



Annual Report 2019-20

Strong Governance

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The Bank took timely steps like invoking its Business Continuity Plan, well before the nationwide lockdown began, and formed a focused Quick Response Teams (QRT) to take critical actions in areas like human resources, customer care, operations, IT and infrastructure, liquidity and cost management.



Read more on [Page 6](#)



Following a successful IPO, the Bank has, at 28.8%, one of the best capitalisation ratios in the industry. The Bank's business teams were able to grow the retail deposit base to 44% of total deposits, with a CASA ratio of 14%.



Read more on [Page 10](#)



Strong governance

We began our journey a decade and a half back as an NBFC, with a vision to help accelerate India's inclusive growth agenda. Our strong focus on governance and deep knowledge of the unbanked and underbanked segments became the foundation of a mass market bank, the Ujjivan Small Finance Bank.

Today, as a proud parent of the Bank, we are cognisant of our responsibility of maintaining a strong oversight on the value system that the Ujjivan brand represents. Guided by our principles of empathy, integrity and respect, the Bank remains

steadfast in its commitment to empower people at the bottom of the pyramid. In the process, we are not only strengthening the foundation of trust, but are also creating sustainable value for all our stakeholders, and the nation at large.

Corporate Identity

A custodian of trust

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



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

On October 7, 2015, UFSL received an in-principle approval from the RBI to set up a Small Finance Bank and floated its wholly owned subsidiary, Ujjivan Small Finance Bank Limited (the Bank). UFSL transferred its business to the Bank, which subsequent to the RBI licence, commenced its banking operations from February 1, 2017. As of March 31, 2020, UFSL holds 83.32% in the Bank.

As part of its ongoing CSR initiatives, UFSL has continued its partnerships for CSR projects during the year, by working closely with the Parinaam Foundation, and has delivered on several community development projects under the brand name 'Chote Kadam – Coming Together for Good', and with the Piramal Foundation for providing free medical aid through the use of Mobile Medical Units and clean water programmes in select villages.

83.32%

Holding in the Bank

ABOUT OUR SUBSIDIARY

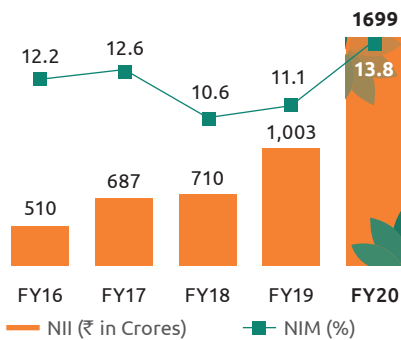
Ujjivan Small Finance Bank (material listed subsidiary of the Company) serves over 54.4 Lakhs active customers through 575 branches, and 17,841 employees, spread across 244 districts and 24 states and union territories in India. Its gross loan book stands at ₹14,153 Crores and a deposit base of ₹10,780 Crores, as on March 31, 2020.



Key Performance Indicators (Consolidated)

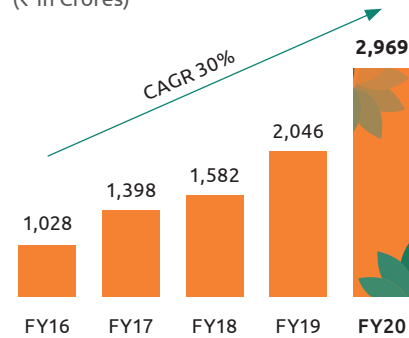
A year of positive achievement

NII AND NIM



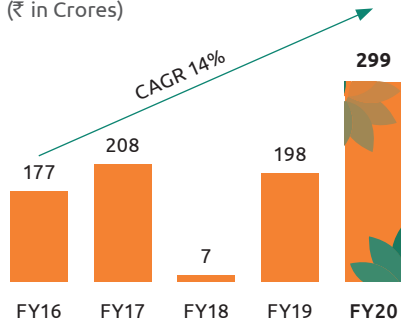
TOTAL INCOME

(₹ in Crores)



