 3rd "A Cross", 18th Main,
6th Block, Bangalore – 560095, Karnataka

Email: samit.ghosh@ujjivan.com

Name and Address of the Chairman (Audit Committee)

Mr. Sunil Vinayak Patel

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

Email: sunil.patel@ujjivan.com

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

Particulars	Number of Complaints
Number of Whistle Blower Complaint at the beginning of the financial year ended March 31, 2019	NIL
Number of Whistle Blower Complaint received during the financial year ended March 31, 2019	6
Number of Whistle Blower Complaint resolved during the financial year ended March 31, 2019	6
Number of Whistle Blower Complaint at the end of the financial year ended March 31, 2019	NIL

Significant and Material Orders by the Regulators or Courts or Tribunals

During the financial year ended March 31, 2019, 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

After the resignation of the M/s Price Waterhouse, Chartered Accountants LLP (FRN: 012754N N500016), M/s MSKA & Associates, Chartered Accountants (ICAI FRN: 105047W) were appointed as the statutory auditors of the Bank for the financial year ended March 31, 2019 vide shareholders' approval accorded in the Extra-Ordinary General meeting of the Bank held on September 28, 2018 and pursuant to the approval of RBI for appointment of M/s MSKA & Associates, Chartered Accountants (ICAI FRN: 105047W) as Central Statutory Auditors of the Bank for financial year ended March 31, 2019 holding office up to the ensuing AGM of the Bank.

The Auditor's Report on the financial statements of the Bank for the financial year ended March 31, 2019 does not contain any qualification, reservation or adverse remark. The Auditor's Report, enclosed with the financial statements, forms part of the Annual Report.

B. 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 Board held on May 08, 2018 to conduct Secretarial Audit of the Bank for the financial year ended March 31, 2019 as required under Section 204 of the Companies Act, 2013 and the Rules made thereunder. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting his audit.

Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013, an extract of the annual return in form MGT-9 is annexed to this Report as **Annexure - 2**.

Annual Return

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Bank for the financial year ended March 31, 2019 is available on the website of the Bank at <https://www.ujjivansfb.in/annual-return.html>.

Secretarial Audit Report

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark and is annexed to this report as **Annexure - 3**.

Explanations in Response to Auditor's Qualifications

The Statutory Auditor's Report on the financial statements of the Bank for the financial year ended March 31, 2019 and Secretarial Audit Report do not contain any qualification, reservation or adverse remark.

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. The Bank also has complied with the provisions of Secretarial Standard-3.

Capital Adequacy

The Capital Adequacy Ratio (CRAR) of the Bank has been calculated on the basis of Basel II guidelines. The CRAR of the Bank as on March 31, 2019 using RWA for credit risk exposures, as required under the operating guidelines of Reserve Bank of India for Small Finance Banks, stood at 18.95% as against the minimum capital adequacy requirements of 15%.

The Bank is subject to the Basel II Capital Adequacy guidelines (NCAF) stipulated by RBI. The CRAR of the Bank is calculated as per the standardized approach for Credit Risk.

Human Resources

Your Bank considers its people as its biggest asset. As on March 31, 2019, it had a total of 14,752 full-time employees.

The Bank has been ranked and recognised amongst the best work places consistently since its incorporation. The Great Place To Work® Certification is one of the most prestigious achievement for organizations across the globe. The Bank was Ranked 19th in 'India's Best Companies to Work For', 2018 & is Ranked 16th in 'Asia's Best Large Workplaces 2019'.

The Bank was also awarded the "Best HR Practice in Finance Sector", organized by the World BFSI Congress in partnership with ET Now (Telecast Partner). The Bank also received many other accolades to its credit such as:

- "Best Security Practises in Small Finance Bank" Award during AISS 2018
- 6th ASSOCHAM SMEs Excellence Award – 2018 for 'Excellent Service'
- IBA Banking Technology Innovation Awards for 'The Best IT Risk Management and Cyber Security Initiative'
- DSCI Excellence Awards 2018 for 'Security Practices in Small Finance Banks'
- Finnoviti Awards, 2019 for 'Best innovation in IT'
- Best Legal Department Of The Year (Medium Category) at INDEX LEGAL Awards - 2019
- ERM Strategy of the year Award at the ERM World Summit by RSA

To attract and retain the best talent, The Bank continues to foster an engaging work environment to attract and retain the best talent. Going forward, the Bank intends to continue driving significant growth with its strong intellectual strength and deep knowledge base.

Corporate Governance

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 stakeholders. The Bank's activities are carried out in accordance with good corporate practices and the Bank is constantly striving to improve them and adopt the best practices.

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

In pursuing the mission of "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 cornerstone of its operations. Transparency in the decision making process has been providing comfort to all stakeholders, particularly the customer, lenders and investors.

The Report on corporate governance for the financial year ended March 31, 2019 as per Regulation 34(3) read with Schedule V of the SEBI Listing Regulations forms part of the Annual Report.

Management Discussion and Analysis Report

As required under Regulation 34 of SEBI Listing Regulations, the Management Discussion & Analysis Report forms part of the Annual Report.

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. The Policy is applicable to all employee of the Bank. The Bank is committed to providing a workplace that is free from discrimination, harassment and victimization, regardless of gender, race, creed and religion, place of origin and sexual orientation of a person employed or engaged with the Bank. The Bank has constituted Internal Complaint Committee (ICC) 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 by the ICC having jurisdiction over the establishment where the respondent is posted.

Every region has an ICC and each regional ICC consist 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 Human Resources Manager
- 2 (Two) Members: From amongst employees in the region, preferably committed to the cause of women/having legal knowledge/experience in social work.
- 1 (One) 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.

Statutory Disclosures

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.

Cost Records

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.

Familiarisation Programme for Independent Directors

Complying with Regulation 25(7) of SEBI Listing Regulations and RBI guidelines, Familiarisation Programme to introduce the Independent Directors about the Bank's business and operations were conducted during the financial year ended March 31, 2019. Further, under the Familiarisation Programme for the Independent Directors, newly appointed independent directors are apprised with the organisation structure, operational overview, financial overview, board matters and procedures, key risk issues and its mitigation strategy, among others.

The details of such programme is available on the website of the Bank at the link below.

https://www.ujjivansfb.in/pdf/Ujjivan_Small_Finance_Bank_Familiarisation_programme.pdf

Modification in the Terms and Conditions of Preference Shares

During the financial year ended March 31, 2019, a meeting of the preference shareholder was held on December 05, 2018 to approve the modification in the terms and conditions of the 200,000,000, 11% Perpetual Non-Cumulative Preference Shares of ₹ 10/- each amounting to ₹ 200 Crores.

Primarily the modifications were made with regard to declaration /payment of dividend on preference shares.

Green Initiative

We request all the shareholders to support the 'Green Initiative' of the Ministry of Corporate Affairs and the Bank's continuance towards greener environment by enabling service of Annual Report, Notice of General Meeting and other documents electronically to your email address registered with the Bank.

Acknowledgement

We place on record our gratitude to our employees at all levels that 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 & Delhi; the Ministry of Commerce and Industry; the Ministry of Finance, Ministry of Corporate Affairs; The Central Board of Indirect Taxes and Customs; the Reserve Bank of India; the Central Board of Direct Tax and all other government agencies for their support during the financial year ended March 31, 2019 and look forward to their continued support in future.

For and on behalf of the Board of Directors

Sunil Patel

Chairman
DIN: 00050837

Samit Kumar Ghosh

Managing Director and CEO
DIN: 00185369

Date: May 28, 2019

Place: Bengaluru

Annexure-1

1. Information in terms of Rule 5 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 financial year*	MD & CEO: 38.79X	
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	KMP MD CFO CS	% increase in remuneration 0 % 7 % 17.51 %
3	The percentage increase in the median remuneration of employees in the financial year	10.49%	
4	The number of permanent employees on the rolls of Bank	14,752	
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	10.47% : 7.00%	
6	Affirmation that the remuneration is as per the remuneration policy of the Bank	Yes	

*Only the Fixed Pay of MD & CEO considered

2. 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, 2019:

Employee Name	Designation and nature of Employment	Remuneration in financial year 2018-19 (₹ in Lakhs)	Nature of employment, whether contractual or otherwise	Educational Qualification and Experience in Years	Experience in Years	Date of Commencement of Employment	Age	Last Employment held	% of equity shares held	Whether relative of any director
Samit Kumar Ghosh	MD & CEO	92.39	Full Time	MBA	44	01-02-2017	69	Bank Muscat S.A.O.G India	Nil	No
Carol Furtado	Head of Human Resources	83.46	Full Time	MBA	22	01-02-2017	47	Bank Muscat	Nil	No
Upma Goel	Chief Financial Officer	74.49	Full Time	C.A	23	01-02-2017	49	L&T Holding Ltd.	Nil	No
Sanjay Kao	Chief Business Officer	74.42	Full Time	PGDBM	36	12-02-2018	61	Dunia Finance	Nil	No
Santhosh Kumar G	Business Head Of Third Party Products & TASC	72.51	Full Time	PGDM	26	01-02-2017	47	Kotak Mahindra Bank	Nil	No
Vasant Srivastava	Business Head- MSE	68.18	Full Time	PGDBM	24	24-07-2017	47	Janalakshmi Financial Services	Nil	No
*Jaya Janardanan	Chief Operating Officer	31.54	Full Time	Master's in Financial Management	24	22-10-2018	51	Aditya Birla Payments Bank	Nil	No
*Alok Chawla	Head of Audit	26.67	Full Time	C.A, C.I.A., D.I.S.A	28	02-11-2018	51	Mizuho Bank Ltd.	Nil	No
*Parag Kumar Srivastava	Head of Financial Institutions Group	22.28	Full Time	MBA	26	31-12-2018	50	Kotak Mahindra Bank	Nil	No
*Lakshman Velayutham	Chief Marketing Officer	11.77	Full Time	PGDM	26	15-02-2019	47	ICICI Bank Ltd.	Nil	No

*Remuneration has been annualized to arrive at the salaries for top 10 employees. They were employed for part of the financial year ended March 31, 2019.

Statement showing the name of every employee of the Bank, who-

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

None

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

None

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

None

For and on behalf of the Board of Directors

Sunil Patel

Chairman

DIN: 00050837

Samit Kumar Ghosh

Managing Director and CEO

DIN: 00185369

Date: May 28, 2019

Place: Bengaluru

Annexure-2

Form MGT-9

Extract of Annual Return as on March 31, 2019

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

I. Registration and other details:

i) CIN	:	U65110DL2016PLC302481
ii) Registration Date	:	July 04, 2016
iii) Name of the Company	:	Ujjivan Small Finance Bank Limited
iv) Category / Sub-Category of the Company	:	Company limited by Shares/Non Govt. Company/Bank
v) Address of the Registered Office and Contact Details	:	Plot No. 2364 / 8, Khampur Raya Village, Shadi Kampur, Main Patel Road, New Delhi-110008 Tel: +91 80 40712121 (E) 731 E-mail: chanchal.kumar@ujjivan.com
vi) Whether Listed Company	:	No Equity Shares of the Bank are not listed as on March 31, 2019; however, Non-Convertible Debentures of the Bank are listed on BSE Limited.
vii) Name, address and Contact Details Of Registrar And Transfer Agent	:	Karvy Fintech Private Limited Tower B Plot No: 31 & 32 ,Karvy Selenium, Financial District, Nanakramguda, Gachibowli Hyderabad, Telangana - 500032 Tel: +91 040 67161604 E-mail: mohsin.mohd@karvy.com Website: www.karvycomputershare.com
viii) Debenture Trustee:	:	IDBI Trusteeship Services Limited Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400001 Contact Person: Ritobrata Mitra Tel: 022- 40807023 E-mail ID: rmitra@idbitrustee.com

II. Principal Business Activities of the Company

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Banking & Financial Services	64191	100%

III. Particulars of Holding, Subsidiary and Associate Companies:

Sr. No.	Name and Address of the Company	CIN	Holding/ Subsidiary / Associate	% of Shares held
1	Ujjivan Financial Services Limited Grape Garden, No. 27, 3rd "A" Cross 18th Main, 6th Block, Koramangala, Bangalore-560095	L65999KA2004PLC035329	Holding Company	100

IV. Shareholding pattern (Equity Share Capital breakup as Percentage of Total Equity)

I) Category-Wise Share Holding

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

Category (II)	Category of Shareholder (II)	No. of Shares held at the beginning of the year (April 01, 2018)			No. of Shares held at the end of the year (March 31, 2019)			% Change during the year
		Demat	Physical	Total	% of Total	Demat	Physical	
(A) Promoter and Promoter Group								
(1) Indian		-	-	-	-	-	-	-
(a) Individuals/ HUF		-	-	-	-	-	-	-
(b) Central Government		-	-	-	-	-	-	-
(c) State Government(s)		-	-	-	-	-	-	-
(d) Bodies Corporate		- 1,440,036,800	1,440,036,800	100	-	- 1,440,036,800	1,440,036,800	100
(e) Banks / Financial Institutions		-	-	-	-	-	-	-
(f) Any Other		-	-	-	-	-	-	-
Sub Total (A) (1)		- 1,440,036,800	1,440,036,800	100		- 1,440,036,800	1,440,036,800	100
(2) Foreign		-	-	-	-	-	-	-
(a) NRIs - Individuals		-	-	-	-	-	-	-
(b) Other Individuals		-	-	-	-	-	-	-
(c) Bodies Corporate		-	-	-	-	-	-	-
(d) Banks / Financial Institutions		-	-	-	-	-	-	-
(e) Any Other		-	-	-	-	-	-	-
Sub Total (A) (2)		-	-	-		-	-	-
Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)		- 1,440,036,800	1,440,036,800	100		- 1,440,036,800	1,440,036,800	100
(B) Public Shareholding								
(1) Institutions		-	-	-	-	-	-	-
(a) Mutual Funds		-	-	-	-	-	-	-
(b) Banks / Financial Institutions		-	-	-	-	-	-	-
(c) Central Government		-	-	-	-	-	-	-
(d) State Government		-	-	-	-	-	-	-
(e) Venture Capital Funds		-	-	-	-	-	-	-
(f) Insurance Companies		-	-	-	-	-	-	-
(g) FIIs / Foreign Portfolio Investors		-	-	-	-	-	-	-
(h) Foreign Venture Capital Investors		-	-	-	-	-	-	-
(i) Any Other (specify)		-	-	-	-	-	-	-
Sub-Total (B)(1)		-	-	-		-	-	-
(2) Non-institutions		-	-	-	-	-	-	-
(a) Body Corporate		-	-	-	-	-	-	-
(b) Individuals		-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital up to ₹ 1 Lakh		-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh		-	-	-	-	-	-	-
(c) Others		-	-	-	-	-	-	-
Sub-Total (B)(2)		-	-	-		-	-	-
Total Public Shareholding (B)=(B)(1)+(B)(2)		-	-	-		-	-	-
(C) Shares held by Custodian for GDRs & ADRs								
Total (A) + (B) + (C)		- 1,440,036,800	1,440,036,800	100		- 1,440,036,800	1,440,036,800	100

(ii) Shareholding of Promoters

Sr. No.	Shareholder Name	Shareholding at the beginning of the year (April 01, 2018)			Shareholding at the end of the year (March 31, 2019)			% change in shareholding during the year
		No. of Equity Shares	% of total shares of the Bank	% of shares pledged / encumbered to total shares	No. of Equity Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	Ujjivan Financial Services Limited	1,440,036,800	100	Nil	1,440,036,800	100	Nil	NA

(iii) Change in Promoters' Shareholding: No change in the Promoters Shareholding during the financial year ended March 31, 2019

Sr. No.	Shareholder Name	Shareholding at the beginning of the year (April 01, 2018)		Cumulative Shareholding during the year (March 31, 2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Ujjivan Financial Services Limited	1,440,036,800	100	1,440,036,800	100

(iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) – Not applicable as 100% shares are held by Ujjivan Financial Services Limited.

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year (April 01, 2018)		Cumulative Shareholding during the year (March 31, 2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Director					
1	Mr. Samit Kumar Ghosh	1*	Negligible	1*	Negligible
2	Mr. Sunil Vinayak Patel	-	-	-	-
3	Ms. Vandana Viswanathan	-	-	-	-
4	Mr. Jayanta Kumar Basu	-	-	-	-
5	Mr. Nandlal Sarda	-	-	-	-
6	Mr. Biswamohan Mahapatra	-	-	-	-
7	Mr. Luis Miranda	-	-	-	-
8	Mr. Prabal Kumar Sen	-	-	-	-
9	Ms. Mona Kachhwaha	-	-	-	-
10	Mr. Sanjay Jain	-	-	-	-
11	Mr. Anadi Charan Sahu**	-	-	-	-
Key Managerial Personnel					
1	Mr. Samit Kumar Ghosh	1*	Negligible	1*	Negligible
2	Ms. Upma Goel	Nil	Nil	Nil	Nil
3	Mr. Chanchal Kumar	Nil	Nil	Nil	Nil

*Holding for and on behalf of Ujjivan Financial Services Limited

** Was on the Board of the Bank till May 06, 2018.

V. Indebtedness

Indebtedness of the Bank including interest outstanding / accrued but not due for payment

Particulars	Secured (TL/ NCD) excluding deposits	Unsecured (TL/ NCD)	Deposit *	Total Indebtedness
Indebtedness at the beginning of the financial year (April 01, 2018)				
i) Principal Amount	1,440.41	2,412.43	-	3,852.84
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	21.40	33.87	-	55.27
Total (a = i + ii + iii)	1,461.81	2,446.30	-	3,908.11
Changes in Indebtedness of principal during the financial year				
Addition	-	2,850.00	-	2,850.00
Reduction	1,129.82	1,406.93	-	2,536.75
Net Change (b)	-1,129.82	1,443.07	-	313.25
Indebtedness at the end of the financial year (March 31, 2019)				
i) Principal Amount (a + b)	310.59	3,855.50	-	4,166.09
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.66	41.07	-	49.73
Total (i + ii + iii)	319.25	3,896.57	-	4,215.82

* Section 73 (1) of the Companies Act, 2013, states that the provisions of the said Act relating to acceptance of deposits by companies do not apply to a Banking Company as defined in the Reserve Bank of India Act, 1934. Accordingly, information relating to the Bank's deposits is not disclosed in the table above. As per the applicable provisions of the Banking Regulation Act, 1949, details of the Bank's deposits have been included under Schedule 3 - Deposits, in the financial statements of the Bank.

VI. Remuneration of Directors and Key Managerial Personnel

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

Sr. No.	Particulars of Remuneration	Name of Managing Director	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income- Tax Act, 1961	Mr. Samit Kumar Ghosh	9,239,550*
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961		-
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961		-
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission		-
	- As % of profit		-
	- Other, specify		-
	Total (A)		9,239,550*
	Ceiling as per schedule V of the Companies Act, 2013	Remuneration within the ceiling prescribed under Section 197 read with Schedule V of the Companies Act, 2013	

*Fixed pay + bonus paid during the financial year ended March 31, 2019.

B. Remuneration to other directors:

Particulars of Remuneration		Name of Directors					(₹ in Lakhs)	
		Mr. Sunil Vinayak Patel	Mr. Luis Miranda	Mr. Prabal K Sen	Mr. Nandlal Sarda	Mr. Biswamohan Mahapatra	Ms Mona Kachhwaha	Total Amount
1) Independent Directors								
• Fees for attending board and board committee meetings (Sitting Fees)		14.60	7.70	7.40	9.40	8.50	4.90	52.50
• Commission		-	-	-	-	-	-	-
• Other, please specify		-	-	-	-	-	-	-
Total (1)		14.60	7.70	7.40	9.40	8.50	4.90	52.50
2) Other Non-Executive Directors			SIDBI (Mr. Anadi Charan Sahu*)	Mr. Jayanta Kumar Basu \$	Ms. Vandana Viswanathan	SIDBI (Mr. Sanjay Jain)**	Total Amount	
• Fees for attending board and board committee meetings		0.50		1.00	10.20	1.50	13.20	
• Commission		-		-	-	-	-	
• Other, please specify		-		-	-	-	-	
Total (2)		0.50		1.00	10.20	1.50	13.20	
Total Managerial Remuneration (1+2)					65.70			

Overall ceiling as per the Act (sitting fees not Bank is paying only sitting fees to Non-Executive Directors which is below the to exceed ₹ 100,000 per meeting) ceiling of ₹ 100,000/- per meeting as prescribed under the Companies Act, 2013.

* Mr. Anadi Charan Sahu resigned as Nominee Director w.e.f. May 06, 2018.