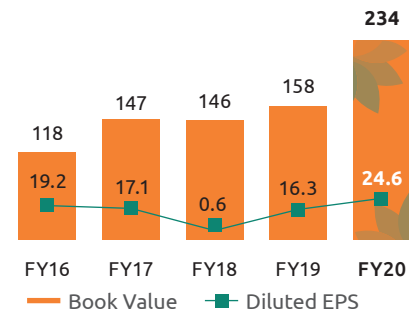
NET PROFIT

(₹ in Crores)



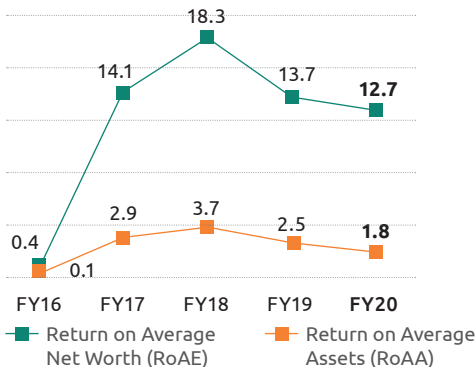
BOOK VALUE PER SHARE AND EPS

(₹)



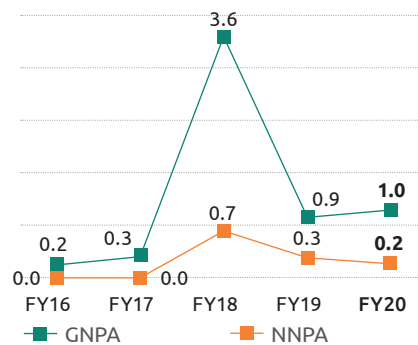
RoAE AND RoAA

(%)



GNPA AND NNPA

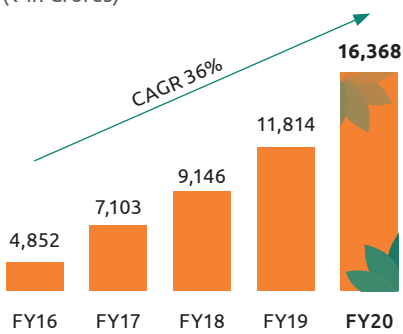
(%)



Note: FY 19-20 figures are in Ind-AS

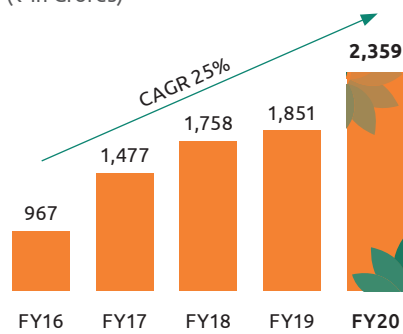
AVERAGE TOTAL ASSET

(₹ in Crores)



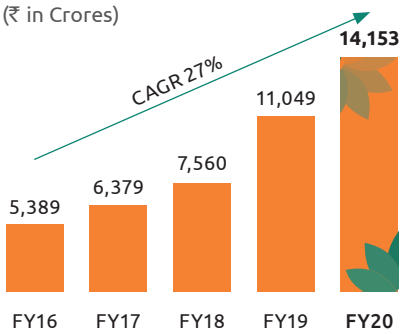
AVERAGE NET WORTH

(₹ in Crores)



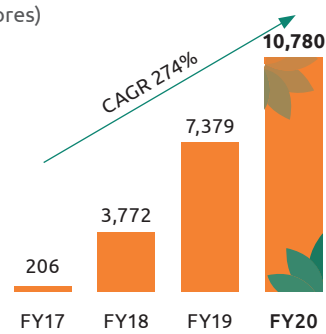
GROSS ADVANCES

(₹ in Crores)



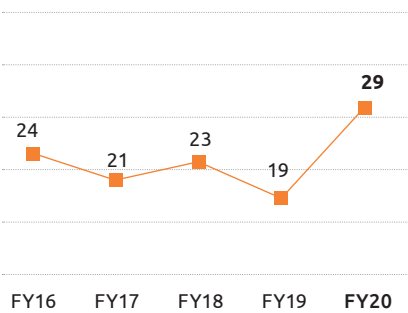
TOTAL DEPOSITS

(₹ in Crores)



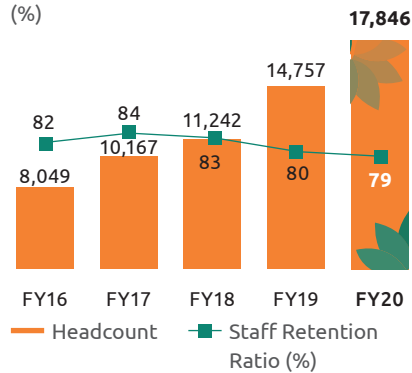
CAPITAL ADEQUACY RATIO

(%)



HEAD COUNT AND STAFF RETENTION RATIO

(%)



Message from the Chairman

A commitment to deliver and grow



DEAR SHAREHOLDERS,

With great pleasure, I welcome you all to our virtual Annual General Meeting. I hope you are taking good care of your health and that of your family, and adhering to the healthcare advisories and social distancing norms to stay safe during the pandemic. These are unprecedented times – not witnessed or experienced in our lifetime and restraining our mobility. This has constrained us from meeting and greeting you in person, as is the norm at the Company's Annual General Meeting. My sincere apologies – we hope to be able to hold our next AGM in the traditional way.

FINANCIAL RESULTS

We closed the financial year 2019-20 with robust business performance and results. Our consolidated net profit jumped nearly 100% from ₹150.44 Crores to ₹298.65 Crores, reflecting an extremely solid

₹298.65 Crores

Consolidated Net Profit grew by nearly 100%

*The numbers relates to the Bank

performance of our subsidiary, Ujjivan Small Finance Bank.

The Bank's operating profit in I-GAAP, prior to provisioning, rose from ₹309 Crores to ₹637 Crores and net profit rose from ₹199 Crores to ₹350 Crores, up 76%. Gross Loan Book grew by 28%, from ₹11,049 Crores to ₹14,153 Crores and deposits increased by 46%, from ₹7,379 Crores to ₹10,780 Crores. Retail deposits grew from 37% to 44% in total deposits, CASA increased by 86%, funding cost declined by 30bps to 8.2% and NIM stood at a comfortable level of 10.8%. The cost to income ratio improved to 67% from 77%, and net NPA from 0.3% to 0.2%. Loan loss provision coverage stood at an all-time high of 80%.

COVID-19 AND ITS IMPACT

As you all know, on March 24, 2020, the Government of India announced 21 days of nationwide lockdown initially, which was extended from time to time, with conditional easing in geographies where the spread has been minimal or contained. Based on the state governments' assessment of the ground level situation, business establishments are being gradually reopened, subject to compliance of certain stipulations.

The lockdown had an unfathomable adverse impact across all segments of business and society. Health and livelihood of millions, particularly of the poor, have been affected. Some of the business sectors like airport, auto, hospitality, travel and tourism, realty and construction, durable goods, oil and energy, financial services and entertainment were the worst hit. The Monetary Policy Committee of the RBI, in its recently held meeting in May 2020, opined that

"the macroeconomic impact of the pandemic is turning out to be more severe than initially anticipated, and various sectors of the economy are experiencing acute stress."

The Government of India has announced a slew of measures to cushion the COVID-19 impact, lift the economy from the downward spiral, and propel economic activity. Concurrently, the RBI has been announcing various measures at steady intervals, to ensure adequate liquidity in the financial system and provide timely access to credit. Interest rates have been slashed and moratoriums on loan repayments have been announced.

It is premature to figure out how soon businesses will revive. Global and domestic impact of lockdown, social distancing, supply chain disruptions, reverse migration of urban industrial workers to rural hometowns and change in consumer behaviour, may continue to weigh heavily on the economy for some time. Auto, real estate, energy, hospitality, durable goods, financial services are some of the sectors that may remain vulnerable. Credit risk will be the dominant risk across sectors. Containing the virus spread, accelerating testing with speed and accuracy, and providing timely medical support to the affected may continue to be the priority of the state governments.

Now, turning to your Company, while the impact of COVID-19 would be restricted to the value of our investment in the Bank, it may be more pronounced in the Bank's financials and operations, going forward. We would be able to get some grip on the magnitude of the impact, possibly in the third quarter, once the Bank resumes full business operations throughout its network.