**Mr. Sanjay Jain was appointed as Nominee Director w.e.f. May 07, 2018

\$ Mr. Jayanta Kumar Basu was appointed as Non-Executive, Non-Independent Director w.e.f. November 14, 2018

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

Sr. No.	Particulars of Remuneration	Total Amount		
1.	Gross Salary	Ms. Upma Goel Chief Financial Officer	Mr. Chanchal Kumar Company Secretary	
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	74,49,147*	39,43,448*	1,13,92,595
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961			
	(c) Profits in lieu of salary u/s 17(3) of the Income-Tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission			
	- As % of profit			
	- Other, specify			
	Total	7,449,147	3,943,448	11,392,595

*Fixed pay + bonus paid during the financial year ended March 31, 2019.

VII. Penalties / Punishment / Compounding of Offences:

There were no penalties, punishment or compounding of offences during the financial year ended March 31, 2019

For and on behalf of the Board of Directors
Sunil Patel

Chairman

DIN: 00050837

Samit Kumar Ghosh

Managing Director and CEO

DIN: 00185369

Date: May 28, 2019

Place: Bengaluru

Annexure-3

Form No. MR-3 Secretarial Audit Report

For the financial year ended 31st march, 2019

[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
CIN: U65110DL2016PLC302481
Plot No. 2364 /8, Khampur Raya Village Shadi Kampur,
Main Patel Road, New Delhi – 110008, IN

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: U65110DL2016PLC302481 (hereinafter called "the Bank"). 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 31st March, 2019 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 31st March, 2019 according to the provisions to the extent applicable:

- (i) The Companies Act, 2013 ('the Act') and the Rules made there under and the relevant provisions of The Companies Act, 1956;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under to the extent applicable;
- (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;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable:
 - (a) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (b) The Securities and Exchange Board of India (listing obligations and disclosure requirements) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
 - (d) 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.
- (vi) Following laws, Norms and Directions as applicable specifically to Small Finance Banks in the Private Sector (SFB):
 1. The Reserve Bank of India Act, 1934;
 2. The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India from time to time;
 3. The Guidelines for Licensing of Small Finance Banks in the Private Sector;
 4. Operating Guidelines for Small Finance Banks;
 5. The Payment and Settlement Systems Act, 2007; and
 6. Deposit Insurance and Credit Guarantee Corporation Act, 1961;

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

- (i) Listing Agreement for debt securities entered into by the Bank with Bombay Stock Exchange, Mumbai; and
- (ii) Secretarial Standard 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, etc. mentioned above and labour laws.

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.

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

The Board of Directors of the Bank is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors based on the approval from the Reserve Bank of India. 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 Banking Regulation Act 1949.

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

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

There are adequate systems and processes in the Bank 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 related party transactions on arm's length basis with UJJIVAN FINANCIAL SERVICES LIMITED (CIN: L65999KA2004PLC035329), Holding Company and PARINAAM FOUNDATION

(CIN: U93090KA2008NPL045840) in which relative of Director of the Bank was interested and the Bank has obtained necessary approvals from the Board of Directors.

2. The Bank has redeemed Listed Rated Redeemable Secured & Unsecured Non-Convertible Debentures during the Financial Year.
3. This being the third Financial Year since Incorporation, the Board of Directors of the Bank and the Statutory Auditors are of the opinion that, the provisions relating to spending of at least two percent of the average net profits of the Bank made during the three immediately preceding Financial Years towards Corporate Social Responsibility were not applicable during the Financial Year.
4. The Reserve Bank of India vide its letter dated 24th October, 2018 has reiterated that the Bank should comply with the requirement of listing of Equity Shares within three years from the date of commencement of its operations i.e. by January 31, 2020 and the promoter to maintain at least 40 per cent of shareholding in the Bank, for a period of five years from the date of commencement of business of the Bank i.e. until January 31, 2022 as per the Guidelines for Licensing of Small Finance Banks dated 27th November, 2014 and as per the terms and conditions of the banking licence issued to the Bank by RBI.
5. The Bank has modified terms and conditions of the 20,00,00,000 Nos 11% Perpetual Non- Convertible Preference Shares of ₹ 10/- each and the Bank has obtained approval of the Preference Shareholders in their Meeting held on 05th December, 2018.
6. The Bank has obtained approval of the Shareholders for Ujjivan Small Finance Bank – Employee Stock Option Plan, 2019 in the Extraordinary General Meeting held on 29th March, 2019 and the Bank has obtained a separate approval of the Shareholders by way of a Special Resolution in the same Extraordinary General Meeting for granting Stock Options to Employees of present and future Subsidiary Company/ies and Holding Company.

Date: May 28, 2019
Place: Bengaluru

K. Jayachandran
ACS No.: 11309
CP No.: 4031

Annexure-A

To,
The Members,
UJJIVAN SMALL FINANCE BANK LIMITED
CIN: U65110DL2016PLC302481
Plot No. 2364 /8, Khampur Raya Village Shadi Kampur,
Main Patel Road, New Delhi – 110008, IN

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

1. Maintenance of secretarial record is the responsibility of the management of the 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: May 28, 2019
Place: Bengaluru

K. Jayachandran
ACS No.: 11309
CP No.: 4031

Corporate Governance Report

1. Bank's Philosophy on Corporate Governance

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 stakeholders. 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.

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

In pursuing the mission of "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 cornerstone of its operations. Transparency in the decision making process has been providing comfort to all stakeholders, particularly the lenders, customers and investors.

The detailed report on corporate governance for the financial year 2018-19, as per Regulation 34(3), read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), is set out below:

2. Board of Directors

The Bank is in compliance with the corporate governance provisions, as contained under the SEBI Listing Regulations, Companies Act, 2013 ("Act") and

guidelines of Reserve Bank of India in connection with the following:

- i. The Board of Directors (the "Board")
- ii. The Audit Committee
- iii. The Nomination and Remuneration Committee
- iv. The Stakeholders Relationship Committee
- v. The Corporate Social Responsibility Committee
- vi. The Risk Management Committee
- vii. The Customer Service Committee
- viii. The Human Resource & Compensation Committee
- ix. The IT Strategy Committee
- x. The Review Committee of Wilful Defaulter
- xi. The Fraud Committee (Special Committee of the Board for Monitoring High Value Frauds)
- xii. The Committee of Directors
- xiii. The Listing Committee
- xiv. The Business Strategy Committee
- xv. The Independent Directors

a. Composition of Board

The Bank has an appropriate mix of executive directors, non-executive directors and independent directors to maintain the Board's independence and separate its functioning of governance and management. Currently, the Board comprises of 10 (Ten) directors, including 2 (Two) women directors. The detailed profile of the directors is available on the website of the Bank at www.ujjivansfb.com.

Composition of the Board as on March 31, 2019 is as follows:

Category	Number of director	Percentage (%)
Executive Directors	1	10
Non-Executive Directors	2	20
Nominee Director	1	10
Independent Directors	6	60
Total	10	100

Board and Board Committees Composition as on March 31, 2019															
Name of Director	Category	Board	AC	NRC	SRC	RMC	CSC	HR&CC	ITSC	WDC	FC	CoD	LC	BSC	CSR
Mr. Samit Kumar Ghosh	ED	M			M	M	C	M		C	C	M	M	C	
Mr. Sunil Vinayak Patel	ID	C	C	M	C	M		M	M			C	M		
Ms. Vandana Viswanathan	NE-NID	M			C	M		M	C			M			C
Mr. Nandlal Sarda	ID	M	M			M				C					M
Mr. Biswamohan Mahapatra	ID	M	M	M			C			M	M		C		
Mr. Luis Miranda	ID	M	M			M				M	M				M
Mr. Prabal Kumar Sen	ID	M		M		M									M
Ms. Mona Kachhwaha	ID	M								M					M
Mr. Jayanta Kumar Basu	NE-NID	M													M
Mr. Sanjay Jain	ND	M													
Total Members		10	4	4	3	5	3	4	3						
Total Meetings Held		6	6	5	1	4	4	3	4	1	0	3	3	3	2

C= Chairman/Chairperson

M= Member

AC= Audit Committee

NRC= Nomination and Remuneration Committee

SRC= Stakeholders Relationship Committee

RMC=Risk Management Committee

CSC= Customer Service Committee

HR&CC= Human Resource & Compensation Committee

ITSC= IT Strategy Committee

WDC= Review Committee of Wilful Defaulter

FC= The Fraud Committee (Special Committee of the Board for Monitoring High Value Frauds)

CoD=Committee of Directors

LC=Listing Committee

BSC=Business Strategy Committee

CSR=Corporate Social Responsibility Committee

ED=Executive Director

ID=Independent Director

NE-NID=Non-Executive, Non-Independent Director

ND=Nominee Director

- b. The name and category of the directors on the Board, their attendance at the Board Meetings held during the financial year 2018-19 and at the last Annual General Meeting ("AGM") and the number of directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2019 are given herein below. Other directorships do not include directorships in private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships/ memberships of Board Committees shall include Audit Committee and Stakeholders Relationship Committee only.

Name of the Director	Category	No. of Board Meetings during the financial year 2018-19			Whether attended last AGM	No. of directorships in other Public Companies		No. of Committee positions held in other Public Companies	
		Held during the financial year 2018-19	Entitled to attend	Attended		Chairman	Member	Chairman	Member
Mr. Samit Kumar Ghosh DIN: 00185369	Managing Director and CEO-Executive Director	6	6	6	Yes	-	-	-	-
Mr. Sunil Vinayak Patel DIN: 00050837	Part-time Chairman - Independent Director	6	6	6	Yes	-	-	-	-
Ms. Vandana Viswanathan DIN: 05192578	Non-Executive, Non Independent Director	6	6	6	Yes	-	1	-	1
*Mr. Jayanta Kumar Basu DIN: 01268046	Non-Executive, Non Independent Director	6	2	2	No	-	1	-	1
Mr. Nandlal Sarda DIN: 00147782	Independent Director	6	6	6	No	-	2	-	2
Mr. Biswamohan Mahapatra DIN: 06990345	Independent Director	6	6	5	No	-	4	1	3
Mr. Luis Miranda DIN: 01055493	Independent Director	6	6	5	No	1	1	1	1
Mr. Prabal Kumar Sen DIN: 02594965	Independent Director	6	6	6	No	-	1	-	-
Ms. Mona Kachhwaha DIN: 01856801	Independent Director	6	6	5	No	-	-	-	-
*Mr. Sanjay Jain DIN: 02559601	Nominee Director	6	5	3	No	-	3	-	2
** Mr. Anadi Charan Sahu DIN: 06696504	Nominee Director	6	1	1	No	-	-	-	-

* Mr. Jayanta Kumar Basu was appointed as non-executive, non-independent director w.e.f. November 14, 2018.

*Mr. Sanjay Jain was appointed as the nominee director w.e.f. May 07, 2018.

** Mr. Anadi Charan Sahu resigned as nominee director w.e.f. May 06, 2018.

- c. The name of the listed entities where the following director of the Bank is a director and the category of directorship:

Name of the director	Name of the listed entity	Category of directorship
Mr. Biswamohan Mahapatra	Gruh Finance Limited	Independent Director
	Edelweiss Financial Services Limited	Independent Director
Mr. Nandlal Sarda	Cybertech Systems and Software Limited	Independent Director
Mr. Jayanta Kumar Basu	Ujjivan Financial Services Limited	Non-Executive, Non-Independent Director
Mr. Sanjay Jain	Bharat Financial Inclusion Limited	Nominee Director
Ms. Vandana Viswanathan	Ujjivan Financial Services Limited	Independent Director

- d. During the financial year 2018-19, 6 (Six) meetings of the Board were held on following dates:

Date of Board meeting	Total number of directors	Number of directors present
April 23, 2018	9	9
May 08, 2018	9	8
July 31, 2018	9	9
November 13, 2018	9	7
January 22, 2019	10	8
March 25, 2019	10	10

There has not been a time gap of more than 120 (One Hundred and Twenty) days between any two consecutive Board meetings.

- e. No director is related to each other.
- f. None of the directors hold any equity shares in the Bank as on March 31, 2019 except that Mr. Samit Kumar Ghosh holds 1 (One) equity share of the Bank for and on behalf of Ujjivan Financial Services Limited.
- g. Complying with Regulation 25(7) of SEBI Listing Regulations, familiarisation programme to empower Independent Directors with the knowledge of Bank's business and operations were conducted during the financial year 2018-19. Further, under the Familiarisation Programme for the Independent Directors, 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. The details of such program are available on the website of the Bank at the link given below.

https://www.ujjivansfb.in/pdf/Ujjivan_Small_Finance_Bank_Familiarisation_programme.pdf

- h. In compliance with Section 10A and other applicable provisions of Banking Regulation Act, 1949 and other laws applicable to the Bank, the Bank has a well-diversified Board having skill, expertise and

competencies in the field of Finance, Accountancy, Banking, Micro Finance/Banking, Information Technology, Human Resource Management, Treasury Management, Agriculture, Small Scale Industries, Housing & MSE Business and Corporate and Investment Banking.

Sr. No.	Name of the director	Core Skills/Expertise/ Competencies
1.	Mr. Samit Kumar Ghosh	Banking Experience
2.	Mr. Sunil Vinayak Patel	Finance, Accountancy, Banking, Micro Finance, Mutual Fund Management
3.	Ms. Vandana Viswanathan	Human Resource Management
4.	Mr. Jayanta Kumar Basu	Corporate and Investment Banking Business
5.	Mr. Nandlal Sarda	Information Technology
6.	Mr. Biswamohan Mahapatra	Banking and Finance
7.	Mr. Luis Miranda	Treasury, Banking and Investments
8.	Mr. Prabal Kumar Sen	Agriculture, Rural Economy, Economic Research, Planning & Development
9.	Ms. Mona Kachhwaha	Micro Finance, Housing and Investments
10.	Mr. Sanjay Jain	Small Scale Industry

- i. In the opinion of the Board, all the independent directors of the Bank meet criteria of independence laid down under the Act and SEBI Listing Regulations. At the time of appointment and at the beginning of each financial year, the independent directors submit a self-declaration confirming their independence and compliance with various eligibility criteria, among other disclosures. All such declarations are placed before the Board for information and noting.
- j. No independent director has resigned before the expiry of his/her tenure during the financial year 2018-19.
- k. Every director has duly informed the Bank about the committee positions he/she occupies in other companies.
- l. None of the Directors of the Bank are members of more than 10 (Ten) committees (Audit Committee and the Stakeholders' Relationship Committee) across all public limited companies in which they are director.
- m. None of the Directors of the Bank are director in more than 8 (Eight) listed entities.
- n. None of the Directors of the Bank are Chairman of more than 5 (Five) committees across all public limited companies in which they are director.

3. Audit Committee

- a. The Bank has constituted the Audit Committee in line with the provisions of Section 177 of the Act, RBI Guidelines and Regulation 18 of the SEBI Listing Regulations.

- b. The composition of the Audit Committee and the details of meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the Financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Mr. Sunil Vinayak Patel	Chairman - Independent Director	6	6	100
2.	Mr. Luis Miranda	Member- Independent Director	6	5	83
3.	Mr. Biswamohan Mahapatra	Member- Independent Director	6	5	83
4.	Mr. Nandlal Sarda	Member - Independent Director	6	6	100

All the members of the Audit Committee have expertise in finance and have knowledge of accounting and financial management.

- c. During the financial year 2018-19, 6 (Six) meetings of the Audit Committee were held on following dates:

Date of Audit Committee Meeting	Total number of members	Number of members present
April 23, 2018	4	4
May 08, 2018	4	4
July 31, 2018	4	4
November 13, 2018	4	3
January 22, 2019	4	3
March 25, 2019	4	4

- d. The terms of reference of the Audit Committee are in accordance with the Act, RBI Guidelines and the SEBI Listing Regulations.

The scopes and term of reference of the Audit Committee are:

- (1) oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the Bank;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b) changes, if any, in accounting policies and practices and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;
 - e) compliance with legal requirements relating to financial statements;

- f) disclosure of any related party transactions; and
- g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the Bank with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the Bank, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up thereon;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) periodic inspection report submitted by the RBI and Certificates/returns/reports to the RBI pertaining to the Audit Committee function;
- (19) annual tax audit statement and auditors report thereon;
- (20) to review the functioning of the whistle blower mechanism;
- (21) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (22) the Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Bank;
- (23) carrying out any other function as is mentioned in the terms of reference of the audit committee;
- (24) quarterly Board oversight updates to be provided by Internal Audit and Compliance;
- (25) reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- (26) the audit committee shall mandatorily review the following information:
 - i. management discussion and analysis of financial condition and results of operations;

- b. The composition of the Nomination Committee and the details of meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Ms. Vandana Viswanathan	Chairperson - Non-Executive, Non -Independent Director	5	5	100
2.	Mr. Sunil Vinayak Patel	Member- Independent Director	5	5	100
3.	Mr. Biswamohan Mahapatra	Member - Independent Director	4	3	75
4.	Mr. Prabal Kumar Sen	Member - Independent Director	5	5	100
5.	*Ms. Mona Kachhwaha	Member - Independent Director	1**	1	100

*Ms. Mona Kachhwaha moved out of Nomination Committee and Mr. Biswamohan Mahapatra replaced her w.e.f May 8, 2018.

**Ms. Mona Kachhwaha was eligible to attend only one meeting during the financial year 2018-19.

- c. All the members of the Nomination Committee are non-executive directors, and three out of four members of the Nomination Committee are independent directors.
- d. The Chairperson of the Nomination Committee is a non-executive, non-independent director.

- e. During the financial year 2018-19, 5 (Five) meetings of the Nomination Committee were held on following dates:

Date of Nomination Committee Meeting	Total number of members	Number of members present
May 07, 2018	4	4
July 30, 2018	4	4
November 12, 2018	4	4
January 21, 2019	4	3
March 25, 2019	4	4
May 09, 2019*	4	4

*Held after March 31, 2019

- f. The scope of the Nomination Committee are:

- (1) to formulate criteria for determining qualifications, positive attributes and independence of a director;
 - (2) to ensure 'fit and proper' status of proposed/existing directors;
 - (3) identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal;
 - (4) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
 - (5) to recommend to the Board the appointment and removal of senior management;
 - (6) to carry out evaluation of director's performance and recommend to the Board appointment / removal based on his / her performance;
 - (7) to recommend to the Board on (i) policy relating to remuneration for directors, key managerial personnel and senior management and (ii) executive directors remuneration and incentive;
 - (8) conducting due diligence as to the credentials of any director before his or her appointment /reappointment, and making appropriate recommendations to the Board, in consonance with the Dr. Ganguly Committee recommendations and the requirements of RBI;
 - (9) overseeing the framing, review and implementation of the Bank's Compensation Policy for whole time directors/ chief executive officers / risk takers and control function staff for ensuring effective alignment between remuneration and risks;
 - (10) to make recommendations to the Board concerning any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Bank subject to the provision of the law and their service contract;
 - (11) ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - (12) to devise a policy on Board diversity;
 - (13) to develop a succession plan for the Board and to regularly review the plan;
 - (14) to approve Job descriptions & KRA's of Senior Managers and Business Line Managers on an annual basis;
 - (15) to review Performance of the senior/business line managers by Nomination Committee on an annual basis; and
 - (16) to recommend to the Board, all remuneration, in whatever form, payable to senior management.
- g. The Bank has a well-defined Nomination and Remuneration Policy which covers inter alia the criteria of evaluation of directors and the Board, the remuneration of directors / KMPs and other senior management of the Bank.
- h. There was no change in the sitting fees paid to the non-executive directors (including independent directors) during the financial year 2018-19 which was ₹ 50,000 per Board meeting and ₹ 40,000 for each Board Committee meetings.
- i. In compliance with Section 178 of the Act and SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance as well as the working of its Committees and Individual Directors as per the criteria laid down by the Nomination Committee, which includes the following:
- 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.

IV. Disclosure on Board evaluation pursuant to SEBI circular No. EBI/HO/CFD/CMD/CIR/P/ 2018/79 dated May 10, 2018:

Particulars	Key Observations
Observation of board evaluation carried out for the year	<ul style="list-style-type: none"> a. Good performance of Board Members was noted. b. Board was further strengthened by the joining of a new director (Mr. Jayanta Kumar Basu) who is also on the Board of Holding Company. c. A new Business Strategy Committee of the Board has been constituted which met 3 (Three) times during the financial year 2018-19 to review and take strategic business decisions. d. A Listing Committee of the Board has been constituted to ensure compliance with listing requirements of RBI. 3 (Three) Meetings of Listing Committee was held during the financial year 2018-19. e. Matters relating to succession planning was managed efficiently. f. The Board spent significant time in planning & executing strategy, on governance & compliance. The Board was able to identify risks for the Bank. Further there was no conflict of interest in the Board. The Board was able to create value for stakeholders. g. It was suggested to explore having an additional IT expert as a consultant on IT related matters or as Board Member with IT domain expertise.
Previous year's observations and action taken	Based on the recommendations during the financial year 2017-18, a Business Strategy Committee of the Board was constituted which functioned effectively during the financial year 2018-19.
Proposed actions based on current year observation	Explore having an additional IT expert as a consultant on IT related matters or as Board Member with IT domain expertise.

5. Stakeholders Relationship Committee

- a. For redressing the grievances of the stakeholders, the Bank has constituted a Stakeholders Relationship Committee as per the requirements of Section 178 of the Act, Regulation 20 of the SEBI Listing Regulations.
- b. The composition of the Stakeholders Relationship Committee and the details of meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Mr. Sunil Vinayak Patel	Chairman -Independent Director	1	1	100
2.	Ms. Vandana Viswanathan	Member - Non-Executive, Non-Independent Director	1	1	100
3.	Mr. Samit Kumar Ghosh	Member – Managing Director and CEO	1	1	100

- c. The Chairman of the Stakeholders Relationship Committee is an Independent Director of the Bank.
- d. The Stakeholders Relationship Committee met once during the financial year 2018-19 on January 21, 2019. All the members were present in the Meeting.
- e. The scope of the Stakeholders Relationship Committee are:
 - (1) to approve/refuse/reject registration of transfer/transmission of Shares in a timely manner;
 - (2) to authorise the issue, printing, signing of Share Certificates and Common Seal thereon post authorization from the Board of Directors of the Bank, issue of Duplicate Share Certificates and Share Certificates after Split / Consolidation / Rematerialization and in Replacement of those which are defaced, mutilated, torn or old, decrepit, worn out or where the pages on reverse for recording transfers have been utilized;
 - (3) to authorise to sign and endorse the Share Transfers on behalf of the Bank;
- (4) to monitor redressal of stakeholder's complaints/grievances including relating to non-receipt of allotment/refund, transfer/transmission of shares, non-receipt of balance sheet/Annual Report, non-receipt of declared dividends, issue of new or duplicate certificates, general meeting etc;
- (5) to oversee the performance of the Registrar and Transfer Agents and to recommend measures for overall improvement in the quality of investor services;
- (6) to perform all functions relating to the interests of security holders (shareholders and debenture holders) of the Bank and as assigned by the Board, as may be required by the provisions of the Companies Act, 2013 and Rules made thereunder, Listing Agreements (with respect to listed NCDs) with the Stock Exchanges and regulations issued by the SEBI or any other regulatory authority;
- (7) review of measures taken for effective exercise of voting rights by shareholders;

- (8) review of the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
- (9) to perform such other functions as and when authorised by the Board.
- f. No complaints of stakeholders were received during the financial year 2018-19.
- g. Mr. Chanchal Kumar, Company Secretary, has been appointed as the Compliance Officer of the Bank as per Regulation 6 of the SEBI Listing Regulations.

6. Corporate Social Responsibility Committee (CSR Committee)

- a. The Bank has constituted a CSR Committee in accordance with the provisions of Section 135 of the Act and the rules made thereunder and to oversee social programs to be undertaken by the Bank and monitor economic and social impact on society at large.
- b. The composition of the CSR Committee and the details of meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Ms. Vandana Viswanathan	Chairperson-Non-Executive, Non -Independent Director	2	2	100
2.	Mr. Nandlal Sarda	Member - Independent Director	2	2	100
3.	Mr. Prabal Kumar Sen	Member - Independent Director	2	2	100

- c. The scope of the CSR Committee are:

- (1) to formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Act and make any revisions therein as and when decided by the Board;
- (2) to recommend the amount of expenditure to be incurred on the activities;
- (3) to monitor the Corporate Social Responsibility Policy of the Bank from time to time; and
- (4) to do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.
- d. During the financial year 2018-19, 2 (Two) meetings of the CSR Committee were held on following dates:

Date of CSR Committee Meeting	Total number of members	Number of members present
May 07, 2018	3	3
January 21, 2019	3	3

- e. Two members of the CSR Committee are independent directors.

7. Risk Management Committee

- a. The Bank has constituted a Risk Management Committee in accordance with RBI guidelines on Corporate Governance and Regulation 21 of the SEBI Listing Regulations.
- b. The following are the main terms of reference of the Committee:
- (1) evaluate overall risks faced by the Bank and determining the level of risks which will be in the best interest of the Bank;

- (2) identify, monitor and measure the risk profile of the Bank;
- (3) develop policies and procedures, verify the models that are used for pricing complex products, review the risk models as development takes place in the markets and also identify new risks;
- (4) design stress scenarios to measure the impact of unusual market conditions and monitor variance between the actual volatility of portfolio value and that predicted by the risk measures;
- (5) monitor compliance of various risk parameters by operating departments;
- (6) review the outsourcing functions of the Bank;
- (7) review of risk management practices, procedures and systems to ensure that same are adequate to limit all potential risks, faced by the Bank to prudent levels (Annually). (Risk Management Framework to be reviewed for adequacy);
- (8) Limit Management Framework to be defined by outlining of the tolerance limits. Any exceptions and breaches to be reported on a quarterly basis;
- (9) overview the functions and performance of the Risk Management Committee of the management; and
- (10) monitor and review the cyber security system of the Bank.

The Risk Management Committee shall also oversee the following functions:

(A) Outsourcing Function RBI instructions

The Risk Management Committee of the Board shall be responsible *inter alia* for:-

- (1) approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
- (2) laying down appropriate approval authorities for outsourcing depending on risks and materiality;
- (3) undertaking regular review of outsourcing strategies and arrangements for their continued relevance, safety and soundness; and
- (4) deciding on business activities of a material nature to be outsourced, and approving such arrangements.

(B) Management Supervisory Function

- Monitoring of the exposures (both credit and investment) by the Bank, review of the adequacy of the risk management process and upgradation thereof, internal control systems and ensuring compliance with the statutory / regulatory framework.
- c. The composition of the Risk Management Committee and the details of meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Mr. Biswamohan Mahapatra	Chairman-Independent Director	4	3	75
2.	Mr. Luis Miranda	Member - Independent Director	4	3	75
3.	Mr. Sunil Vinayak Patel	Member - Independent Director	4	4	100
4.	Mr. Samit Kumar Ghosh	Member – Managing Director and CEO	4	4	100
5.	Mr. Nandlal Sarda	Member - Independent Director	4	4	100

- d. During the financial year 2018-19, 4 (Four) meetings of the Risk Management Committee were held on following dates:

Date of Risk Management Committee Meeting	Total number of members	Number of members present
May 07, 2018	5	5
July 30, 2018	5	5
November 12, 2018	5	4
January 21, 2019	5	4

8. Customer Service Committee

- a. The Bank has constituted a Customer Service Committee in accordance with RBI guidelines on Corporate Governance.
- b. The terms of reference of the Customer Service Committee are as follows:
- (1) the main terms of reference of the Committee's function is to monitor the quality of customer service extended by the Bank and to attend to the needs of customers and to further the efforts of financial inclusion for the Bank's customers;
 - (2) to review the controls related to managing/protecting the interests of unsophisticated/illiterate customers on an annual basis;
 - (3) to review the performance of the Standing Committee of the Customer Service;

- (4) to formulate a comprehensive Deposit Policy, incorporating the issues such as the treatment of death of a depositor for operations of his account;
- (5) to formulate a product approval process;
- (6) to take an annual survey of depositor satisfaction and the tri-ennial audit of such services;
- (7) to monitor the implementation of Awards under the Banking Ombudsman Scheme;
- (8) place all the awards before the Customer Service Committee to enable them to address issues of systemic deficiencies existing in the Bank, if any, brought out by the awards;
- (9) place all the awards remaining unimplemented for more than three months with the reasons therefore before the Customer Service Committee to enable the Customer Service Committee to report to the Board such delays in implementation without valid reasons and for initiating necessary remedial action;
- (10) delay in the implementation of Banking Ombudsman award to be reviewed quarterly in the Customer Service Committee; and
- (11) to examine any other issues having a bearing on the quality of customer service rendered.

- c. The composition of the Customer Service Committee and the details of the meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Mr. Samit Kumar Ghosh	Chairman-Managing Director and CEO	4	4	100
2.	Ms. Vandana Viswanathan	Member - Non-Executive, Non-Independent Director	4	4	100
3.	Mr. Prabal Kumar Sen	Member - Independent Director	4	4	100

- d. During the financial year 2018-19, 4 (Four) meetings of the Customer Service Committee were held on following dates:

Date of Customer Service Committee Meeting	Total number of members	Number of members present
May 07, 2018	3	3
July 30, 2018	3	3
November 12, 2018	3	3
January 21, 2019	3	3

9. Human Resource & Compensation Committee (HR Committee)

- a. The Bank has constituted a HR Committee.
- b. The following are the main terms of reference of the Committee:
- (1) review regularly and approve the Bank's program for executive and employee development;
 - (2) review and implement the various HR policies and manual of the Bank;
 - (3) develop, review and approve the principles guiding the Bank's executive compensation philosophies;
 - (4) assure that the bonus plan is administered in a manner consistent with Bank's compensation principles and strategies including Bank's policies relating to executive management succession and executive organization development; and
 - (5) any other matter related to employees.
- c. The composition of the HR Committee and the details of the meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Ms. Vandana Viswanathan	Chairperson-Non-Executive, Non-Independent Director	3	3	100
2.	Mr. Samit Kumar Ghosh	Member – Managing Director and CEO	3	3	100
3.	Mr. Sunil Vinayak Patel	Member - Independent Director	3	3	100

- d. During the financial year 2018-19, 3 (Three) meetings of the HR Committee were held on following dates:

Date of HR Committee Meeting	Total number of members	Number of members present
May 07, 2018	3	3
July 20, 2018	3	3
January 21, 2019	3	3
May 09, 2019*	3	3

*Held after March 31, 2019

10. IT Strategy Committee

- a. The Bank has constituted an IT Strategy Committee in accordance with RBI guidelines on Corporate Governance.
- b. The terms of reference of the Committee include the following:
- (1) approving IT strategy and policy documents;
 - (2) ensuring that the management has put an effective strategic planning process in place;
 - (3) ratifying that the business strategy is indeed aligned with IT strategy;
 - (4) ensuring that the IT organizational structure complements the business model and its direction;
 - (5) ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
 - (6) ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
 - (7) monitoring the method that management uses to determine the IT resources needed to achieve
- c. The composition of the IT Strategy Committee and the details of the meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Mr. Nandlal Sarda	Chairman-Independent Director	4	4	100
2.	Mr. Sunil Vinayak Patel	Member - Independent Director	4	4	100
3.	Mr. Luis Miranda*	Member - Independent Director	1	1	100
4.	Ms. Mona Kachhwaha*	Member - Independent Director	3	2	67

* Mr. Luis Miranda moved out of the Committee on May 8, 2018 and Ms. Mona Kachhwaha joined on the same day as member of the Committee.

- d. During the financial year 2018-19, 4 (Four) meetings of the IT Strategy Committee were held on following dates:

Date of IT Strategy Committee Meeting	Total number of members	Number of members present
May 07, 2018	3	3
July 30, 2018	3	3
November 12, 2018	3	2
January 21, 2019	3	3

11. Review Committee of Wilful Defaulters

- a. The Bank has constituted a Review Committee of Wilful Defaulter in accordance with RBI guidelines on Corporate Governance to review decisions taken by the identification committee for identification of wilful defaulter/borrower.
- b. The composition of the Review Committee of Wilful Defaulter and the details of meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Mr. Samit Kumar Ghosh	Chairman-Managing Director and CEO	1	1	100
2.	Mr. Biswamohan Mahapatra	Member - Independent Director	1	1	100
3.	Mr. Luis Miranda	Member - Independent Director	1	1	100

- c. The Review Committee of Wilful Defaulters met once during the financial year 2018-19 on July 30, 2018. All the members of the committee were present in the meeting.

12. Fraud Committee (Special Committee of Board for Monitoring High Value Frauds)

- The Bank has constituted a Fraud Committee in accordance with RBI guidelines on Corporate Governance to monitor and follow up cases of frauds involving amounts in excess of ₹ 1 (One) Crores.
- No meeting of the committee was held during the financial year 2018-19 as no fraud was detected in the Bank where the amount involved was more than ₹ 1 (One) Crores.
- The composition of the Fraud Committee is given below:

Sr. No.	Name of director	Designation/Category
1.	Mr. Samit Kumar Ghosh	Chairman - Managing Director and CEO
2.	Mr. Luis Miranda	Member - Independent Director
3.	Mr. Biswamohan Mahapatra	Member - Independent Director

13. Committee of Directors

- The Bank has constituted a Committee of Directors to facilitate faster decision making to borrow monies, issuing or arranging bank guarantees for Bank's own requirements; and offering security deposit, margin money, etc. for such and other transactions, to open Bank accounts, addition/deletion/change of signatories in Bank accounts, to apply for internet banking facilities and addition/deletion/change in inputter/authorisers, any other bank related matters, to enter into IBPC transactions, to enter into securitisation transactions, to avail refinance facilities from Financial Institutions, to raise monies through certificate of Deposits and to open DAD Accounts, Clearing Accounts and resolutions relating to any other statutory compliances/regulatory matters.
- The composition of Committee of Directors and the details of meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Mr. Sunil Vinayak Patel	Chairman-Independent Director	3	3	100
2.	Mr. Samit Kumar Ghosh	Member –Managing Director and CEO	3	3	100
3.	Ms. Vandana Viswanathan	Member - Non-Executive, Non-Independent Director	3	3	100

- During the financial year 2018-19, 3 (Three) meetings of the Committee of Directors were held on following dates:

Date of Committee of Directors Meeting	Total number of members	Number of members present
July 23, 2018	3	3
October 30, 2018	3	3
February 27, 2019	3	3

14. Listing Committee

- The Bank has constituted a Listing Committee to evaluate various options and mode, in consultation with various professional firms, for listing of the equity shares of the Bank on stock exchange in India and for dilution of promoter's shareholding in line with the RBI guidelines.
- The composition of the Listing Committee and the details of meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Mr. Biswamohan Mahapatra	Chairman-Independent Director	3	2	67
2.	Mr. Samit Kumar Ghosh	Member –Managing Director and CEO	3	3	100
3.	Mr. Sunil Vinayak Patel	Member - Independent Director	3	3	100

- During the financial year 2018-19, 3 (Three) meetings of the Listing Committee were held on following dates:

Date of Listing Committee Meeting	Total number of members	Number of members present
December 17, 2018	3	3
January 21, 2019	3	2
March 01, 2019	3	3

15. Business Strategy Committee

- a. The Bank has constituted a Business Strategy Committee to review and provide inputs to the business plans of each line of business with a specific focus on growth, strategy and productivity.
- b. The composition of Business Strategy Committee and the details of meetings attended by its members are given below:

Sr. No.	Name of the director	Designation/Category	Number of meetings during the financial year 2018-19		% of Attendance
			Held during their tenure	Attended	
1.	Mr. Samit Kumar Ghosh	Chairman - Managing Director and CEO	3	3	100
2.	Ms. Mona Kachhwaha	Member - Independent Director	3	3	100
3.	Mr. Biswamohan Mahapatra	Member - Independent Director	1	1	100
4.	Mr. Luis Miranda*	Member - Independent Director	2	2	100
5.	Mr. Jayanta Kumar Basu**	Member -Non-Executive, Non-Independent Director	0	0	0

*Mr. Luis Miranda joined the Committee w.e.f July 01, 2018 in place of Mr. Biswamohan Mahapatra.

** No meetings were held after his appointment as a member of the Committee.

- c. During the financial year 2018-19, 3 (Three) meetings of the Business Strategy Committee were held on following dates:

Date of Business Strategy Committee Meeting	Total number of members	Number of members present
April 13, 2018	3	3
July 06, 2018	3	3
October 05, 2018	3	3

16. Independent Directors

- a. The Independent Directors are given a formal letter of appointment containing the terms of appointment, roles, duties and code of conduct, among other items, as required under Regulation 46 of the SEBI Listing regulations. The terms and conditions of appointment of Independent Directors are available on the website of the Bank at www.ujjivansfb.com.
- b. The Companies Act, 2013 read with Schedule IV mandates that the Independent Directors of the Bank hold at least one meeting in a year, without the attendance of Non-Independent Directors and members of Senior Management. The Independent Directors, at its meeting held on March 25, 2019, evaluated the performance of the Chairperson, Non-Independent Directors and the Board. Independent Directors also reviewed the quality, quantity and timeliness of flow of information between the Management and Board.

17. Remuneration of Directors

- a. Disclosures with respect to the remuneration of Managing Director & CEO of the Bank pursuant to SEBI Listing Regulations.

Particulars	Amount (₹)
Salary (gross salary excluding bonus)	8,920,800
Benefits*	10,613
Bonuses**	318,750
Stock Options	-
Pension	-
Details of fixed component and performance linked incentives, along with the performance criteria.	-
Service Contracts	-
Notice Period	-
Severance Fees	-
Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.	-

*GHI, GPA & GTL premium cost

**For a period of February 1, 2017 to March 31, 2017: 1.5 times of one month basic salary for financial year 2016-17 prorated for period is ₹ 93,750/- April 1, 2017 to March 31, 2018: 1.2 times of half month basic salary for financial year 2017-2018 – ₹ 225,000/-

- b. The details of the remuneration paid by way of sitting fees to the Non-Executive Directors including Independent Directors have been disclosed in the Annexure-2 of the Directors' Report.

18. General Meetings of Members

- a. Details of the last three Annual General Meetings are as follows:

Sr. No.	Financial Year	Date and Time	Location	Special Resolution Passed
1.	2015-16*	NA	NA	NA
2.	2016-17	July 31, 2017 @ 01.00 P.M.	Registered Office	To approve the revision in the remuneration of the Managing Director and Chief Executive Officer ("MD & CEO") of the Bank for the FY 2017-18 subject to the approval of the Reserve Bank of India.
3.	2017-18	June 18, 2018 @ 11.30 A.M.	Registered Office	None

*The Bank was incorporated on July 04, 2016 hence no Annual General Meeting was held in the financial year 2015-16.

- b. During the financial year 2018-19, 3 (Three) Extraordinary General Meetings of the members of the Bank were held on following dates:

Name of meeting	Date of meeting	Special Resolution Passed
Extraordinary General Meeting	September 28, 2018	None
Extraordinary General Meeting	January 04, 2019	None
Extraordinary General Meeting	March 22, 2019	None
Adjourned Extraordinary General Meeting	March 29, 2019	<ol style="list-style-type: none"> 1. To approve Ujjivan Small Finance Bank-Employee Stock Option Plan 2019 ("ESOP 2019"/"\Plan") and grant of ESOP to eligible employees of the Bank. 2. To approve grant of ESOP to the employees of present and future Subsidiary Company (ies) and/or Holding Company (ies), if any, under Ujjivan Small Finance Bank - Employee Stock Option Plan 2019 ("ESOP 2019"/"\Plan").
*Extraordinary General Meeting	April 26, 2019	Alteration of capital clause of the Memorandum of Association of the Bank.

*Held after March 31, 2019.

- c. During the financial year 2018-19, a meeting of the preference shareholder was held on December 05, 2018 to approve the modification in the terms and conditions of 200,000,000, 11% Perpetual Non-Cumulative Preference Shares of ₹ 10/- each aggregating to ₹ 200 Crores.
- d. No resolution was passed through postal ballot during the financial year 2018-19 and no resolution is proposed to be passed through postal ballot.

19. Means of Communication

The Bank has an operational website <https://www.ujjivansfb.in/> wherein *inter alia* half yearly and annual financials are being uploaded. The results are also published in reputed business dailies in the location where the Registered Office and the Head Office of the Bank is situated.

20. Chief Executive Officer & Chief Financial Officer Certification (CEO & CFO Certification)

As required under Regulation 17 read with Part B of Schedule II of the SEBI Listing Regulations, the CEO & CFO certification on the Financial Statements, the Cash Flow Statements and the Internal Controls for Financial Reporting has been obtained from Mr. Samit Kumar Ghosh, Managing Director & CEO and Ms. Upma Goel, Chief Financial Officer. The said certificate forms part of the Annual Report.

21. Succession Planning

The Bank has formulated a succession planning policy for national leadership team and Board of the Bank for quick fulfillment of vacancies in key senior positions through a continuous supply of qualified, motivated people and a process to identify and groom them.

22. Other Disclosures

- a. Related Party Transactions

The Bank has entered into related party transactions during the financial year 2018-19. Related party transactions were approved by the Audit Committee and the Board. The Bank has a policy on materiality and on dealing with related party transactions which is available on the website of the Bank at <https://www.ujjivansfb.in/regulatory-policies.html>.