₹14,153* Crores

Gross Loan Book 28% ▲

₹10,780* Crores

Deposits 46% ▲

*The above numbers relate to the Bank

The Bank took timely steps like invoking its Business Continuity Plan well before the nationwide lockdown began, and formed focused Quick Response Teams (QRT) to take critical actions in areas like human resources, customer care, operations, IT and infrastructure, liquidity and cost management. The Bank's priority was the health and safety of its employees and customers. During the lockdown period, most of the Bank's branches were run with a skeletal staff, maintaining social distancing norms. The work from home (WFH) policy at the Corporate and Regional offices ensured the availability of all critical infrastructures. IT security controls were augmented to address any gaps and potential threats in WFH arrangements. The Bank ensured that the lockdown period was productively used to upskill employees through the digital learning platform. An innovative 'Janta-Connect' programme was launched to reach out to customers over phone; during the conversation, the Bank staff sensitised its customers about COVID-19 and the precautions they should take, enquired about

Message from the Chairman



Your Board has always ensured high standards of governance. We planned ahead for the smooth successions at the CEO and Board levels.



the state of their enterprise and the difficulties they faced, and also created awareness on the moratorium announced by the RBI. The Bank was thus able to connect with over 5 Million customers, that is nearly 98% of the customer base.

In accordance with the RBI guidelines relating to the 'COVID-19 Regulatory Package' dated March 27, 2020 and April 17, 2020, the Bank granted a moratorium of three months on the payment of all instalments and/or interest, as applicable, to all eligible borrowers. This was further extended, based on the RBI guidelines of May 22, 2020. Against this backdrop, the Bank's focus has been to remain liquid and maintain adequate buffer for any unforeseen contingencies in the coming months. Retail liability is being shored up and all available refinance windows are being fully tapped.

The Bank also made a special COVID-19 related provision for the year ended March 31, 2020.

In addition to dealing with the COVID-19 impact, the Bank had to grapple with the floods in Assam, and cyclone Amphan in West Bengal

and Odisha. While the situation in Assam and Odisha have improved, and the impact on the Bank's loan portfolio may not be high, the situation in West Bengal, where we have a larger network of branches, has yet to be ascertained as branches there have only recently commenced operations.

LISTING OF THE BANK'S SHARES

In compliance with the regulatory Licensing Condition, we had to mandatorily list the Bank on the bourses within the stipulated timeline. The Bank made an Initial Public Offering (IPO) of 20,270,270 equity shares of face value of ₹10 each for cash at a premium of ₹27 per share, aggregating to ₹745.95 Crores. The issue reserved 20,270,270 equity shares, aggregating to ₹70.95 Crores, for subscription by eligible shareholders of the Holding Company (Holco) at a discount of ₹2 per share. As you all know, the public issue received overwhelming response from the retail segment. The Bank has over 1.5 Lakhs retail shareholders, many of whom are from among you. The shares were listed on the National Stock Exchange and the Bombay Stock

Exchange on December 12, 2019. With the infusion of fresh equity, capital adequacy of the Bank rose to 28.8% at the end of the year.

Reverse merger: We are confident, given our satisfactory financial strength and track record, as well as regulatory and supervisory, compliance that the regulator could consider the reverse merger of the Holco with the Bank. We will, at the appropriate time, take necessary steps in this regard and keep you apprised.

Board succession: Now turning to the Board succession, your Board has always ensured high standards of governance. We planned ahead for the smooth successions at the CEO and Board levels.

As I had shared with you at our last AGM, we appointed Mr. Nitin Chugh as CEO, to succeed Mr. Samit Ghosh. The Bank bid farewell to Mr. Samit Ghosh in December 2019. The entire rank and file of the Bank, and the Holco, showered their gratitude to Mr. Ghosh in unique and memorable ways. Having been associated with Ujjivan right from its pre-incorporation days, I cannot resist the temptation of sharing with you a personal mail that Mr. Ghosh had sent to me in July 2004, when he made up his mind to set up a microfinance entity.

"Dear Mr. Ramamoorthy, My motivation to set up this enterprise is that as a financial services professional, I feel strongly that we must do something to provide financial services to the vast poor population of our country. It pains me to see so many pathetic attempts being made by people, who are not professionals in this area. It is also important to me to do this in a viable manner. This is because the poor are ready to pay for the services and do not have to denigrate themselves to

20,270,270*

Equity Shares allotted at the IPO of the Bank at a face value of ₹10

₹1.5* Lakhs

Retail shareholders

*The numbers relate to the Bank

depend on grants and donors. I am aware that the NBFC is not the ideal legal vehicle, but the current regulations leave us with little or no alternative."

Looking back, Mr. Ghosh lived up to every word he said in that mail, and built a strong, financially sustainable, professionally managed bank, dedicated to the mission of providing livelihoods for millions of the underserved and unserved. You will be happy to know that Ujjivan Small Finance Bank, with an asset base of over ₹18,000 Crores, serves 52 Lakhs customers through its 575 branches, and about 18,000 employees, spread across 244 districts and 24 states and union territories.

Mr. Nitin Chugh, after assuming the role of MD and CEO of Ujjivan Small Finance Bank, quickly came to terms with most of the daunting issues ever faced by the Bank, without diluting his business focus. The financial results of the Bank bear an eloquent testimony.

We also bid farewell to another veteran, Mr. Sunil Patel, who was the Chairman of Ujjivan Small Finance Bank. He was also a part

of Ujjivan's journey right from pre-incorporation. He played a stellar role in guiding Ujjivan, particularly at legal, tax and governance issues. He minutely studied the host of legal documents and covenants that preceded every equity investment in Ujjivan, and ensured that at no point of time, any of Ujjivan's existing investors' interests were adversely affected with the entry of a new investor; all the while, protecting Ujjivan's long-term interest by not tying down its hands on any investment.

Mr. Biswamohan Mahapatra, a career central banker of repute, took over as the Non-executive Chairman of the Bank. Mr. Mahapatra retired as an Executive Director of the RBI in August 2014, with a rich experience in banking regulation, policy and supervision. He represented the RBI at international forums like the Basel Committee on Banking Supervision, Financial Stability Board, and their Committees. He is also the Non-executive Chairman of National Payments Corporation and an independent director on the boards of other reputed corporates. I extend him a warm welcome.

We also made a few changes to our Board. Ms. Vandana Viswanathan ceased to be on the Board from September 22, 2019. A very competent professional in Human Resources Management, she made highly valuable contribution. We will miss her prudent counsel and wisdom; the silver lining, however, is that she will continue to be an independent director on the board of the Bank. We are happy to welcome back Ms. Mona Kachhwaha to the Board. She is a very competent retail banking professional, with a rich experience in the Microfinance sector.

Now turning to the Chair of the Board, I thought time is opportune for me to step down as the Non-executive Chairman at the conclusion of this Annual General Meeting, and hand over the mantle to Mr. Samit Ghosh. A resolution proposing his appointment as a Non-executive Director on the Board of the Company is being placed before you at this AGM for approval. I commend the same.

I profusely thank you dear shareholders, for the trust, confidence and regard you have always shown me. I cherish my fond association with you all. Given the challenging year ahead, I will continue to be on the Board as an Independent Director, until the completion of my tenure.

Thank you again.

K.R. Ramamoorthy
Chairman

From the Managing Director's Desk

A confident stride into the future



We hope that this restriction will be reassessed by the RBI, based on the financial results of banks for the quarter ending September 30, 2020. Dividends received from the Bank constitute a substantial part of the Company's standalone income. In view of these unforeseen developments and considering the interest of large number of small shareholders, the Board, after detailed deliberations, decided to partially draw upon its accumulated reserves and declare a dividend of 8% on the equity shares of the Company, subject to shareholders' approval.

BUSINESS

Following a successful IPO (details provided in this letter under Licensing Conditions), the Bank has, at 28.8%, one of the best capitalisation ratios in the industry. The Bank's business teams were able to grow the retail deposit base to 44% of total deposits with a CASA ratio of 14%. The loan book moved up to ₹14,153 Crores, with the non-MFI portfolio constituting 23%. On a consolidated basis (Ind-AS), net profit was at ₹299 Crores, growing 99% over FY 2018-19.