The Bank has entered into all related party transaction at arm's length and in the ordinary course of business. There were no materially significant related party transactions during the financial year 2018-19 that may have potential conflict with the interests of the Bank at large.

- b. The Bank does not have a subsidiary company as on date, hence the Bank is not required to formulate a specific policy on dealing with material subsidiaries.
- c. There were no non-compliances by the Bank, no penalties and strictures imposed on the Bank by the stock exchange or the SEBI or any statutory authority,

on any matter related to capital markets, during the last three years.

- d. The Bank in compliance with Section 177 of the Act and Regulation 22 of SEBI Listing Regulations has established a Whistle Blower policy / Vigil Mechanism for the directors and employees to report genuine concerns or grievances about unethical behavior, actual or suspected fraud or violation of the Bank's Code of Conduct or Ethics Policy. No person has been denied access to the Audit Committee. The Whistle Blower policy is available on the website of the Bank at <https://www.ujjivansfb.in/regulatory-policies.html>.
- e. List of all credit ratings obtained by the Bank for all debt instruments and fixed deposit programme of the Bank:

Instrument Name	Amount (₹ in Crores)	Rating
Long Term Bank Facilities	4,250	CARE A+, Stable
Non-Convertible Debenture	40	CARE A+, Stable
Non-Convertible Debenture	100	CARE A+, Stable
Non-Convertible Debenture	225	[ICRA] A+ (Stable)
Non-Convertible Debenture	175	[ICRA] A+ (Stable)
Non-Convertible Debenture	60	CARE A+, Stable
Non-Convertible Debenture	400	[ICRA] A+ (Stable)
Fixed Deposit Programme	1,000	[ICRA] A1+
Certificate of Deposit	1,000	[ICRA] A1+
Certificate of Deposit	4,000	CRISIL A1+
Short Term Fixed Deposit Programme	3,000	CRISIL A1+

There were no revisions in credit ratings for debt instruments and fixed deposit programme of the Bank during the financial year 2018-19.

The Bank has made timely repayments of the Non-Convertible Debentures maturing during the financial year 2018-19.

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

Particulars	Numbers
Number of complaints received during the financial year 2018-19	8
Number of complaints disposed of during the financial year 2018-19	5
Number of complaints pending as on end of the financial year 2018-19	3

- g. The Bank has paid following fee to the Statutory Auditors during the financial year 2018-19:

Instrument Name	Total Fee* (₹ in Lakhs)
Limited Review Fee	5
Half yearly Audit Fee	14
Year-end full Audit	9
LFAR / Certification	1
Tax Audit	1
Total Fees	30
Out of Pocket Expense (OPE) (capped)	1
Total Including OPE	31
GST Audit for financial year 2018-19 - (Certification and Audit Report for 24 registrations).	7.5
Full Fledged Ind AS Audit & Group Reporting	18
New RBI certification as per RBI Communication dated January 16, 2019	5

*exclusive of taxes

- h. The name and address of Stock Exchange at which the Bank's Non-Convertible Debentures are listed and a confirmation about payment of annual listing fee to such stock exchange:

Name of Stock Exchange	BSE Limited
Address of Stock Exchange	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001
Security type	Non-Convertible Debenture

The Bank has paid annual listing fee to BSE Limited within prescribed time for the financial year 2018-19.

- i. Annual General Meeting

Date: July 12, 2019

Time: 11.30 A.M.

Venue: Registered Office of the Bank at Plot No-2364/8, Khampur Raya Village, Shadi Kampur, Main Patel Road, New Delhi-110008

- j. Registrar to the Non-Convertible Debenture

Name	Karvy Fintech Private Limited (Formerly known as Karvy Computershare Advisory Services Private Limited)
Address	Tower B Plot No: 31 & 32 ,Karvy Selenium, Financial District, Nanakramguda, Gachibowli Hyderabad, Telangana - 500032 Tele: +91 040 67161604 E-mail: mohsin.mohd@karvy.com Website: www.karvycomputershare.com

- k. While ISIN has been created for the Equity and Preference shares issued by the Bank, they continue to be held on physical form. The Bank has an in-house share transfer mechanism. There was no request received by the Bank for transfer or transmission of shares during the financial year 2018-19.

I. Address for correspondence:

Name of Contact Person	Mr. Chanchal Kumar
Designation	Company Secretary
Address	Grape Garden, 3rd "A" Cross, 18th Main, Koramangala, 6th Block, Bengaluru - 560095

- m. The Bank has complied with all the applicable mandatory requirements of the Code of Corporate Governance as prescribed under the SEBI Listing Regulations.
- n. There were no recommendations of the Board Committees which was turned down by the Board during the financial year 2018-19.
- o. A declaration signed by the Chief Executive Officer stating that the members of Board and Senior Management Personnel have affirmed compliance with the code of conduct of the Bank forms part of the CEO & CFO certification.

For and on behalf of the Board of Directors

Sunil Patel
Chairman
DIN: 00050837

Date: May 28, 2019
Place: Bengaluru

Samit Kumar Ghosh
Managing Director and CEO
DIN: 00185369

CEO & CFO Certification

To,
The Board of Directors
Ujjivan Small Finance Bank Limited

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

We hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year 2018-19 and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Bank's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Bank during the year which are fraudulent, illegal or violative of the Bank's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any,

of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

- D. We have indicated to the auditors and the Audit committee
 - (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting.
- E. We further declare that all members of Board of Directors and Senior Management Personnel have affirmed compliance with the code of conduct of the Bank.

For Ujjivan Small Finance Bank Limited

Samit Kumar Ghosh
Managing Director and CEO
DIN: 00185369

Upma Goel
Chief Financial Officer

Date: May 28, 2019
Place: Bengaluru

Independent Auditors' Report

To the Members of Ujjivan Small Finance Bank Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ujjivan Small Finance Bank Limited ("the Bank"), which comprise the Balance Sheet as at March 31, 2019, and Profit and Loss Account and Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the provisions of Section 29 of the Banking Regulation Act, 1949 as well as the provisions of the Companies Act, 2013 ("the Act") and circulars and guidelines issued by the Reserve Bank of India ("the RBI"), in the manner so required for Banking Companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2019, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter

Classification & measurement of Loans and advances

Note no. 3.5 of Schedule 17 on Accounting policies, Schedule 5(iv) and Schedule 9 of the Financial Statements.

The carrying amount of Advances as on March 31, 2019 is ₹ 105,524,549 (000's) net of provision of ₹ 703,041 (000's) towards Non-performing Advances (NPA).

Total provision towards Standard Assets of ₹ 539,154 (000's) is disclosed under Other Liabilities and Provisions.

The provisioning and classification of Advances if not appropriately identified and estimated as per the RBI's Master Circular on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advance dated July 01, 2015, may result in misstatement of the relevant amounts.

We have identified classification & measurement of Advances as a key audit matter in view of the significant judgement involved, as well as the stringent compliances laid down by the RBI guidelines.

Auditors' Response

Our audit procedures, in respect of this area included:

- Evaluated the design of internal controls relating to credit assessment, sanctioning and disbursements, and asset classification and provisioning of advances. Tested the operating effectiveness of these internal controls.
- Reviewed NPA identification and corresponding interest reversal based on the prudential norms by selecting samples across NPA, SMA and Regular Accounts of the Loan Portfolio.
- Verified borrower account statements, on sample basis, to observe the movement of cash flows and thereby verify appropriateness of the resulting asset classification.
- In case discrepancies were noted, evaluated the relevant controls and ensured rectification of the same.
- Evaluated operating effectiveness of the monitoring process, manual controls performed by the Credit Department at Head Office.

Information Other than the Financial Statements and Auditors' Report Thereon

The Bank's Board of Directors is responsible for the other information. The other information comprises the Director's report, Management discussion and analysis

and Corporate Governance Report, which we obtained prior to the date of this auditors' report, and the Pillar 3 Disclosures, which is expected to be made available to us after that date.

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

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

Responsibility of Management and Those charged with Governance for Financial Statements

The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act and provisions of Section 29 of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by the Reserve Bank of India from time to time as applicable to banks. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

Other Matter

The financial statements of the Bank for the year ended March 31, 2018, were audited by another Auditor whose report dated May 08, 2018 expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. This Report does not include a statement on the matters specified in paragraph 3 and 4 of the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section 11 of Section 143 of the Act, since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Bank.
2. As required by Section 143(3) of the Act and Section 30 of the Banking Regulation Act, 1949, we report that:
 - a. We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit and have found them to be satisfactory;
 - b. The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank;
 - c. During the course of our audit we have visited 5 branches to examine the books of account and other records maintained at the branch and performed other relevant audit procedures. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out centrally as all the necessary records and data required for the purposes of our audit are available therein;
 - d. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - e. The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - f. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by the Reserve Bank of India;

- g. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;
- h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- i. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - i. The Bank has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its financial statements – Refer Schedule 12 and Note 26.6 of Schedule 18 to the financial statements;
 - ii. The Bank has made provision as at March 31, 2019, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 26.10 of Schedule 18 to the financial statements. The Bank did not have any derivative contracts as at March 31, 2019;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2019.
- 3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Bank to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Swapnil Kale

Partner

Membership No. 117812

Bengaluru

May 28, 2019

Annexure A to the Independent Auditors' Report on even date on the Financial Statements of Ujjivan Small Finance Bank Limited

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

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

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Swapnil Kale

Partner

Membership No. 117812

Bengaluru

May 28, 2019

Annexure B to the Independent Auditors' Report of even date on the Financial Statements of Ujjivan Small Finance Bank Limited

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to financial statements of Ujjivan Small Finance Bank Limited ("the Bank") as of March 31, 2019 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper Management override of controls, material misstatements due to error

or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Bank has, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating

effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates

Chartered Accountants

ICAI Firm Registration No. 105047W

Swapnil Kale

Partner

Membership No. 117812

Bengaluru

May 28, 2019

Balance Sheet

as on March 31, 2019

Particulars	Schedule	(₹ in 000's)	
		As on March 31, 2019	As on March 31, 2018
CAPITAL AND LIABILITIES			
Capital	1	16,400,368	16,400,368
Reserves and Surplus	2	1,795,926	68,977
Deposits	3	73,794,408	37,725,174
Borrowings	4	41,660,900	38,528,450
Other Liabilities and Provisions	5	3,770,545	2,008,791
Total		137,422,147	94,731,760
ASSETS			
Cash and Balances with Reserve Bank of India	6	4,464,641	2,496,346
Balances with Banks and Money at Call and Short Notice	7	6,479,961	2,452,006
Investments	8	15,266,222	12,324,789
Advances	9	105,524,549	73,362,114
Fixed Assets	10	2,844,495	1,983,448
Other Assets	11	2,842,279	2,113,057
Total		137,422,147	94,731,760
Contingent Liabilities	12	308,957	195,092
Bills for Collection		-	-
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

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

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

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration Number: 105047W

For and on behalf of the Board of Directors of

Ujjivan Small Finance Bank Limited

Swapnil Kale

Partner

Membership Number: 117812

Sunil Patel

DIN: 00050837

Chairman

Samit Kumar Ghosh

DIN: 00185369

Managing Director &
Chief Executive Officer

Vandana Viswanathan

DIN: 05192578

Non-Executive Director

Place : Bengaluru

Dated : May 28, 2019

Nandal Sarda

DIN: 00147782

Independent Director

Upma Goel

Chief Financial Officer

Chanchal Kumar

Company Secretary

Profit and Loss Account

for the year ended 31st March, 2019

Particulars	Schedule	(₹ in 000's)	
		Year ended March 31, 2019	Year ended March 31, 2018
I. INCOME			
Interest Earned	13	18,316,099	14,678,756
Other Income	14	2,059,641	1,114,796
Total		20,375,740	15,793,552
II. EXPENDITURE			
Interest Expended	15	7,251,992	6,068,644
Operating Expenses	16	10,033,539	6,528,698
Provisions and Contingencies (Refer Schedule 18 (17))		1,098,038	3,127,584
Total		18,383,569	15,724,926
III. PROFIT			
Net Profit for the year		1,992,171	68,626
Profit brought forward		51,733	263
Total		2,043,904	68,889
IV. APPROPRIATIONS			
Transfer to			
a) Statutory Reserves		498,043	17,156
b) Investment Reserve		-	-
c) Interim Preference Dividend Paid (includes tax on dividend)		265,222	-
d) Investment Fluctuation Reserve		97,013	-
e) Balance Carried over to Balance Sheet		1,183,626	51,733
Total		2,043,904	68,889
V. EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10 PER SHARE)			
Basic (₹) (Refer Schedule 18 (25))		1.20	0.05
Diluted (₹) (Refer Schedule 18 (25))		1.20	0.05
Significant Accounting Policies	17		
Notes forming part of the financial statements	18		

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

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

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration Number: 105047W

For and on behalf of the Board of Directors of

Ujjivan Small Finance Bank Limited

Swapnil Kale

Partner

Membership Number: 117812

Sunil Patel

DIN: 00050837

Chairman

Samit Kumar Ghosh

DIN: 00185369

Managing Director &
Chief Executive Officer

Vandana Viswanathan

DIN: 05192578

Non-Executive Director

Place : Bengaluru

Dated : May 28, 2019

Nandlal Sarda

DIN: 00147782

Independent Director

Upma Goel

Chief Financial Officer

Chanchal Kumar

Company Secretary

Cash Flow Statement

for the year ended 31st March, 2019

Particulars		(₹ in 000's)
	Year ended March 31, 2019	Year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation	2,684,230	88,467
Adjustments for :		
Depreciation on Bank's Property	605,977	413,732
Loss on sale of Land, Building & Other assets (net)	11,429	6,365
Fixed Assets Written off (including goodwill written off)	141	83
Provision for Non Performing Assets	231,718	3,868,947
Provision for Standard Assets	174,167	(761,205)
Amortisation of premium on HTM Investments	24,836	17,370
Profit on revaluation of Investments	-	(41,966)
Operating Profit before Working Capital changes	3,732,498	3,591,793
Adjustments for :		
Increase in Advances	(32,394,153)	(18,620,611)
(Increase)/Decrease in Investments	(2,966,269)	2,166,578
(Increase)/Decrease in Other Assets	(862,087)	882,109
Increase in Deposits	36,069,234	35,661,056
Increase/ (Decrease) in Other Liabilities	1,587,586	(207,141)
Cash generated from Operations	5,166,809	23,473,784
Direct Taxes Paid	(389,649)	(336,692)
Net Cash generated from Operating Activities (A)	4,777,160	23,137,092
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of Fixed Assets	11,333	3,679
Purchase of Fixed Assets including WIP	(1,489,926)	(1,009,622)
Net Cash used in Investing Activities (B)	(1,478,593)	(1,005,943)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Borrowings (Net)	3,132,450	(24,385,588)
Preference dividend paid during the year	(220,000)	-
Dividend distribution tax paid during the year	(45,222)	-
Net Cash generated from/(used in) Financing Activities (C)	2,867,228	(24,385,588)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	6,165,795	(2,254,439)
Cash and Cash Equivalents at the beginning of the year	4,610,683	6,865,122
Cash and Cash Equivalents at the end of the year	10,776,478	4,610,683

Notes:

- The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Account) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016.
- Cash and Cash Equivalents comprises of 'Cash & Balances with Reserve Bank of India (Schedule 6)' and 'Balances with Banks and Money at Call and Short Notice (Schedule 7)' with balances having original maturity of less than three months.

As per our report of even date

For MSKA & Associates

Chartered Accountants
Firm Registration Number: 105047W

For and on behalf of the Board of Directors of

Ujjivan Small Finance Bank Limited

Swapnil Kale

Partner
Membership Number: 117812

Sunil Patel

DIN: 00050837
Chairman

Samit Kumar Ghosh

DIN: 00185369
Managing Director &
Chief Executive Officer

Vandana Viswanathan

DIN: 05192578
Non-Executive Director

Place : Bengaluru
Dated : May 28, 2019

Nandlal Sarda

DIN: 00147782
Independent Director

Upma Goel

Chief Financial Officer

Chanchal Kumar

Company Secretary

Schedules forming part of the Balance Sheet

as on March 31, 2019

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 1 CAPITAL		
Authorized Capital		
1,500,000,000 Equity Shares of ₹ 10 each	15,000,000	15,000,000
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
Issued, Subscribed and Called up Capital		
1,440,036,800 Equity Shares of ₹ 10 each	14,400,368	14,400,368
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
	16,400,368	16,400,368
Paid - up Capital		
1,440,036,800 Equity Shares of ₹ 10 each	14,400,368	14,400,368
200,000,000 11% Preference Shares (Perpetual Non-Cumulative Non-Convertible) of ₹ 10 each	2,000,000	2,000,000
Total	16,400,368	16,400,368

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 2 RESERVES AND SURPLUS		
I) Statutory Reserves		
Opening balance	17,244	88
Additions during the year	498,043	17,156
Deductions during the year	-	-
Closing balance	515,287	17,244
II) Investment Fluctuation Reserve		
Opening balance	-	-
Additions during the year	97,013	-
Deductions during the year	-	-
Closing balance	97,013	-
III) Balance of Profit and Loss Account		
	1,183,626	51,733
Total (I + II + III)	1,795,926	68,977

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 3 DEPOSITS		
A. I. Demand Deposits		
(i) From Banks	24,930	11
(ii) From Others	780,611	102,297
II. Savings Bank Deposits	7,035,374	1,284,530
III. Term Deposits		
(i) From Banks	26,151,491	9,604,339
(ii) From Others	39,802,002	26,733,997
Total (I + II + III)	73,794,408	37,725,174
B. Deposits of Branches		
I. In India	73,794,408	37,725,174
II. Outside India	-	-
Total (I + II)	73,794,408	37,725,174

Schedules forming part of the Balance Sheet

as on March 31, 2019

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 4 BORROWINGS		
I. Borrowings in India		
(i) Reserve Bank of India	-	-
(ii) Other Banks	2,500,000	9,017,292
(iii) Other Institutions and Agencies	38,160,900	23,511,158
(iv) Non-Convertible Redeemable Debenture	1,000,000	6,000,000
Total	41,660,900	38,528,450
II. Borrowings Outside India		
Total (I + II)	41,660,900	38,528,450
Secured borrowings included in I and II above	3,105,900	14,404,101

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 5 OTHER LIABILITIES AND PROVISIONS		
(i) Bills Payable	874,043	243,556
(ii) Inter-Office Adjustments (net)	-	-
(iii) Interest Accrued	1,022,560	664,390
(iv) Standard Asset-General Provisions (Refer Schedule 18 (4.3))	539,154	364,986
(v) Others (including provisions)	1,334,788	735,859
Total	3,770,545	2,008,791

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 6 CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I. Cash in Hand (including Cash at ATM)	898,871	377,394
II. Balances with Reserve Bank of India		
(i) In Current Account	1,415,770	1,598,952
(ii) In Other Accounts (Including Reverse Repo)	2,150,000	520,000
Total (I + II)	4,464,641	2,496,346

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 7 BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I. In India		
(i) Balances with Banks		
(a) in Current Accounts	112,531	114,439
(b) in Other Deposit Accounts*	168,124	337,669
(ii) Money at Call and Short Notice		
(a) with Banks	5,100,000	1,800,000
(b) with Other Institutions	1,099,306	199,898
Total	6,479,961	2,452,006
II. Outside India		
(i) In Current Accounts	-	-
(ii) In Other Deposits Accounts	-	-
(iii) Money at Call and Short Notice	-	-
Total	-	-
Total (I+II)	6,479,961	2,452,006

*It includes Fixed deposits of ₹ 168,124 (Previous year ₹ 214,145) (in 000's) held under lien.