DEAR SHAREHOLDERS

FY 2019-20 was an outstanding year for our subsidiary, Ujjivan Small Finance Bank Limited. On a consolidated basis as well, the performance was impressive. Had the financial year ended in February 2020, we could have termed it 'exceptional'. In March 2020, we began to feel the early impact of COVID-19. Given the adverse short-term impact COVID-19 may have on the borrowers' business and their financials, the Bank considered it prudent to make a special COVID-19 provision of ₹70 Crores in FY 2019-20.

Reckoning the "environment of heightened uncertainty caused by COVID-19", the RBI advised all banks to "conserve capital to retain their capacity to support the economy and absorb losses, and hence shall not make any further dividend pay-outs from the losses pertaining to the financial year ended March 31, 2020, until further instructions. In view of the RBI mandate, the Bank could not make any dividend payment to its shareholders; the projected dividend inflow to the Company on its preference shareholding in the Bank did not also fructify, though the Bank had paid an interim dividend.

MANAGEMENT AND BOARD CHANGES AT THE BANK

Mr. Samit Ghosh, the founder of Ujjivan, retired as MD and CEO of the Bank, on November 30, 2019 (in accordance with the RBI requirements). He has over a 15-year period, built and developed the best microfinance institution in the country and transitioned it into a successful small finance bank. Before stepping down, Mr. Ghosh did the groundwork for the most oversubscribed IPO of 2019 (the Bank shares were listed on December 12, 2019). Our Chairman's letter encapsulates Mr. Ghosh's extraordinary journey.

Mr. Nitin Chugh succeeded Mr. Ghosh as the MD & CEO of the Bank. He moved swiftly to focus on enhancing the digital focus of the Bank. This was especially beneficial during the 'Work from Home', period, and affirms the direction being taken by the Bank in a period of social distancing. Mr. Chugh and the Bank leadership team activated the Business Continuity Plan as soon as the RBI announced the implementation of COVID-19 operational guidelines.

In February 2020, Mr. Sunil Patel, upon completion of his term, stepped down as the Non-executive Chairman of the Bank's Board. Mr. Patel's association with Ujjivan goes back to its founding days. Mr. Patel was also a member of the Board SFB Committee associated with setting up of the Bank. Mr. Biswamohan Mahapatra, who retired in August 2014, as an Executive Director of the RBI, has taken over as the Non-executive Chairman of the Bank. Under his guidance, the Bank will continue its emphasis on the strong culture of governance.

BOARD CHANGES AT THE COMPANY

Ms. Vandana Viswanathan completed her tenure as an Independent Director of the Company and vacated her office in September 2019. She continues to be associated as an Independent Director at the Bank. She has been instrumental for many initiatives in the Ujjivan journey, especially those related to Human Resources.

Ms. Mona Kachhwaha joined our Board on September 2019, as an Independent Director and her appointment is being placed before the shareholders for approval at the AGM.

Mr. Samit Ghosh joined the Board of the Company on April 01, 2020, as a Non-executive Director. Based on the recommendation of the Board and subject to shareholders' approval, Mr. Ghosh will assume the role of Non-executive Chairman, upon the conclusion of the AGM.

Mr. Ramamoorthy, who has had a pivotal role in nurturing, guiding and mentoring the Company since its inception, has decided to step down at the conclusion of the AGM from the role of Non-executive Chairman. We are glad that he will stay as a Non-executive Director until the completion of his tenure, allowing us to continue benefiting from his vast experience.

COMMUNITY SUPPORT

The Company is continuing its partnerships for CSR projects by working closely with the Parinaam Foundation, in delivering several community development projects under the brand, 'Chote Kadam – Coming Together for Good'. These projects are executed with the objective of complementing the needs of the unserved and underserved, going beyond financial services, thereby strengthening the relationship and connect with the community. Since August 2017, through this initiative, Parinaam has completed over 84 projects in 22 states, benefitting more than 100,000 people. Parinaam, with the support of your Company, is undertaking additional 52 projects in the areas of community infrastructure development, rural development projects, including providing access to safe water, promoting healthcare and sanitation, environment conservation and education across India.

During the year, we have also undertaken community outreach programmes through the use of Mobile Medical Units, in association with Piramal Swasthya and clean water programmes in villages, in association with Piramal Sarvajal.

For FY 2019-20, the Company's CSR expenditure was ₹6.28 Crores, including ₹4.28 Crores towards 'Chote Kadam' projects.