Schedules forming part of the Balance Sheet

as on March 31, 2019

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 8 INVESTMENTS		
I. Investments in India in (Refer Schedule 18 (2))		
(i) Government Securities	15,265,222	12,323,789
(ii) Other approved Securities	-	-
(iii) Shares	1,000	1,000
(iv) Debentures and Bonds	-	-
(v) Subsidiaries and/or Joint Ventures	-	-
(vi) Others (Investment in Units)	-	-
Total	15,266,222	12,324,789
II. Investments Outside India in		
(i) Government Securities (Including local authorities)	-	-
(ii) Subsidiaries and/or Joint Ventures abroad	-	-
Total	-	-
Total (I+II)	15,266,222	12,324,789
III. Gross Value of Investments		
Less: Provision For depreciation	-	-
Net value of Investments	15,266,222	12,324,789

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 9 ADVANCES		
A (i) Bills Purchased and Discounted		
(ii) Cash Credits, Overdrafts and Loans repayable on demand	1,2695,531	11,758,488
(iii) Term Loans	92,829,018	61,603,626
Total	105,524,549	73,362,114
B (i) Secured by Tangible Assets		
(ii) Covered by Bank/Government Guarantees	14,991,441	4,059,537
(iii) Unsecured (Refer Schedule 18 (4.6))	90,533,108	69,302,577
Total	105,524,549	73,362,114
C I. Advances in India		
(i) Priority Sectors	61,576,390	11,389,073
(ii) Public Sector	-	-
(iii) Banks	-	60,000
(iv) Others	43,948,159	61,913,041
Total	105,524,549	73,362,114
II. Advances Outside India		
Total	-	-
Total (I+II)	105,524,549	73,362,114

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 10 FIXED ASSETS		
I. Premises		
II. Other Fixed Assets (Including Furniture and Fixtures) (Refer schedule 18 (26.4 & 26.5))		
At cost as on the beginning of the year	2,669,283	1,721,906
Additions during the year	1,511,041	999,450
Deductions during the year	(112,780)	(52,073)
Depreciation to date	(1,244,075)	(727,857)
Total	2,823,469	1,941,426
III. Capital Work In Progress (Including Capital Advances)		
Total (I+II+III)	21,026	42,022
Total (I+II+III)	2,844,495	1,983,448

Schedules forming part of the Balance Sheet

as on March 31, 2019

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 11 OTHER ASSETS		
(i) Inter Office Adjustments (Net)	-	-
(ii) Interest Accrued	1,319,808	846,399
(iii) Tax paid in Advance / Tax Deducted at Source (Net of provision for tax of ₹ 676,533 (000's))	56,826	17,378
(iv) Stationery and Stamps	-	-
(v) Nonbanking assets acquired in satisfaction of claims	-	-
(vi) Others (including Deferred tax assets)	1,465,645	1,249,280
Total	2,842,279	2,113,057

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
SCHEDULE - 12 CONTINGENT LIABILITIES (REFER SCHEDULE 18 (26.6))		
(i) Claims against the Bank not acknowledged as debts	6,102	6,179
(ii) Liability for partly paid Investments	-	-
(iii) Liability on account of Outstanding Forward Exchange Contracts	-	-
(iv) Guarantees given on behalf of Constituents	-	-
(a) In India	2,500	2,500
(b) Outside India	-	-
(v) Acceptances, Endorsements and Other Obligations	-	-
(vi) Other items for which the Bank is contingently liable - Capital commitments not provided/ Others	300,355	186,413
Total	308,957	195,092

Schedules forming part of the Profit and Loss Account

for the year ended 31st March, 2019

Particulars	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
SCHEDULE - 13 INTEREST EARNED		
(i) Interest /Discount on Advance/Bills	17,284,885	13,127,753
(ii) Income on Investments	930,979	922,932
(iii) Interest on Balances With Reserve Bank of India and Other inter-bank funds	24,359	45,150
(iv) Others (Interest income on securitisation)	75,876	582,921
Total	18,316,099	14,678,756

Particulars	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
SCHEDULE - 14 OTHER INCOME		
(i) Commission, Exchange and Brokerage	1,394,566	792,051
(ii) Profit on Sale of Investments (net)	97,013	10,276
(iii) Profit on Revaluation of Investments	-	41,966
(iv) (Loss) on sale of Land, Building and other Assets (net)	(11,429)	(6,365)
(v) Profit on Exchange Transactions (net)	-	-
(vi) Income earned by way of Dividends etc. from subsidiaries/companies and/or joint ventures abroad/in India	-	-
(vii) Miscellaneous Income	579,491	276,868
Total	2,059,641	1,114,796

Particulars	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
SCHEDULE - 15 INTEREST EXPENDED		
(i) Interest on Deposits	3,570,815	1,109,059
(ii) Interest on Reserve Bank of India/ Inter-Bank Borrowings	450,776	2,227,925
(iii) Others (including interest on Subordinated Debts)	3,230,401	2,731,660
Total	7,251,992	6,068,644

Particulars	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
SCHEDULE - 16 OPERATING EXPENSES		
(i) Payments to and Provision for Employees	5,187,976	3,604,389
(ii) Rent, Taxes and Lighting (Including operating lease rentals)	914,556	476,435
(iii) Printing and Stationery	236,674	138,008
(iv) Advertisement and Publicity	343,895	106,105
(v) Depreciation on Bank's Property	605,977	413,732
(vi) Director's Fees, Allowances and Expenses	8,914	6,096
(vii) Auditors' Fees and Expenses (Refer Schedule 18 (32))	7,072	5,146
(viii) Law Charges	40,148	15,853
(ix) Postages, Telegrams, Telephones etc.	288,787	217,469
(x) Repairs and Maintenance	713,671	503,649
(xi) Insurance	41,678	14,364
(xii) Other Expenditure	1,644,191	1,027,452
Total	10,033,539	6,528,698

Significant Accounting policies forming part of the financial statements

for the year ended 31st March, 2019

SCHEDULE 17

1 Corporate Information

Ujjivan Small Finance Bank Limited (USFB) is a Scheduled Bank and offers a full range of banking products and services such as Savings & Current Accounts; Fixed & Recurring Deposits; Micro, Home, Personal, Vehicle and Micro and Small Enterprises Loans; and Overdraft Facility with mission of providing financial services to the unserved and the underserved. The Bank also has a small portfolio of loans to Financial Institutions. Services offered to its retail customers include Mobile & Internet Banking; Remittances using the UPI platform and IMPS, NEFT and RTGS, Bill Payment facility. In a recent initiative, the Bank has commenced offering Internet Banking to its corporate customers as well.

It started its operations as Ujjivan Financial Services Limited (UFSL), a Non-Banking Financial Company in 2005. In the following years, UFSL saw a steady growth in its services and customer base and continued to take significant steps towards serving the economically active poor. In 2015, the Reserve Bank of India licenced the Small Finance Banks - a new category of specialised banks to serve the financially unserved and underserved population, especially the micro-enterprises, workers and small and marginal farmers.

On November 11, 2016, UFSL received a banking licence from RBI to carry out Small Finance Bank business in India. The Bank took over the business of UFSL and started its operations on 1st February 2017, Scheduled Bank status has been accorded by Reserve Bank of India vide Notification: DBR.PSBD.No. 467/16.02.006/2017-2018 published in the Gazette of India on August 25, 2017. The Bank has its Registered Office in Delhi, Corporate Office in Bengaluru and Regional Offices in Noida, Kolkata, Bengaluru and Pune. The Bank operates in India and does not have a branch in any foreign country.

2 Basis Of Preparation

The accompanying financial statements have been prepared under the historical cost convention and on accrual basis except where otherwise stated, and in compliance with the generally accepted accounting principles in India("GAAP") and in accordance with statutory requirements prescribed under the Banking Regulation Act 1949, circulars and guidelines issued by the RBI from time to time (RBI guidelines), accounting standards referred to in Section 133 of the Companies Act, 2013 (the Act) read with Rule

7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) amendment rules, 2016 to the extent applicable and practices prevailing within the banking industry in India. The financial statements are presented in Indian Rupees rounded off to the nearest thousands unless otherwise stated.

3 Significant Accounting Policies

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

3.1 Property, Plant and Equipment (PPE)

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

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

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

Significant Accounting policies forming part of the financial statements

for the year ended 31st March, 2019

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

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

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

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

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

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

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

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

3.2 Intangible Assets

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Bank uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Software with perpetual license and system development expenditure, if any, is amortised over an estimated economic useful life of 5 years or license period, whichever is lower.

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

3.3 Impairment of Assets

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

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

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

3.4 Investments

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

Categorisation of Investments:

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

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

Significant Accounting policies forming part of the financial statements

for the year ended 31st March, 2019

Classification of Investments:

For the purpose of disclosure in the Balance Sheet, Investments in India are classified under six groups viz., (i) Government Securities, (ii) Other Approved Securities, (iii) Shares, (iv) Debentures and Bonds, (v) Investments in Subsidiaries and Joint Ventures and (vi) Other Investments. Investments outside India are classified under three groups viz., (i) Government Securities (Including local authorities), (ii) Subsidiaries and/or Joint Ventures abroad and (iii) Other Investments. Purchase and sale transactions in securities are recorded under 'Settlement Date' accounting, except in the case of equity shares where 'Trade Date' accounting is followed.

Basis of Classification:

Investments that are held principally for sale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in the above categories are classified under AFS category.

Acquisition cost:

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

Transfer between categories:

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

Valuation of Investments:

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

- (ii) Available for Sale – Securities are valued scrip-wise and depreciation / appreciation is aggregated for each classification. Net appreciation in each classification, is ignored, while net depreciation is provided for.
- (iii) Market value of government securities (excluding treasury bills) is determined on the basis of the prices / YTM declared by Primary Dealers Association of India (PDAI) jointly with Fixed Income Money Market and Derivatives Association (FIMMDA).
- (iv) Treasury bills are valued at carrying cost, which includes discount amortised over the period to maturity.
- (v) Purchase and sale transaction in securities are recorded under Settlement Date method of accounting, except in the case of the equity shares where Trade Date method of accounting is followed.
- (vi) Provision for non-performing Investments is made in conformity with RBI guidelines.
- (vii) Profit in respect of Investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account.
- (viii) In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss Account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA). The balance in IRA account is used to meet provision on account of depreciation in AFS and HFT categories by transferring an equivalent amount to the Profit and Loss Appropriation account as and when required.
- (ix) Unquoted equity shares are valued at their break-up value, If latest Balance sheet is not available then unquoted equity share is valued at ₹ 1 per share.
- (x) Units of the scheme of Mutual Funds are valued at the lower of cost and Net asset value (NAV) provided by the respective schemes of Mutual Funds.

Significant Accounting policies forming part of the financial statements

for the year ended 31st March, 2019

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

Disposal of Investments:

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

3.5 Advances

Advances are classified as Performing Advances (Standard) and Non- Performing Advances (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further NPAs are classified into sub-standard, doubtful and loss assets. Advances are stated net of specific loan loss provision and Inter Bank Participating Certificates (IBPC) with risk sharing issued. The bank transfers Advances through Inter- Bank Participation with and without risk, which are accounted for in accordance with the RBI guidelines, as follows. In the case of participation with risk, the aggregate amount of participation transferred out of the Bank is reduced from Advances; and participations transferred in to the Bank are classified under Advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings; and where the bank is participating in, the aggregate amount of participation is shown as due from banks under Advances.

Provisioning:

Specific provisions for Non- Performing Advances and floating provisions are made in conformity with the RBI guidelines. In addition the Bank considers accelerated provisioning based on past experience, evaluation of securities and other related factors.

A general provision on standard assets is made in accordance with RBI guidelines or as per provisioning policy of the bank whichever is higher. Provision made against standard assets is included in 'Other Liabilities and Provisions'. Provisions made in excess of the Bank's policy for specific loan loss provisions for Non- Performing Assets and regulatory general

provisions are categorised as Floating Provision. Creation of Floating Provision is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, Floating Provisions are utilised up to a level approved by the Board with prior permission of RBI, only for contingencies under extraordinary circumstances for making specific provisions for impaired accounts. Floating Provisions have been included under 'Other Liabilities'.

Advances exclude derecognised securitised Advances.

Amounts recovered during the year against bad debts written off in earlier years are credited to the Profit and Loss Account and included in Other Income

Provision no longer considered necessary in the context of the current status of the borrower as a performing asset, are written back to the Profit and Loss Account to the extent such provisions were charged to the Profit and Loss Account.

For restructured/rescheduled assets, provision is made in accordance with guidelines issued by RBI which requires the diminution in the fair value of the assets to be provided at the time of restructuring. The restructured accounts are classified in accordance with RBI guidelines, including special dispensation wherever allowed.

Recording and Presentation

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

Securitisation transactions and direct assignments:

The Bank transfers its loan receivables through Direct Assignment and IBPC route as well as transfer to Special Purpose Vehicle (SPV). The Securitisation transactions are without recourse to the Bank. The transferred loans and such securitised receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains/losses are recognised only if the Bank surrenders the rights to the benefits specified in the loan contracts. Profit / premium arising at the time of securitisation /

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for the year ended 31st March, 2019

assignment of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognised in the statement of profit and loss net of any losses when redeemed in cash. Interest retained under assignment of loan receivables is recognised on realisation basis over the life of the underlying loan portfolio.

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

3.6 Revenue Recognition

Interest income on Loans, Advances and Investments (including deposits with Banks and other institutions) are recognized in the Profit and Loss Account on accrual basis, except in the case of Non- Performing Assets and minimum retention requirement (MRR) portion of Securitized loans. Interest Income on Non-Performing Assets is recognized upon realization as per the prudential norms of the RBI.

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

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

Profit / premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognised in the Profit and Loss Account net of any losses when redeemed in cash in line with the relevant Reserve Bank of India guidelines.

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

Recoveries from bad debts written off are recognized in the Profit & Loss account and included under Other Income.

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

3.7 Employee Benefits

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

Gratuity: Every employee is entitled to a benefit equivalent to 15 days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Bank or retirement, whichever is earlier. The benefits vest after five years of continuous service. The Gratuity scheme of the Bank is a defined benefit scheme and the expense for the period is recognized on the basis of actuarial valuation at the Balance Sheet date. The present value of the obligation under such benefit plan is determined based on independent actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Actuarial losses/ gains are recognised in the Profit and Loss Account in the year in which they arise. Payment obligations under the Group Gratuity scheme are managed through purchase of appropriate policies from insurers.

Compensated Absences: Provision for compensated absences is made on the basis of actuarial valuation as on the Balance Sheet date. The actuarial valuation is carried out using the Projected Unit Credit Method.

Short term Employee benefits:

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

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

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- (b) in case of non-accumulating compensated absences, when the absences occur.

Long term Employee benefits:

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

3.8 Leases

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

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

3.9 Segment Reporting

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

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

Segment assets include assets related to segments and exclude tax related assets. Segment liabilities include liabilities related to the segment excluding net worth, proposed dividend and dividend tax thereon.

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

3.10 Earnings Per Share

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

3.11 Taxes On Income

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

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

Minimum Alternate Tax (MAT) Credit is recognized as an asset only when and to the extent there is convincing evidence that the Bank will pay normal income tax during specified period. The year in which the MAT credit becomes eligible, it is to be recognized as an asset. In accordance with the recommendation contained in the guidance note issued by the Institute of Chartered Accountants of India (the "ICAI"), said asset is created by way of credit/reversal of provisions to Profit and Loss Account and included as MAT Credit Entitlements in other assets. The bank reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that bank will pay normal Income Tax during the specified period.

3.12 Provisions and Contingencies

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

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for the year ended 31st March, 2019

A disclosure of contingent liability is made when there is:

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

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

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

3.13 Cash and Cash Equivalents

Cash and Cash Equivalents includes cash in hand (including balance in ATM), balances with RBI, balances with other Banks and money at call and short notice. Cash and Cash Equivalents for the purpose of

Cash Flow Statement comprises of Cash at Bank and in hand and short term Investments with an original maturity of less than three months.

3.14 Proposed Dividend

Proposed dividend / declared after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is declared.

3.15 Transactions Involving Foreign Exchange

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transfer. Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date. Non-monetary items which are measured in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items which are measured at Fair Value or other similar value denominated in a foreign currency are translated using the exchange rate at the date when such value is determined. Exchange differences arising on settlement of monetary items or on reporting of such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expense in the year in which they arise.

Notes forming part of the financial statements

for the year ended 31st March, 2019

SCHEDULE 18

1 Capital

1.1 Capital Infusion:

No capital infusion has happened during the financial year ended March 31, 2019* and March 31, 2018.

*During the financial year ended March 31, 2019, there was no change in the capital structure of the Bank. However, the Authorised Capital of the Bank has been increased from ₹17,000,000,000 (Rupees One Thousand Seven Hundred Crores) divided into 1,500,000,000 (One Hundred Fifty Crores) equity shares of ₹ 10/- (Rupees Ten) each and 200,000,000 (Twenty Crore) 11% Perpetual Non - Cumulative Preference Shares of ₹ 10/- (Rupees Ten) each to 25,000,000,000 (Rupees Two Thousand Five Hundred Crores) divided into 2,300,000,000 (Two Hundred Thirty Crores) equity shares of ₹ 10/- (Rupees Ten) each and 200,000,000 (Twenty Crores) 11% Perpetual Non- Cumulative Preference Shares of ₹ 10/- (Rupees Ten) each vide shareholder's resolution dated April 26, 2019.

1.2 Capital Adequacy Ratio:

The Bank computes its Capital Adequacy Ratio as per New Capital Adequacy Framework- BASEL-II Standardized Approach for Credit Risk and Operating Guidelines for Small Finance Banks (issued by RBI on October 6, 2016).

Under New Capital Adequacy Framework and Operating Guidelines for Small Finance Bank issued on October 6, 2016, the Bank has to maintain a Minimum Total Capital (MTC) of 15% of the Credit Risk Weighted Assets (Credit RWA) on an on-going basis. Out of the MTC, at least 7.5% shall be from Minimum Tier 1 Capital of which common equity Tier 1 Capital shall be 6% and 1.50% from Additional Tier 1 Capital and remaining Tier 2 Capital shall be 7.5%. Further as per RBI's directions given in the circular DBR.NBD.No. 4502/16.13.218/2017-18, dated November 8, 2017, no separate risk charge has been calculated for Market Risk and Operational Risk for capital ratios.

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

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Common Equity Tier I Capital Ratio (as a percentage of Credit RWA)	16.17%	19.31%
Tier I Capital Ratio (as a percentage of Credit RWA)	18.39%	22.32%
Tier II Capital Ratio (as a percentage of Credit RWA)	0.55%	0.72%
Total Capital to Risk Weighted Asset Ratio (CRAR) (as a percentage of Credit RWA)	18.95%	23.04%
Total Credit to Risk Weighted Assets	89,896,780	66,452,471
Amount of equity capital raised	-	-
Amount of Additional Tier -1 Capital Raised; of which	-	-
Perpetual Non Cumulative Preference Shares (PNCPS)	-	-
Amount of Tier 2 Capital raised; of which	-	-
Debt Capital Instrument	-	-

2 Investments

2.1 Details of Investments:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Value of Investments		
(i) Gross Value of Investments		
(a) In India	15,266,222	12,324,789
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	15,266,222	12,324,789
(b) Outside India	-	-
Opening balance	-	41,966
Add : Provisions made during the year	-	-
Less : Write-off / (write-back) of excess provisions during the year	-	(41,966)
Closing balance	-	-

Notes forming part of the financial statements

for the year ended 31st March, 2019

2.2 Category wise details of Investments (Net of provision for depreciation):

Particulars	As on March 31, 2019		
	HTM	AFS	HFT
i) Government securities	9,585,418	5,679,804	-
ii) Other approved securities	-	-	-
iii) Shares	1,000	-	-
iv) Debentures and bonds	-	-	-
v) Subsidiaries and /or Joint ventures	-	-	-
vi) Others -Security receipts, pass through certificates, mutual fund etc.	-	-	-
Total	9,586,418	5,679,804	-

Particulars	As on March 31, 2018		
	HTM	AFS	HFT
i) Government securities	5,458,832	6,864,957	-
ii) Other approved securities	-	-	-
iii) Shares	1,000	-	-
iv) Debentures and bonds	-	-	-
v) Subsidiaries and /or Joint ventures	-	-	-
vi) Others -Security receipts, pass through certificates, mutual fund etc.	-	-	-
Total	5,459,832	6,864,957	-

2.3 Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as on March 31, 2019:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding As on March 31, 2019
Securities sold under repo				
i) Government Securities	-	470,000	10,027	-
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	-	2,420,000	81,178	2,150,000
ii) Corporate debt securities	-	-	-	-

Details of Repos/Reverse Repos including Liquidity Adjustment Facility (LAF) transactions (in face value terms) as on March 31, 2018:

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding As on March 31, 2018
Securities sold under repo				
i) Government Securities	-	750,000	57,589	-
ii) Corporate debt securities	-	-	-	-
Security purchased under reverse repo				
i) Government Securities	-	520,000	34,219	520,000
ii) Corporate debt securities	-	-	-	-

Notes forming part of the financial statements

for the year ended 31st March, 2019

2.4 Non-SLR Investment Portfolio :

Issuer Composition of Non-SLR Investments as on March 31, 2019 are as follows:

Issuer	Amount	Extent of private placement	Extent of 'below Investment grade' securities	(₹ in 000's)	
				5	6
1	2	3	4		
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial Institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private corporates	1,000	-	-	-	1,000
v) Subsidiaries/Joint ventures	-	-	-	-	-
vi) Others	-	-	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
Total	1,000	-	-	-	1,000

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

Issuer Composition of Non-SLR Investments as on March 31, 2018 are as follows:

Issuer	Amount	Extent of private placement	Extent of 'below Investment grade' securities	(₹ in 000's)	
				5	6
1	2	3	4		
i) Public Sector Undertakings	-	-	-	-	-
ii) Financial institutions	-	-	-	-	-
iii) Banks	-	-	-	-	-
iv) Private corporates	1,000	-	-	-	1,000
v) Subsidiaries/Joint ventures	-	-	-	-	-
vi) Others	-	-	-	-	-
vii) Provision held towards depreciation	-	-	-	-	-
Total	1,000	-	-	-	1,000

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

2.5 Non - Performing Non-SLR Investments:

The Bank does not have any Non - Performing Non - SLR Investments as on March 31, 2019 and March 31, 2018.

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

During the financial year ended March 31, 2019 and March 31, 2018, the value of sales and transfers of securities to /from HTM category excluding one time transfer of securities to / from HTM category with the approval of Board of Directors permitted to be undertaken by Bank at the beginning of the accounting year has not exceeded 5 per cent of the book value of Investments held in HTM category at the beginning of the year. In line with the RBI guidelines on Prudential Norms for Classification, Valuation and Operation of Investment portfolio by Banks, specific disclosure on book value/market value and provisions if any, relating to such transfer is not required to be made.

3 Derivatives/ Exchange Traded Interest Derivatives/ Risk Exposure in Derivatives

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

Notes forming part of the financial statements

for the year ended 31st March, 2019

4 Asset Quality

4.1 Non-Performing Assets:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
(i) Net NPAs to Net Advances (%)	0.26%	0.69%
(ii) Movement of Gross NPAs		
(a) Opening balance	2,759,204	163,995
(b) Additions (Fresh NPAs) during the year #	835,392	5,566,906
Subtotal (A)	3,594,596	5,730,901
(c) Reductions during the year #		
(i) Upgradations	28,436	143,062
(ii) Recoveries (excluding recoveries made from upgraded accounts)	809,087	1,063,821
(iii) Technical/ Prudential Write-offs	-	886,365
(iv) Write-offs other than those under (iii) above	1,778,550	878,449
Subtotal (B)	2,616,073	2,971,697
(d) Closing balance (A-B)	978,523	2,759,204
(iii) Movement of Net NPAs		
(a) Opening balance	509,337	17,971
(b) Additions during the year #	382,702	3,682,779
(c) Reductions during the year #	616,557	3,191,413
(d) Closing balance	275,482	509,337
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	2,249,866	146,023
(b) Provisions made during the year	525,124	4,536,428
(c) Write-back of excess provisions	2,071,949	2,432,585
(d) Closing balance	703,041	2,249,866

Additions and deletions does not include cases which have become NPA during the month and subsequently moved out of NPA in the same month.

4.2 Technical or Prudential Write Offs:

Technical or prudential write-offs refer to the amount of Non- Performing Assets which are outstanding in the product level systems, but have been written-off (fully or partially) at the financial ledger level. The financial accounting systems of the Bank are integrated and centralised at the Head Office and no books are maintained at the Branches.

Movement in the stock of technically or prudentially written-off accounts and recoveries made thereon is as given below:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Opening balance of Technical / Prudential write-offs accounts	48,206	-
Add: Technical/Prudential write offs during the year	-	886,365
Less: Recoveries made from previously Technically / Prudentially written-off accounts during the year	(11,772)	(11,610)
Less: Actual write off during the year	(34,610)	(826,549)
Closing balance of technical / prudential write-offs accounts	1,824	48,206

4.3 Provisions on Standard Assets:

Bank has followed the Prudential Norms on Income Recognition, Asset Classification and Provisions. The excess provisions over and above the same is as per the Board approved policy.

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

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Provisions towards standard assets	539,154	364,986

Notes forming part of the financial statements

for the year ended 31st March, 2019

4.4 Floating Provisions:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Opening Balance as on the beginning of the year	-	-
Provisions made during the year	-	-
Draw-down made during the year	-	-
Closing Balance as on the end of the year	-	-

4.5 Provision Coverage Ratio:

Particulars	As on March 31, 2019	As on March 31, 2018
Provision Coverage Ratio (including technical write-offs)	71.90%	81.87%

4.6 Unsecured Advances:

The Bank has not extended any project Advances where the collateral is an intangible asset such as a charge over rights, licenses, authorizations, etc. The Unsecured Advances as on March 31, 2019 of ₹90,533,108 ('000) (March 31, 2018 of ₹ 69,302,577 ('000)) disclosed in Schedule 9 (B) (iii) are without any collateral or security.

4.7 Divergence in Asset Classification and Provisioning for NPAs:

As per the RBI notification-RBI/2016-17/283 DBR. BP. BC.No.63/21.04.018/2016-17 dated April 18, 2017 an additional disclosure by way of notes to accounts regarding Divergence in the Asset Classification and Provisioning needs to be provided. Pursuant to the notification, divergences observed by RBI for the financial year 2017-18 shall be made in the Notes to Accounts of Financial Statements. During the financial year 2017-18, there are no Divergences in the Asset Classification and Provisioning identified.

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

During the financial year ended March 31, 2019 and March 31, 2018, the Bank has not sold any Financial Assets to Securitisation Company (SC) / Reconstruction Company (RC) for Asset Reconstruction.

b) Details of book value of Investment in Security Receipts (SR) :

During the financial year ended March 31, 2019 and March 31, 2018, the Bank has not made Investment in Security Receipts.

4.9 Details of NPA Purchase/ Sold:

During the financial year ended March 31, 2019 and March 31, 2018, there has been no purchase/ sale of non-performing financial assets from/to other banks.

4.10 Disclosures on the Scheme for Sustainable Structuring of Stressed Assets (S4A):

During the financial year ended March 31, 2019 and March 31, 2018, the Bank does not have any accounts under the Scheme for Sustainable Structuring of Stressed Assets (S4A).

4.11 Disclosures on Flexible Structuring of Existing Loans:

During the financial year ended March 31, 2019 and March 31, 2018, the Bank does not have any accounts of Flexible Structuring of Existing Loans.

4.12 Intra-Group Exposure:

During the financial year ended March 31, 2019 and March 31, 2018, the Bank does not have any Intra Group Exposure.

4.13 Disclosures on Strategic Debt Restructuring Scheme (SDR).

The Bank does not have any SDR during the financial year ended March 31, 2019 and March 31, 2018.

4.14 Disclosures on Change in Ownership outside SDR Scheme.

The Bank has not made any change in Ownership outside SDR Scheme during the financial year ended March 31, 2019 and March 31, 2018.

4.15 Disclosures on Change in Ownership of Projects Under Implementation.

The Bank has not made any change in Ownership of Projects Under Implementation during the financial year ended March 31, 2019 and March 31, 2018.

Notes forming part of the financial statements

for the year ended 31st March, 2019

5 Business Ratios

Particulars	As on March 31, 2019	As on March 31, 2018
Interest Income as a percentage to Working Funds ¹	17.28%	17.15%
Non - Interest Income as a percentage to Working Funds ¹	1.94%	1.30%
Operating Profit as a percentage to Working Funds ^{1,4}	2.93%	3.74%
Return on Assets ²	1.88%	0.08%
Business (deposits plus gross advances) per employee (in 000's) ³	11,344	7,937
Profit per employee (in 000's)	153	6

Notes:

- 1) Working funds represent average of total assets as reported to RBI in Form X under Section 27 of the Banking Regulation Act, 1949 during the year.
- 2) Return on Assets are computed with reference to average Working Funds.
- 3) Business is defined as total of average of gross Advances and deposits (net of inter-bank deposits and Certificate of Deposits).
- 4) Operating Profit is Net Profit for the year before Provisions and Contingencies and Profit / (Loss) on sale of building and other assets (net).

6 Concentration of Deposits, Advances, Exposures & NPAs

6.1 Concentration of Deposits:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Total Deposits to twenty largest Depositors	30,872,335	27,761,558
Percentage of Deposits of twenty largest Depositors to Total Deposits of the Bank	41.84%	73.59%

6.2 *Concentration of Advances:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Total Advances to twenty largest Borrowers	2,513,001	110,788
Percentage of Advances of twenty largest Borrowers to Total Advances of the Bank	2.37%	0.15%

*Advances are computed as per the definition of Credit Exposure including derivatives as prescribed in Master Circular on Exposure Norms DBR.No. Dir. BC.12/13.03.00/2015-16 dated July 1, 2015.

6.3 *Concentration of Exposures:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Total Exposure to twenty largest Borrowers/ Customers	8,679,309	2,042,397
Percentage of Exposures of twenty largest Borrowers/ Customers to Total Exposure of the Bank on Borrowers/ Customers	7.61%	2.59%

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

6.4 Concentration of NPAs:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Total Exposure to top four NPA accounts	10,009	2,507

Notes forming part of the financial statements

for the year ended 31st March, 2019

7 Sector - wise Advances and NPA

As on March 31, 2019

Sector	Outstanding total Advances	Gross NPAs	(₹ in 000's) % of Gross NPAs to Total Advances in that sector
Priority Sector:			
Agriculture and allied activities	14,118,815	67,707	0.48%
Advances to industries eligible as priority sector lending	2,148,032	6,095	0.28%
Services	5,851,469	42,929	0.73%
Personal loans	39,710,486	300,836	0.76%
- of which Housing loans	12,876,856	64,628	0.50%
Sub-Total (A)	61,828,802	417,567	0.68%
Non-Priority Sector:			
Agriculture and Allied activities	15,529,381	59,256	0.38%
Industry	2,383,201	28,694	1.20%
Services	9,645,025	342,073	3.55%
- of which NBFC	2,249,702	-	0.00%
Personal loans	16,841,181	130,933	0.78%
- of which Housing loans	3,973,135	81,582	2.05%
Sub-Total (B)	44,398,788	560,956	1.26%
Total (A) + (B)	106,227,590	978,523	0.92%

As on March 31, 2018

Sector	Outstanding total Advances	Gross NPAs	(₹ in 000's) % of Gross NPAs to Total Advances in that sector
Priority Sector:			
Agriculture and Allied activities	2,189,497	11,598	0.53%
Advances to industries eligible as priority sector lending	316,051	2,767	0.88%
Services	3,278,544	51,165	1.56%
Personal loans	5,657,628	40,872	0.72%
- of which Housing loans	1,107,322	13,675	1.23%
Sub-Total (A)	11,441,720	106,402	0.93%
Non-Priority Sector:			
Agriculture and Allied activities	13,652,739	480,115	3.52%
Industry	612,027	71,148	11.62%
Services	11,804,268	1,445,949	12.25%
Personal loans	38,101,227	655,590	1.72%
- of which Housing loans	9,088,007	319,912	3.52%
Sub-Total (B)	64,170,261	2,652,802	4.13%
Total (A) + (B)	75,611,981	2,759,204	3.65%

8 Priority Sector Lending Certificates (PSLCs):

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	PSLC Sold	PSLC Purchased	PSLC Sold	PSLC Purchased
1) PSLC Agriculture	-	-	2,600,000	-
2) PSLC Small Farmers / Marginal Farmers	15,440,000	-	8,580,000	-
3) PSLC Micro Enterprises	2,500,000	-	2,000,000	-
4) PSLC General	6,000,000	-	32,940,000	-
Total	239,40,000	-	46,120,000	-

Notes forming part of the financial statements

for the year ended 31st March, 2019

9 Inter- Bank Participation with Risk Sharing

The aggregate amount of participation issued by the Bank and reduced from Advances as per regulatory guidelines as on March 31, 2019 is ₹33,50,000 (000's) and as on March 31, 2018 is Nil.

10 Asset Liability Management (ALM)

Maturity Pattern of certain items of Assets and Liabilities

Specified assets and liabilities as on March 31, 2019:

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings	(₹ in 000's)
1 day	237	0	75,722	-	-
2 days to 7 days	1,032,963	708,860	893,485	-	-
8 days to 14 days	2,110,548	976,490	897,905	916,700	
15 days to 30 days	3,272,713	1,108,248	3,275,312	-	-
31 days to 2 months	6,782,923	1,364,932	4,292,269	766,700	
Over 2 months upto 3 months	7,042,477	1,037,238	11,374,743	916,700	
Over 3 months upto 6 months	16,436,271	150,138	8,381,891	5,475,100	
Over 6 months upto 1 year	31,725,304	1,317,458	20,361,064	8,762,067	
Over 1 year upto 3 years	27,433,143	2,443,567	24,090,480	18,558,633	
Over 3 years upto 5 years	2,416,593	301,042	98,448	5,765,000	
Over 5 years	7,271,377	5,858,249	53,089	500,000	
Total	105,524,549	15,266,222	73,794,408	41,660,900	

Note:

1) The bucketing structure has been revised based on the RBI guidelines dated March 23, 2016.

2) The Bank is following 30 days month convention for calculation of bucket sizes for ALM.

3) There are no Foreign Currency Assets or Liabilities with the Bank as on March 31, 2019.

Specified assets and liabilities as on March 31, 2018:

Maturity Buckets	Loans & Advances	Investments	Deposits	Borrowings	(₹ in 000's)
1 day	126	-	12,736	-	-
2 days to 7 days	1,106,325	749,505	138,500	-	-
8 days to 14 days	1,931,339	798,539	357,958	384,200	
15 days to 30 days	2,460,904	-	6,363,121	1,345,987	
31 days to 2 months	5,513,860	554,989	6,527,873	919,544	
Over 2 months upto 3 months	5,366,588	-	9,369,746	1,244,191	
Over 3 months upto 6 months	14,470,378	1,108,774	3,714,605	7,195,953	
Over 6 months upto 1 year	20,175,448	3,653,150	7,554,172	12,777,675	
Over 1 year upto 3 years	18,845,633	-	3,661,366	14,429,000	
Over 3 years upto 5 years	1,327,155	-	22,071	231,900	
Over 5 years	2,164,358	5,459,832	3,026	-	-
Total	73,362,114	12,324,789	37,725,174	38,528,450	

Note:

1) The bucketing structure has been revised based on the RBI guidelines dated March 23, 2016.

2) The Bank is following 30 days month convention for calculation of bucket sizes for ALM.

3) There are no Foreign Currency Assets or Liabilities with the Bank as on March 31, 2018.

Notes forming part of the financial statements

for the year ended 31st March, 2019

11 Exposure

11.1 Exposure to Real Estate Sector:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
A) Direct exposure		
i) Residential Mortgages	12,864,797	4,190,839
(of which housing loans eligible for inclusion in priority sector Advances)	6,152,195	1,847,457
ii) Commercial Real Estate	-	-
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures:	-	-
- Residential	-	-
- Commercial Real Estate	-	-
Total (A)	12,864,797	4,190,839
B) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total (B)	-	-
Total Real Estate Exposure (A+B)	12,864,797	4,190,839

11.2 Exposure to Capital Market:

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Direct Investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,000	1,000
Advances against shares / bonds / debentures or other securities or on clean basis to individuals for Investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the Advances;	-	-
Secured and Unsecured Advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
Bridge loans to companies against expected equity flows / issues;	-	-
Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
Financing to stockbrokers for margin trading;	-	-
All exposures to Venture Capital Funds (both registered and unregistered);	-	-
Total Exposure to Capital Market	1,000	1,000

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

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

During the financial year ended March 31, 2019 and March 31, 2018, there are no instances of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeding the sanctioned limit or outstanding whichever is higher.

Notes forming part of the financial statements

for the year ended 31st March, 2019

12 Disclosure of Penalties Imposed by RBI

During the financial year ended March 31, 2019 and March 31, 2018, RBI has not imposed any penalty on the Bank.

13 Overseas Assets, NPAs and Revenue

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

14 Disclosure of Customer Complaints

14.1 Customer complaints other than ATM transaction disputes

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
No. of complaints pending at the beginning of the year	118	111
No. of complaints received during the year	19,704	8,652
No. of complaints redressed during the year	19,575	8,645
No. of complaints pending at the end of the year	247	118

14.2 Customer complaints relating to ATM transaction disputes*

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
No. of complaints pending at the beginning of the year	27	2
No. of complaints received during the year	8,034	1,495
No. of complaints redressed during the year	7,853	1,470
No. of complaints pending at the end of the year	208	27

* This includes ATM transaction disputes relating to Bank's customers on the Bank's ATMs and Bank's customers on other Bank's ATMs.

15 Awards Passed by the Banking Ombudsman

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
No. of unimplemented Awards at the beginning of the year	-	-
No. of Awards passed by the Banking Ombudsman during the year	-	-
No. of Awards implemented during the year	-	-
No. of unimplemented Awards at the end of the year	-	-

16 Movement in Provision for Frauds Included under other Liabilities

Particulars	As on March 31, 2019	As on March 31, 2018
Opening provision	10,814	7,720
Provision during the year	23,376	13,055
Utilisation / Write back of provision during the year	30,365	9,961
Closing provision	3,825	10,814

17 Provisions and Contingencies

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Provision for NPA (including bad debts written off)	231,718	3,868,947
Provision for Standard Assets	174,167	(761,204)
Provision for Income tax (Net of deferred tax liability/(asset) of ₹342,941(000's) (₹293,359) (000's) previous year) Refer schedule 18 (26.1)	692,059	19,841
Provision for Depreciation on Investments	-	-
Provision for claims against the Bank not acknowledged as debts	94	-
Total	1,098,038	3,127,584

Notes forming part of the financial statements

for the year ended 31st March, 2019

18 Bancassurance Business

Commission income from insurance business for the financial year ended March 31, 2019 includes fees of ₹ 139,431 (000's) (previous year: ₹ 54,163 (000's)) in respect of insurance business.

19 Liquidity Coverage Ratio (LCR)

Qualitative disclosure around LCR:

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

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

LCR aims to ensure that the Bank has an adequate stock of unencumbered HQLA to meet its liquidity needs for a 30 calendar days liquidity stress scenario.

As mentioned in the "Operating Guidelines for Small Finance Banks", the Bank has to maintain the prescribed level of LCR.

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

Notes forming part of the financial statements

for the year ended 31st March, 2019

Quantitative disclosure around LCR

The table sets out Quantitative Information for all four quarters of the financial year ended March 31, 2019 as follows:

Particulars	Quarter ended March 31, 2019						Quarter ended December 31, 2018						Quarter ended September 30, 2018						Quarter ended June 30, 2018							
	Total			Unweighted Value (average)*			Total			Weighted Value (average)*			Total			Unweighted Value (average)*"			Total			Weighted Value (average)*				
	Total Unweighted Value (average)*	Weighted Value (average)*	Weighted Value (average)*	Total Unweighted Value (average)*	Weighted Value (average)*	Weighted Value (average)*	Total Unweighted Value (average)*	Weighted Value (average)*	Weighted Value (average)*	Total Unweighted Value (average)*"	Weighted Value (average)*"	Weighted Value (average)*"														
High Quality Liquid Assets																										
1. Total High Quality Liquid Assets (HQLA)				11,507,515						8,988,088				8,864,904				8,394,793								
Cash Outflows																										
2. Retail deposits and deposits from small business customers, of which:																										
(i) Stable deposits	7,386,155	369,308	5,281,965				264,098			3,612,958			180,648			2,070,428			103,521							
(ii) Less stable deposits	20,450,822	2,045,082	12,302,155				1,230,216			6,576,490			657,649			3,433,919			343,392							
3. Unsecured wholesale funding, of which:				10,113,733	10,113,733	6,427,487			6,427,487			8,032,495			8,166,641			8,166,641								
(i) Operational deposits (all counterparties)				-	-	-	-			-	-		-		-	-		-	-	-	-	-	-	-		
(ii) Non-operational deposits (all counterparties)	3,287,770	3,287,770	1,602,967			1,602,967			1,114,057			1,114,057			1,314,642			1,314,642								
(iii) Unsecured debt	6,825,963	6,825,963	4,824,520			4,824,520			6,918,438			6,918,438			6,851,999			6,851,999								
4. Secured wholesale funding	549,895	549,895	937,102			937,102			1,725,427			1,725,427			1,109,696			1,109,696								
5. Additional requirements, of which				643,244	244,237	1,157,529			446,299			266,609			72,567			165,870			8,293					
(i) Outflows related to derivative exposures and other collateral requirements				-	-	-	-			-	-	-	-		-	-	-	-	-	-	-	-	-	-		
(ii) Outflows related to loss of funding on debt products				-	-	-	-			-	-	-	-		-	-	-	-	-	-	-	-	-	-		
6. Other contractual funding obligations	643,244	244,237	1,157,529			446,299			266,609			72,567			165,870			8,293								
7. Other contingent funding obligations	925,575	925,575	953,000			953,000			983,386			983,386			800,522			800,522								
8. Total Cash Outflows	40,297,319	14,254,667	27,059,238			10,258,202			21,197,365			11,652,172			15,747,076			10,532,065								
Cash Inflows																										
9. Secured lending (e.g. reverse repos)	49,758	-	35,042			-	63,054			-			-		80,031			-								
10. Inflows from Fully performing exposures	11,695,249	8,090,213	8,830,595			5,698,556	8,666,088		5,417,520			9,086,472			6,048,143			-								
11. Total Cash Inflows	11,745,007	8,090,213	8,865,637			5,698,556	8,729,142		5,417,520			9,166,503			6,048,143			8,394,793			4,483,922			1,87,22%		
12. Total HQLA	11,507,515																									
13. Total Net Cash Outflows	6164,454																									
14. Liquidity Coverage Ratio (%)	186.68%																									

* Average weighted and unweighted amounts are calculated taking simple daily average for all quarters for the year ended March 31, 2019 except for quarter ended June 30, 2017 where in simple average for the month-ends in the quarter are taken.