DIVIDEND

As stated earlier, the Board has recommended a dividend of 8.0% for FY 2019-20, subject to shareholders' approval at the 16th AGM of the Company scheduled on September 11, 2020.

IMPACT OF COVID-19

The full impact of COVID-19 on the global and Indian economy will only be known in the second half of the current financial year. Forecasts from economists, rating agencies and others indicate a significant drop in the country's GDP growth rate and some stress in the financial system. The Board and Management of the Company are working closely with the Board and Management of the Bank, to ensure that we navigate cautiously through this situation.

LICENSING CONDITIONS

In compliance with the RBI Licensing Conditions, the Bank made an Initial Public Offering (IPO) of 20,27,02,702 equity shares at an offer price of ₹37 per share including a premium of ₹27. The Bank offered a discount of ₹2 per share on the final issue price to eligible shareholders of the Company in the reserved portion. Pursuant to the IPO, the Bank got listed on the BSE and the NSE on December 12, 2019.

What now remains under the Licensing Conditions, is the dilution of promoter shareholding to 40%, to be completed by January 31, 2022. This is a monumental task, considering that most small finance banks have to meet this condition between September 2021 and August 2022 – upon completion of their five years of banking operations. This will be even more challenging in a post-COVID-19 scenario. In these circumstances, the reverse merger of the Holdco with the Bank, is the best option. We are now awaiting the outcome of RBI's Internal Working Group on the ownership guidelines and corporate structure for Indian private sector banks.

I would like to thank the shareholders, directors and staff for your support and look forward to working closely with you in the future for the success of our Company.

Ittira Davis
MD & CEO

Corporate Social Responsibility

Committed to community well-being

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

At UFSL, we began our social responsibility programmes in 2010, much before it was mandated by government policies; and today we undertake various programmes in collaboration with various non-profits like the Parinaam Foundation and the Piramal Foundation.

CHOTE KADAM

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



₹628.39* Lakhs

CSR spent in FY 2019-20

*Including the carried forward amount of ₹411.34 Lakhs, which UFSL was unable to spend towards CSR obligation in the three preceding financial years.



KEY PROJECT OBJECTIVES

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

- Serving needs of unserved and underserved beyond financial services
- Creating a connect and deeper understanding between Ujjivan and the community

- Addressing critical community needs in the areas of education, healthcare, sanitation, public infrastructure across India and public infrastructure

The programme deeply resonates with our purpose of enabling a better life for the unserved and underserved, and focuses on providing the marginalised communities with basic

infrastructural facilities across India. During the year, we implemented several new projects in the areas of public infrastructure, health and education through the non-profit. We also worked with equal zeal towards maintaining the projects completed earlier, with a focus on maximising the use of recycled materials.

₹427.56 Lakhs

Our commitment towards Chote Kadam during FY 2019-20



CHOTE KADAM IMPACT

Project type	Number of projects	Number of beneficiaries ¹
Bus stops/bus sheds	12	35,280
Children's play area	4	2,169
Community development	4	13,700
Educational institute renovation	48	18,682
Healthcare centre renovation	9	20,380
Public toilets	1	750
Tree plantation	1	10,000
Road safety	1	10,000
Safe water access	9	36,100
Solar street lighting	5	25,277
Waste management	1	28,754
Total	98	201,432

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

PIRAMAL FOUNDATION

Piramal Foundation is the philanthropic arm of the Piramal Group. It undertakes projects under the four broad areas – healthcare, education, livelihood creation and youth empowerment, in partnership with various communities, corporate citizens, NGOs and government bodies.

During FY 2019-20, we continued our collaboration with the Piramal Foundation to execute projects under Piramal Swasthya. Aligned to our focus area of providing access to healthcare, Piramal

₹191.92 Lakhs

Amount spent on Piramal Swasthya Project

Swasthya provides Mobile Medical Units (MMU) at select locations. Each MMU is equipped with portable machinery and has a doctor and paramedic staff. During the year, we served Mumbai, Nashik and Pune in Maharashtra, and Bangalore in Karnataka, with MMU facilities that are managed by the Piramal Swasthya Management and Research Institute.