Notes forming part of the financial statements

for the year ended 31st March, 2019

The table sets out Quantitative Information for all four quarters of the financial year ended March 31, 2018 as follows:

Particulars	Quarter ended March 31, 2018			Quarter ended December 31, 2017			Quarter ended September 30, 2017			Quarter ended June 30, 2017		
	Total Unweighted Value (average)*	Total Weighted Value (average)*										
High Quality Liquid Assets												
1. Total High Quality Liquid Assets (HQLA)		8,064,119			71,59,680			80,74,886			9,748,326	
Cash Outflows												
2. Retail deposits and deposits from small business customers, of which:												
(i) Stable deposits	1,225,624	61,281	750,511	37,526	374,720	18,736	110,318	55,16				
(ii) Less stable deposits	1,755,772	175,577	955,051	95,505	402,727	40,273	104,553	10,455				
3. Unsecured wholesale funding, of which:												
(i) Operational deposits (all counterparties)	8,988,226	8,988,226	3,621,636	3,621,636	3,848,989	3,848,989	3,541,197	3,541,197				
(ii) Non-operational deposits (all counterparties)	6,960,137	6,960,137	2,269,705	2,269,705	1,716,675	1,716,675	2,007,119	2,007,119				
(iii) Unsecured debt	2,028,089	2,028,089	1,351,931	1,351,931	2,132,314	2,132,314	1,534,078	1,534,078				
4. Secured wholesale funding	1,636,751	1,636,751	2,031,909	2,031,909	2,766,071	2,766,071	3,413,855	3,413,855				
5. Additional requirements, of which	165,991	8,300	124,691	6,235	273,620	167,321	876,976	143,282				
(i) Outflows related to derivative exposures and other collateral requirements												
(ii) Outflows related to loss of funding on debt products												
(iii) Credit and liquidity facilities	165,991	8,300	124,691	6,235	273,620	167,321	876,976	143,282				
6. Other contractual funding obligations	772,944	772,944	925,986	925,986	952,359	952,359	1,044,419	1,044,419				
7. Other contingent funding obligations												
8. Total Cash Outflows	14,545,308	11,643,079	8,409,784	6,718,797	8,618,486	7,793,749	9,091,318	8,158,724				
Cash Inflows												
9. Secured lending (e.g. reverse repos)	73,402	-	55,738	-	-	-	-	-				
10. Inflows from fully performing exposures	10,179,030	6,873,165	8,321,784	5,189,914	9,634,919	6,369,996	8,629,038	5,397,852				
11. Other cash inflows												
12. Total Cash inflows	10,252,432	6,873,165	8,377,522	5,189,914	9,634,919	6,369,996	8,629,038	5,397,852				
13. Total HQLA	8,064,119				7,159,680		8,074,886	9,748,326				
14. Total Net Cash Outflows	4,769,914				1,679,699		1,948,437	2,760,872				
15. Liquidity Coverage Ratio (%)		169.06%			426.25%		414.43%	353.09%				

* Average weighted and unweighted amounts are calculated taking simple daily average for all quarters for the year ended March 31, 2018 except for quarter ended June 30, 2017 where in simple average for the month-ends in the quarter are taken.

Notes forming part of the financial statements

for the year ended 31st March, 2019

20. Disclosure on Restructuring Disclosure on accounts subjected to Restructuring for the financial year ended March 31, 2019

Sr. No.	Type of Restructuring	Under CDR Mechanism						Under SME debt restructuring mechanism		
		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss
1	Restructured Accounts as on April 1, 2018 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
3	Upgradation to restructured standard category during the year	No. of Borrowers	-	Amount Outstanding	-	-	-	-	-	-
				Provision thereon	-	-	-	-	-	-
4	Restructured standard Advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard Advances at the beginning of the next FY	No. of Borrowers	-	Amount Outstanding	-	-	-	-	-	-
				Provision thereon	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	Amount Outstanding	-	-	-	-	-	-
				Provision thereon	-	-	-	-	-	-
6	Increase/decrease in existing restructured accounts during the year	No. of Borrowers	-	Amount Outstanding	-	-	-	-	-	-
				Provision thereon	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	Amount Outstanding	-	-	-	-	-	-
				Provision thereon	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2019 (closing figures)	No. of Borrowers	-	Amount Outstanding	-	-	-	-	-	-
				Provision thereon	-	-	-	-	-	-

Notes forming part of the financial statements

for the year ended 31st March, 2019

Sr No.	Type of Restructuring	Others										Total
		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss	Total	
1	Restructured Accounts as on April 1, 2018 of the FY (opening figures)	No. of Borrowers -	232	-	1	233	-	232	-	1	233	
	Amount Outstanding	-	6,742	-	39	6,781	-	6,742	-	39	6,781	
2	Fresh restructuring during the year	No. of Borrowers 22,103	2,626	-	39	2,665	-	2,626	-	39	2,665	
	Amount Outstanding	407,534	1,724	3	1	23,831	22,103	1,724	3	1	23,831	
3	Upgradation to restructured standard category during the year	No. of Borrowers 20,377	8,630	119	260	29,386	20,377	8,630	119	260	29,386	
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	
4	Restructured standard Advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard Advances at the beginning of the next FY	No. of Borrowers -	-	-	-	-	-	-	-	-	-	
	Amount Outstanding	-	-	-	-	-	-	-	-	-	-	
5	Downgradations of restructured accounts during the year	No. of Borrowers (117)	29	88	-	(117)	-	29	88	-	-	
	Amount Outstanding	(1,632)	(2,762)	3,642	-	(752)	(1,632)	(2,762)	3,642	-	(752)	
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers (6,423)	(2,468)	-	-	2,624	(82)	(560)	3,266	-	2,624	
	Amount Outstanding	(128,453)	(8,104)	-	-	(136,557)	(128,453)	(8,104)	-	-	(136,557)	
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers (6,367)	(1,006)	-	(1)	(7,374)	(6,367)	(1,006)	-	(1)	(7,374)	
	Amount Outstanding	(41,603)	(9,974)	-	(39)	(51,616)	(41,603)	(9,974)	-	(39)	(51,616)	
8	Restructured Accounts as on March 31, 2019 (closing figures)	No. of Borrowers 15,619	979	91	1	16,690	15,619	979	91	1	16,690	
	Amount Outstanding	235,846	14,732	3,790	260	254,628	235,846	14,732	3,790	260	254,628	
	Provision thereon	11,792	4,653	3,385	260	20,090	11,792	4,653	3,385	260	20,090	

(₹ in 000's)

Notes forming part of the financial statements

for the year ended 31st March, 2019

Disclosure on accounts subjected to Restructuring For the financial year ended March 31, 2018

Sr. No.	Type of Restructuring	Under CDR Mechanism						Under SME debt restructuring mechanism		
		Standard	Substandard	Doubtful	Loss	Total	Standard	Substandard	Doubtful	Loss
1	Restructured Accounts as on April 1, 2017 of the FY (opening figures)	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
2	Fresh restructuring during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
3	Upgradation to restructured standard category during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
4	Restructured standard Advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard Advances at the beginning of the next FY	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-
8	Restructured Accounts as on March 31, 2018 (closing figures)	No. of Borrowers	-	-	-	-	-	-	-	-
		Amount Outstanding	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-

Notes forming part of the financial statements

for the year ended 31st March, 2019

Sr No.	Type of Restructuring		Others	Total		
		Standard	Substandard	Doubtful	Loss	Total
Asset Classification						
1	Restructured Accounts as on April 1, 2017 of the FY (opening figures)	No. of Borrowers	-	57	-	57
	Amount Outstanding	-	1,385	-	1,385	-
	Provision thereon	-	485	-	485	-
2	Fresh restructuring during the year	No. of Borrowers	-	196	-	196
	Amount Outstanding	-	6,103	-	6,103	-
	Provision thereon	-	2,332	-	2,332	-
3	Upgradation to restructured standard category during the year	No. of Borrowers	-	-	-	-
	Amount Outstanding	-	-	-	-	-
	Provision thereon	-	-	-	-	-
4	Restructured Standard Advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured Standard Advances at the beginning of the next FY	No. of Borrowers	-	(1)	-	(1)
	Amount Outstanding	-	(39)	-	39	-
	Provision thereon	-	(39)	-	(39)	-
5	Downgradations of restructured accounts during the year	No. of Borrowers	-	-	-	-
	Amount Outstanding	-	(379)	-	(379)	-
	Provision thereon	-	(4)	-	(4)	-
6	Increase/Decrease in existing restructured accounts during the year	No. of Borrowers	-	(20)	-	(20)
	Amount Outstanding	-	(328)	-	(328)	-
	Provision thereon	-	(148)	-	(148)	-
7	Write-offs/fully repaid of restructured accounts during the year	No. of Borrowers	-	-	-	-
	Amount Outstanding	-	(232)	-	232	-
	Provision thereon	-	6,742	-	6,742	-
8	Restructured Accounts as on March 31, 2018 (closing figures)	No. of Borrowers	-	39	6,781	39
	Amount Outstanding	-	2,626	-	2,665	-
	Provision thereon	-	-	-	-	-

Notes forming part of the financial statements

for the year ended 31st March, 2019

21 Employee Benefits [(AS-15) Revised]

21.1 Gratuity:

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

Details of defined benefit plan of gratuity are given below:

	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Changes in the present value of the obligation		
Opening balance of Present Value of Obligation	227,763	178,830
Interest Cost	16,571	11,923
Current Service Cost	66,627	44,221
Benefits Paid	(14,810)	(8,523)
Actuarial loss on Obligation	14,287	1,312
Acquisitions/Divestures/Transfers	-	-
Closing balance of Present Value of Obligation	310,438	227,763
Reconciliation of opening and closing balance of the fair value of the Plan Assets		
Opening balance of Fair value of Plan Assets	171,565	145,261
Adjustment to Opening Balance	3,127	-
Expected Return on Plan assets	14,459	16,168
Contributions	56,221	34,166
Other charges (Service tax, FMC, Mortality charges, etc)	-	(4,291)
Benefits Paid	(14,810)	(8,523)
Actuarial Gain / (loss) Return on Plan Assets	1,743	(11,216)
Closing balance of Fair Value of Plan Assets	232,305	171,565
Actual Return on Plan Assets	19,329	4,953

	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
Profit and Loss – Expenses		
Current Service Cost	66,627	44,220
Interest Cost	16,571	11,923
Expected Return on Plan assets	(14,459)	(16,168)
Net Actuarial loss recognized in the year	9,417	12,528
Expenses recognized in the Profit and Loss Account	78,156	52,503

	As on	
	March 31, 2019	As on March 31, 2018
Funded status (100% insurance managed funds)		
Actuarial Assumptions		
Discount Rate	7.52%	7.31%
Expected Rate of Return on Plan Assets	7.52%	7.31%
Expected Rate of Salary Increase	9.00%	9.00%
Employee Attrition Rate	20.26%	18.08%

Notes forming part of the financial statements

for the year ended 31st March, 2019

Experience Adjustments

	As on March 31, 2019	As on March 31, 2018	As on March 31, 2017	(₹ in 000's)
Plan Assets	232,305	171,565	145,261	
Defined benefit obligation	310,438	227,763	178,830	
Surplus/ (Deficit)	(78,133)	(56,198)	(33,569)	
Actuarial (Gain)/ Losses due to Experience on Defined Benefit Obligation	3,788	13,670	22,776	

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

Category of Plan Assets	As on March 31, 2019	As on March 31, 2018	(₹ in 000's)
Assets Under Insurance Schemes	100%	100%	

- a) The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.
- b) During the financial year ended March 31, 2019 and March 31, 2018, the Bank does not have unamortised gratuity and pension liability.
- c) Discount rate is based on the prevailing market yields of Indian Government Bonds as on the Balance Sheet date for the estimated term of the obligation.

21.2 Compensated Absences:

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

Particulars	As on March 31, 2019	As on March 31, 2018	(₹ in 000's)
Privileged Leave Actuarial Liability	259,978	186,196	
Assumptions			
Discount Rate	7.52%	7.31%	
Salary Escalation rate	9.00%	9.00%	

21.3 Defined Contribution Plans:

Amount recognised in the Statement of Profit and Loss	As on March 31, 2019	As on March 31, 2018	(₹ in 000's)
(i) Provident fund Contributed to the Authorities	353,430	88,611	
(ii) Pension fund Contributed to the Authorities	147,332	112,371	

Notes forming part of the financial statements

for the year ended 31st March, 2019

22 Segment Reporting

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

A) Treasury :

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

B) Retail Banking:

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

C) Corporate/ Whole Sale Banking:

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

Part A: Business segments

(₹ in 000's)

Sr. No.	Business Segments	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
	Particulars	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
1	Revenue	1,311,306	19,000,589	63,845	20,375,740
2	Unallocated Revenue	-	-	-	-
3	(less) Inter segment revenue	-	-	-	-
4	Total Income (1+2-3)	1,311,306	19,000,589	63,845	20,375,740
5	Segment Result	261,241	3,008,065	1,211	3,270,517
6	Unallocated expenses	-	-	-	586,287
7	Operating profit	-	-	-	2,684,231
8	Tax expenses (including deferred tax)	-	-	-	692,059
9	Extraordinary profit/ loss	-	-	-	-
10	Net profit (5-6-8-9)	-	-	-	1,992,172
	Other information:				
11	Segment assets	25,235,393	109,459,617	2,250,552	136,945,562
12	Unallocated assets	-	-	-	476,585
13	Total assets	-	-	-	137,422,147
14	Segment liabilities	25,235,393	91,739,908	2,250,552	119,225,853
15	Unallocated liabilities	-	-	-	-
16	Total liabilities	-	-	-	137,422,147

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

Notes forming part of the financial statements

for the year ended 31st March, 2019

Part B: Geographic Segment:

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

Sr. No.	Business Segment	Treasury	Retail Banking	Corporate/ Wholesale Banking	Total
	Particulars	March 31, 2018	March 31, 2018	March 31, 2018	(₹ in 000's)
1	Revenue	1,205,940	14,587,612	-	15,793,552
2	Unallocated Revenue	-	-	-	-
3	(less) Inter segment revenue	-	-	-	-
4	Total Income (1+2-3)	1,205,940	14,587,612	-	15,793,552
5	Segment Result	212,646	556,155	-	768,801
6	Unallocated expenses	-	-	-	680,334
7	Operating profit	-	-	-	88,467
8	Tax expenses (including deferred tax)	-	-	-	19,841
9	Extraordinary profit/ loss	-	-	-	-
10	Net profit (5-6-8-9)	-	-	-	68,626
	Other information:				
11	Segment assets	16,548,386	77,403,297	-	93,951,683
12	Unallocated assets	-	-	-	780,077
13	Total assets	16,548,386	77,403,297	-	94,731,760
14	Segment liabilities	16,548,386	61,714,029	-	78,262,415
15	Unallocated liabilities	-	-	-	-
16	Total liabilities	16,548,386	61,714,029	-	94,731,760

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

Part B: Geographic Segment:

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

23 Related Party Disclosures (AS-18)

As per AS 18 Related Party Disclosures notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014 and Companies (Accounting Standards) Amendment Rules 2016, the Bank's related parties during the year April 01, 2018 to March 31, 2019 are disclosed below:

Holding Company :

Ujjivan Financial Services Limited (UFSL)

Key Management Personnel (KMP) :

Mr. Samit Ghosh (Managing Director and CEO)

Ms Upma Goel (Chief Financial Officer)

Mr. Chanchal Kumar (Company Secretary)

Enterprise in which relatives of KMPs are members :

Parinaam Foundation

Enterprises in which KMPs are members :

Ujjivan Welfare and Relief Trust

USFBL Employee's Gratuity Fund Trust

In accordance with paragraph 5 of AS - 18, the Bank has not disclosed certain transactions with relatives of Key Management Personnel as they are in the nature of banker-customer relationship.

Notes forming part of the financial statements

for the year ended 31st March, 2019

Transactions with Related Parties for the year ended March 31, 2019

(₹ in 000's)

Items/Related Party	Holding Company	Key Management Personnel	Enterprise in which relatives of Key Management Personnel are Members	Enterprises in which KMP are members	Total
Deposit*	(1,215,440)	(34,224)	(80,066)	(4,245)	(1,333,975)
	1,215,440	30,842	80,066	4,245	1,330,593
Reimbursement of expenses - Amount Paid	943	-	-	-	943
Reimbursement of expenses - Amount Received	938	-	748	-	1,686
Inter Company Transfer- Amount Received**	838	-	-	-	838
Inter Company Transfer- Amount paid***	1,092	-	-	3418	4,510
Bank Contribution to Ujjivan Welfare and Relief Trust***	-	-	-	686	686
Interim Preference Dividend (excluding DDT)	220,000	-	-	-	220,000
Interest Expense on Deposits	48,033	2,742	3,083	132	53,990
Payment of Remuneration ****	-	20,313	-	-	20,313
Rendering of services	-	-	2,989	-	2,989

* Figures in bracket indicates maximum balance of outstanding deposits including interest accrued but not due during the year based on comparison of the total outstanding deposit balances at each quarter-end.

** Excludes amount of ₹ 14,715 (000's) received by UFSL towards employees perquisite tax.

*** Employee Contribution to Ujjivan Welfare and Relief Trust through Payroll recovery of ₹3,418 (000's) & Quantum of Donation by Bank is restricted to 1% of PY

Net Profit as per RBI Regulation - ₹686 (000's)

**** The above Remuneration excludes Bonus 2017-18 of MD & CEO and Gratuity.

Transactions with Related Parties for the year ended March 31, 2018

(₹ in 000's)

Items/Related Party	Holding Company	Key Management Personnel	Enterprise in which relatives of Key Management Personnel are Members	Enterprises in which KMP are members	Total
Deposit*	(1,031,476)	(142,910)	(20,000)	-	(1,194,386)
	-	65,840	20,000	-	85,840
Reimbursement of expenses - Amount Paid	16,241	-	-	-	16,241
Reimbursement of expenses - Amount Received	678	-	606	-	1,284
Inter Company Transfer- Amount Received**	127,611	-	-	-	127,611
Inter Company Transfer- Amount paid	526	-	-	-	526
Interest Expense on Deposits	60,910	1,548	18	-	62,476
Payment of Remuneration ***	-	19,727	-	-	19,727
Rendering of services	-	-	1,900	-	1,900

* Figures in bracket indicates maximum balance of outstanding deposits including interest accrued but not due during the year based on comparison of the total outstanding deposit balances at each quarter-end.

** Excludes amount of ₹ 328,870 (000's) received by UFSL towards employees perquisite tax and securitisation closure related Fixed deposits & Income amounts on behalf of USFB and the same has been transferred to USFB.

*** The above Remuneration excludes Bonus and Gratuity.

Notes forming part of the financial statements

for the year ended 31st March, 2019

Balances outstanding at the end of the year

	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
Enterprise in which KMP are members		
Ujjivan Welfare and Relief Trust	(4,245)	-
	4,245	-
Outstanding Balance with enterprise in which relative of Key Management Personnel are Members		
Parinaam Foundation	(80,066)	(20,019)
	80,066	20,019
Holding Company		
Ujjivan Financial Services Limited	(1,215,440)	(1,031,476)
	1,215,440	1,726

Figures in bracket indicates maximum balance of outstanding deposits including interest accrued but not due during the year based on comparison of the total outstanding deposit balances at each quarter-end.

24 Operating Leases (AS-19)

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

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
i) Not later than one year	515,659	278,264
ii) Later than one year but not later than five years	1,145,723	489,300
iii) Later than five years	144,363	15,856

Particulars	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
The total of minimum lease payments recognized in the Profit and Loss Account for the year	532,425	336,732

The Bank has not sub- leased any of the properties taken on lease. There are no provisions relating to contingent rent.

25 Earnings Per Share

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

Particulars	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
Profit available to equity share holders (in 000's) - (A)	1,726,949	68,626
Weighted average shares outstanding – Basic (Nos. in 000's) - (B)	1,440,037	1,440,037
Weighted average shares outstanding – Diluted (Nos. in 000's) - (C)	1,440,037	1,440,037
Nominal Value of Equity Shares (₹)	10	10
Earnings per share – Basic (₹) - (A/B)	1.20	0.05
Earnings per share – Diluted (₹) - (A/C)	1.20	0.05

26 Miscellaneous

26.1 Provisions for taxation during the year:

Particulars	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
Income Tax	349,118	313,200
Deferred tax Liability/ (Asset) - (Refer Schedule 18(27))	342,941	(293,359)
Total	692,059	19,841

Notes forming part of the financial statements

for the year ended 31st March, 2019

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

The details of amount transferred to Depositor Education and Awareness Fund during the financial year ended March 31, 2019 and March 31, 2018.

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Opening balance of amounts transferred to DEAF	-	-
Add: Amounts transferred to DEAF during the year*	424	-
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	424	-

* Amount transferred to DEAF during the year 2018-19 pertains to Additional Security Deposits transferred to the Bank from the Holding Company, Ujjivan Financial Services Limited (UFSL), as part of the Business Transfer Agreement. As per RBI circular DBR. No. DEA Fund Cell. BC. 67/3-01.002/2014-15 dated February 02, 2015, the details of unclaimed Additional Security Deposits has been displayed in our website with respect to amount transferred to DEAF. There has been no delays in transferring the amount to DEAF.

26.3 Drawdown from Reserves:

The Bank has not undertaken any drawdown from reserves during the financial year ended March 31, 2019 and March 31, 2018.

26.4 Fixed Assets:

Particulars	As on March 31, 2019	As on March 31, 2018
Fixed Assets excluding Computer Software		
Opening balance (cost)	1,681,717	1,002,387
Additions during the year	1,346,626	731,398
Deduction during the year	(112,780)	(52,067)
Depreciation to date	(844,593)	(497,440)
Balance at the end of the Year	2,070,970	1,184,278

26.5 Computer Software:

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

Particulars	As on March 31, 2019	As on March 31, 2018
Opening balance (cost)	987,566	719,519
Additions during the year	164,415	268,052
Deduction during the year	-	(6)
Depreciation to date	(399,482)	(230,417)
Balance at the end of the year	752,499	757,148

26.6 Description of Contingent Liabilities:

Particulars	As on March 31, 2019	As on March 31, 2018
i) Claims against the Bank not acknowledged as debt		
- Taxation (Service Tax)	4,226	4,409
- Other Legal cases	1,876	1,770
ii) Guarantees given on behalf of Constituents	2,500	2,500
iii) Other items for which the Bank is contingently liable		
- Capital commitments not provided	231,807	186,413
- Others - Cash Collateral - Securitization	68,124	-
- Amount transferred to Depositor Education and Awareness Fund (DEAF)	424	-
Total	308,957	195,092

Notes forming part of the financial statements

for the year ended 31st March, 2019

Contingent liability	Brief description
Claims against the Bank not acknowledged as debts - Taxation	The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favourable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and the provisions of the Income Tax Act, 1961 and Indirect taxes.
Claims against the Bank not acknowledged as debts - Other legal cases	The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.
Guarantees given on behalf of constituents, acceptances, endorsements and other obligations	As a part of its commercial banking activities, the Bank issues documentary credit and guarantees on behalf of its customers. Documentary credits such as letters of credit enhance the credit standing of the Bank's customers. Guarantees generally represent irrevocable assurances that the Bank will make payments in the event of the customer failing to fulfil its financial or performance obligations.
Other items for which the Bank is contingently liable	These include: a) Credit enhancements in respect of securitised-outstanding loans; b) Bills rediscounted by the Bank; c) Capital commitments; d) Underwriting commitments; e) Investment purchases pending settlement; f) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF).

26.7 Disclosure of Letters of Comfort (LoC) issued by the Bank:

The Bank has not issued any Letter of Comfort during the financial year ended March 31, 2019 and March 31, 2018.

26.8 Investor Education and Protection Fund:

There is no amount required to be transferred to Investor Education and Protection Fund by the bank during the financial year ended March 31, 2019 and March 31, 2018.

26.9 Other Expenditure:

Other expenditure includes Local Conveyance for the financial year ended March 31, 2019 amounting to ₹ 251,310 (000's) and financial year ended March 31, 2018 amounting to ₹ 206,342 (000's) exceeding 1% of the total income of the Bank.

26.10 The Bank has a process whereby periodically all long term contract are assessed for material foreseeable losses. At the year end, the Bank has reviewed and ensured that no provision is required under any law / accounting standards on such long term contracts as on March 31, 2019 and March 31, 2018.

26.11 Credit Default Swaps:

Bank has not entered into any credit default swap transactions during the financial year ended March 31, 2019 and March 31, 2018.

26.12 Credit Card and Debit Card Reward Points:

Bank does not have credit card products hence reward points are not applicable and the Bank is not providing any reward points on debit cards during the financial year ended March 31, 2019 and March 31, 2018.

26.13 Off Balance Sheet SPVs Sponsored:

There are no Off-Balance sheet SPVs sponsored by the bank as on March 31, 2019 and as on March 31, 2018.

26.14 Details of Factoring Exposure:

Bank does not have any factoring exposure as on March 31, 2019 and as on March 31, 2018.

26.15 Category Wise Country Exposure

Bank does not have any country wise Risk Exposure as on March 31, 2019 and March 31, 2018.

26.16 Unhedged Foreign Currency Exposure:

Bank does not have any unhedged foreign currency exposure as on March 31, 2019 and March 31, 2018.

Notes forming part of the financial statements

for the year ended 31st March, 2019

27 Deferred Tax

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

As on March 31, 2019

Particulars	Deferred Tax (Assets) / Liabilities as on April 1, 2018	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2019
Difference between book and tax depreciation	144,383	17,110	161,493
Provision for Employee benefits	(26,701)	(25,806)	(52,507)
Provision for doubtful assets/standard assets	(882,656)	479,664	(402,992)
Others	2,274	(128,027)	(125,753)
Net Deferred Tax (Asset) / Liability	(762,700)	342,941	(419,759)

As on March 31, 2018

Particulars	Deferred Tax (Assets) / Liabilities as on April 1, 2017	Current year (credit) / charge	Deferred Tax (Assets) / Liabilities as on March 31, 2018
Difference between book and tax depreciation	38,017	106,366	144,383
Provision for Employee benefits	(80,992)	54,291	(26,701)
Provision for doubtful assets/standard assets	(416,932)	(465,724)	(882,656)
Others	(9,434)	11,708	2,274
Net Deferred Tax (Asset) / Liability	(469,341)	(293,359)	(762,700)

28 Disclosures On Remuneration:

28.1 Qualitative Disclosures:

Information relating to the composition and mandate of the Remuneration Committee:

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

Information relating to the design and structure of remuneration processes and the key features and objectives of Compensation Policy and Nomination & Remuneration Policy:

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

- (a) Our Compensation principles should support us in achieving our mission of providing a full range of financial services to the economically active poor of India who are not adequately served (unserved and underserved) by financial institutions. Therein, this policy should support us to attract and retain talent and skills required to further the organizations purpose and ideology.
- (b) The pay structure and amounts shall always conform to applicable Income Tax and other similar statutes.
- (c) All practices of Ujjivan SFB shall comply with applicable labour laws.

Notes forming part of the financial statements

for the year ended 31st March, 2019

- (d) The pay structure should be standardized for a level of employees.
- (e) Elements eligible for tax exemption may be introduced at appropriate levels to enable employees take applicable tax breaks. Amounts related to benefits may undergo change with change in grade in the organization.
- (f) The compensation structure shall be easy to understand for all levels of employees.
- (g) The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- (h) The directors are paid sitting fees as approved by the Board for attending the Board and Board Committee Meetings.

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

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

Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

- (a) The compensation policy is designed to promote meritocracy in the organization i.e. other things being equal, performers in a given role are expected to earn more than his/her peer group.
- (b) Ujjivan shall, from time to time benchmark its compensation against identified market participants to define its pay structure and pay levels.
- (c) The merit increments will be finalized and approved by the NHRC year on year, basis organization's budgets and accomplishments as well as market reality.
- (d) Ujjivan believes in paying its employees in an equitable and fair manner basis the incumbent's Role, Personal Profile (Education/Experience etc.) as well as Performance on the Job.

- (e) Employees rated "Below Expectations" shall not be provided any increments, unless statutorily required.

A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting:

The performance bonus payout shall be Annual. Discretion is typically applied related to staggered payout in case large payouts, particularly for functions like Credit and Risk. Bonus is to be prorated for employees who have worked for part of the year at Ujjivan.

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

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

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

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

Variable Compensation at Ujjivan has the following distinct forms:

1. Statutory Bonus
2. Performance Pay:
 - a. Performance Bonus
 - b. Sales Awards
3. Rewards & Recognition

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

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

Notes forming part of the financial statements

for the year ended 31st March, 2019

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

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

Performance Bonus: All employees who are not a part of an Incentive/ Sales Award Scheme but part of the year end performance review will be covered under the Performance Bonus Plan of Ujjivan Small Finance Bank. However, the actual payout of performance bonus shall paid only to, employees who have met our performance criteria.

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

Rewards & Recognition: Ujjivan shall design schemes and practices from time to time to celebrate employees / departmental / organizational success. These celebrations may include offering tokens of appreciation to employees as defined in specific schemes. Fairness of application and transparency of communication shall be the hallmark of all such schemes. These will be subject to income tax laws, as applicable. Examples of such schemes may include: Long Service Awards (currently at one, three, five, seven and ten yrs. of completion of service with

Ujjivan), Portfolio Improvement Reward Scheme; Functional R&R Schemes; Organizational Rewards Schemes such as: Service Champion; Process Excellence; Customer Connect Awards; Above and Beyond; Recognition program for Liabilities Branches for Retail Deposits; Recognition program for Asset growth in Branches

Employee Stock Options (ESOPs): Employee Stock Options (ESOPs): ESOPs are given across the Bank to employees based on tenure and performance. The Bank has approved its ESOP Plan, 2019 in the Shareholders meeting held on March 29, 2019, however no grant has been made to any employees of the Bank or of the Holding Company (Ujjivan Financial Services Limited) under the Banks ESOP Plan -2019. Eligible Bank employees are holding ESOPs of the Holding Company and were also granted fresh ESOPs of the Holding Company during the financial year 2018-19 based on the recommendation of Nomination & Remuneration Committee of the Bank.

28.2 Quantitative Disclosures:

The quantitative disclosures cover the Bank's Whole Time Director and Key Risk Takers. Key Risk Takers are individuals who can materially set, commit or control significant amounts of the Bank's resources, and / or exert significant influence over its risk profile. The Bank's Key Risk Takers include MD & CEO, Chief Business Officer (CBO), Head- Treasury, Chief Risk Officer (CRO), Chief Financial Officer (CFO) and Company Secretary (CS).

Notes forming part of the financial statements

for the year ended 31st March, 2019

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Number of meetings held by Nomination & Remuneration Committee (NRC) and remuneration paid to its members	5 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2018 to March 31, 2019. Further, 3 meetings of Human Resource and Compensation Committee (HRC) was held during April 01, 2018 to March 31, 2019. The members of the NRC were paid total sitting fees of ₹760 (000's) for five meetings while members of HRC were paid total sitting fees of ₹ 240 (000's) for three meetings.	5 meetings of Nomination & Remuneration Committee (NRC) were held during April 01, 2017 to March 31, 2018. Further, 1 meeting of Human Resource and Compensation Committee (HRC) was held during April 01, 2017 to March 31, 2018. The members of the NRC were paid total sitting fees of ₹800 (000's) for five meetings while members of HRC were paid total sitting fees of ₹ 80 (000's) for one meeting.
Number of employees having received a variable remuneration award.	* 5 employees (MD& CEO/ CFO/CRO/ Head Treasury/ CS)	3 employees (CFO/CRO/Head Treasury)
Number and total amount of 'sign on' awards.	Nil	Nil
Details of guaranteed bonus if any paid as joining/ sign on bonus.	Nil	Nil
Details of severance pay in addition to the accrued benefits, if any	Nil	Nil
Total amount of outstanding deferred remuneration split into cash, shares and share linked instruments and other forms.	** ₹ 1,500 (000's) - (MD&CEO/CFO/CRO/ Head Treasury/ CS)	₹ 787 (000's)
Total amount of deferred remuneration paid out	*** ₹ 721 (000's) -(MD&CEO/CFO/CRO/ Head Treasury/ CS)	₹ 583 (000's)
Breakdown of amount of remuneration awards for the financial year to show fixed and variable, CBO/Head of Treasury/ CFO/CRO/ CS deferred and non-deferred	"Fixed Gross - ₹ 39,063 (000's) (MD&CEO/ CBO/Head of Treasury/ CFO/CRO/ CS) **** Variable/deferred - ₹ 721 (000's) - (MD&CEO/CFO/CRO/Head Treasury/ CS)	₹ 31,896 (000's) (Fixed) ₹ 583 (000's) (variable/deferred)
Total amount of outstanding deferred remuneration and retained remuneration exposed to ex-post explicit and/ or implicit adjustments.	Nil	Nil
Total amount of reductions during the FY due to ex – post explicit adjustments	Nil	Nil
Total amount of reductions during the FY due to ex – post implicit adjustments	Nil	Nil

Note:

* Variable Remuneration was paid in FY 18-19 only to these risk takers. The variable remuneration paid to the MD & CEO is the amount for the period February 1, 2017 to March 31, 2018. Date of joining of CBO is February 12, 2018. Hence not eligible for variable remuneration.

** This is the provision amount. Outstanding Deferred Remuneration Cash (Bonus) ₹ 1,500 (000's).

However the actual payout will differ depending upon Bank's performance and the guidance from the NRC. ESOPs are from UFSL therefore they are not disclosed. This includes the provision amount for MD & CEO which will be paid out subject to RBI approval

*** Since Performance Bonus is paid out deferred in the following financial year, it is being shown as deferred. This includes the bonus paid out to MD & CEO for the period February 1, 2017 to March 31, 2018.

**** The Variable deferred includes the bonus paid out to MD & CEO for the period February, 2017 - March, 2017 and April, 2017 - March, 2018.

Notes forming part of the financial statements

for the year ended 31st March, 2019

29 Disclosure On Remuneration to Non- Executive Directors

The Non-Executive Directors are paid Sitting Fees for attending meetings of the Board and its Committees at the rate of ₹ 50 (000's) per Board meeting and at the rate of ₹ 40 (000's) per Board Committee meeting. Amount paid as Sitting Fees to the Non-Executive Directors as follows.

Name of Director	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
Mr.Sunil Vinayak Patel	1,460	1,010
Ms. Vandana Viswanathan	1,020	730
Prof. Nandlal Sarada	940	770
Mr. Biswamohan Mahapatra	850	770
Mr. Luis Miranda	770	390
Mr. Prabal K Sen	740	650
Mr Anadi Charan Sahu *	50	250
Mr. Sanjay Jain *	150	-
Ms Mona Kachhwaha	490	100
Mr Jayanta Kumar Basu**	100	-
Total	6,570	4,670

* Mr Anadi Charan Sahu has resigned as Director on May 06, 2018 and Mr Sanjay Jain has been appointed in his place w.e.f May 07, 2018.

** Mr Jayanta Kumar Basu was appointed as a Director w.e.f November 14, 2018.

30 Dues To Micro, Small and Medium Enterprises (MSMED)

The Micro, Small and Medium Enterprises Development Act, 2006 that came into force from October 2, 2006, provides for certain disclosures in respect of Micro, Small and Medium enterprises. On the basis of information and records available with the Management and confirmation sought by the Management from the suppliers on their registration with the specified authority under MSMED, there have been no reported cases of delays in payments to micro and small enterprises or interest payments due to delays in such payments.

31 Corporate Social Responsibility

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

this, Bank has duly constituted a Corporate Social Responsibility Committee with three directors of which two are Independent Directors and one is a Non-Executive & Non-Independent Director as its member. The Bank has formulated CSR policy which is available on the website of the Bank at <https://www.ujjivansfb.in/regulatory-policies.html>.

Further, the section stipulates that the Company should spend, in every financial year, at least two per cent of the average net profits made during the three immediately preceding financial years. The Bank completed two financial years since incorporation and financial year ended March 31, 2019, being the third financial year since incorporation, the average net profits for three immediately preceding financial years were not available for calculating the CSR amount to be spent. Therefore the Bank does not have a mandatory CSR obligation during the financial year ended March 31, 2019. However, the Bank would have a mandatory CSR obligation from financial year ending March 31, 2020 and the Bank is committed to fulfil the guidelines prescribed for the Corporate Social Responsibility under the Companies Act, 2013.

Notes forming part of the financial statements

for the year ended 31st March, 2019

32 Payments to Auditor's (Schedule -16 Auditor's Fees and Expenses*)

Particulars	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
Audit Fees	4,022	3,200
Tax audit Fees	109	300
Other services	2,780	1,000
Out-of pocket expenses	161	646
Total	7,072	5,146

* Includes Previous Auditor's fee of ₹316 (000's), Previous Year - NIL

33 Securitization Transaction

The details of Securitization deals outstanding as on March 31, 2019 and March 31, 2018 as below.

Particulars	(₹ in 000's)	
	As on March 31, 2019	As on March 31, 2018
No. of SPVs sponsored by the bank for securitization transactions	1	-
Total amount of securitized assets as per books of the SPVs sponsored by the Bank (Includes MRR portion of ₹2,08,381 (000's))	908,318	-
Total amount of exposures retained by the bank to comply with MRR as on the date of balance sheet	-	-
a) Off balance sheet exposures	-	-
First loss	-	-
Others	-	-
b) On-balance sheet exposures	-	-
First loss	276,505	-
Others	-	-
Amount of exposures to securitization transactions other than MRR	-	-
a) Off balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
First loss	-	-
Loss	-	-
ii) Exposure to third party securitizations	-	-
First loss	-	-
Others	-	-
b) On balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
First loss	-	-
Others	-	-
ii) Exposure to third party securitizations	-	-
First loss	-	-
Others	-	-

Notes forming part of the financial statements

for the year ended 31st March, 2019

34 Dividend

Preference Shares: Business Transfer Agreement (BTA) dated January 12, 2017 was executed pursuant to which the business of 'Ujjivan Financial Services Limited' (UFSL) was acquired by the Bank effective from February 01, 2017 and part of the purchase price was discharged by the Bank to UFSL by issue of 200,000,000 11% Perpetual Non-Cumulative Non-Convertible Preference Shares of face value of ₹ 10 each.

Declaration of Dividend: As per Section 123(3) of the Companies Act, 2013, the Board of Directors of a company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the Profit and Loss Account or out of profits of the financial year for

which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend. Interim Preference Dividend is calculated and paid in compliance with the provisions of Companies Act, 2013 and the rules framed thereunder and the RBI Regulations in this regard and the provisions of the Banking Regulation Act, 1949. Dividend distribution tax is calculated and paid in compliance with the provisions of the Income Tax Act, 1961 and the rules framed thereunder.

During the financial year ended March 31, 2019, the Board of Directors declared the First Interim Preference Dividend on December 06, 2018 and Second Interim Preference Dividend on March 18, 2019 out of current year profits as mentioned below.

Particulars	(₹ in 000's)	
	Year ended March 31, 2019	Year ended March 31, 2018
First Interim Preference Dividend of ₹ 0.55 (Previous year-NIL) per preference share (exclusive of dividend distribution tax of ₹ 22,611)	110,000	NIL
Second Interim Preference Dividend of ₹ 0.55 (Previous year-NIL) per preference share (exclusive of dividend distribution tax of ₹ 22,611)	110,000	NIL

35 The Honourable Supreme Court has recently provided a judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-I/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employee's Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under

the Employee's Provident Funds & Miscellaneous Provisions Act, 1952. With regard to above Supreme Court (SC) judgement, there are various interpretative issues including applicability and the impact thereof cannot be quantified.

36 Comparative Figures

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

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration Number: 105047W

Swapnil Kale

Partner

Membership Number: 117812

Place : Bengaluru

Dated : May 28, 2019

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

Sunil Patel

DIN: 00050837

Chairman

Nandlal Sarda

DIN: 00147782

Independent Director

Samit Kumar Ghosh

DIN: 00185369

Managing Director &
Chief Executive Officer

Upma Goel

Chief Financial Officer

Vandana Viswanathan

DIN: 05192578

Non-Executive Director

Chanchal Kumar

Company Secretary





Ujjivan Financial Services Limited

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