Board of Directors

Focus on governance



1



2



3



4



5



6



7

1 — K.R. RAMAMOORTHY

Non-executive Chairman and Independent Director

Qualification: Bachelor's degree in Arts from Delhi University, Bachelor's degree in Law from Madras University and Fellow Member of the Institute of Company Secretaries of India

Mr. Ramamoorthy is a former Chairman and Managing Director, Corporation Bank and a former Chairman & Chief Executive Officer, ING Vysya Bank. He has served as an advisor to CRISIL, a reputed credit rating agency in India and as a consultant to the World Bank. He serves as an Independent Director on the Boards of Subros Limited, Nilkamal Limited and Amrit Corp. Limited.

2 — ITTIRA DAVIS

Managing Director and Chief Executive Officer

Qualification: Postgraduate diploma in Business Management from the Indian Institute of Management, Ahmedabad

Mr. Davis is an international banker with over 37 years of Corporate and Investment Banking experience, having worked extensively in the Middle East and Europe. He was with the Europe Arab Bank in the UK from July 2008 to October 2012, initially as Managing Director – Corporate and Institutional Banking and then, as an Executive Director of the bank. He previously worked with Citibank in India, the Arab Bank Group in the Middle East, and was Chief Operating Officer of Ujjivan Small Finance Bank Limited until June 30, 2018.

3 — SAMIT GHOSH**Founder and Non-executive Director**

Qualification: MBA from the Wharton School of Business at the University of Pennsylvania.

Mr. Ghosh founded the Company in 2004 and served as its MD & CEO until January 31, 2017. With the approval of the RBI, Mr. Ghosh took charge as the MD & CEO of Ujjivan Small Finance Bank Limited (the listed subsidiary of the Company), effective from February 1, 2017 and retired on November 30, 2019 on attaining the age of 70 years. Prior to founding Ujjivan, Mr. Ghosh was a career banker with over 30 years of experience in India and overseas with a specialisation in retail banking. He was part of the management team, which launched retail banking at Citibank in India in 1985, Standard Chartered Bank in 1993 and HDFC Bank in 1996. He worked at Bank Muscat before founding Ujjivan.

4 — ABHIJIT SEN**Non-executive, Independent Director**

Qualification: Bachelor's degree in Engineering from the Indian Institute of Technology, Kharagpur; Postgraduate diploma in Business Management from the Indian Institute of Management, Calcutta.

Mr. Sen retired from Citibank N.A. India after serving for over 18 years. He left the Citibank N.A. as the Managing Director - Chief Financial Officer. He was also a Director of Citicorp Services India Limited and other locally incorporated Citi entities. He currently serves on several Boards, including Trent Limited, Tata Investment Corporation Limited, Manappuram Finance Limited, Kalyani Forge Limited and Pramerica Life Insurance Limited.

5 — MONA KACHHWAHA**Non-executive, Independent Director**

Qualification: Bachelor's degree in Mathematics (Honours) from Delhi University, MBA from XLRI, Jamshedpur and Executive Programme in Private Equity from Said Business School, Oxford University

Ms. Kachhwaha has over 25 years of financial services industry experience, which includes 12 years with Caspian Impact Investment Advisers (2007-2019)

and 13 years with Citibank (1994-2007). At Caspian, she managed the India Financial Inclusion Fund, a US\$ 89 Million impact fund, with a focus on financial inclusion. She has also been part of investment and credit committees of other funds managed by Caspian. She is currently on the Boards of Ujjivan Small Finance Bank Limited and Aptus Value Housing Finance India Limited.

6 — JAYANTA BASU**Non-executive Director**

Qualification: Bachelor's degree in Economics from the University of Delhi, and Postgraduate diploma in Management from the Indian Institute of Management, Ahmedabad

Mr. Basu has over 21 years of experience in the field of investments. He is currently the Managing Partner at CX Advisors, LLP. He had previously worked with Citibank India. He serves as a director in Ujjivan Small Finance Bank Limited, Imperative Hospitality Private Limited and is a designated partner of CX Advisors LLP.

7 — NARAYAN ANAND**Non-executive Director**

Qualification: Graduated with Mechanical Engineering (Honours) from the National Institute of Technology, Jaipur, and MBA from IIM, Bangalore

Mr. Narayan currently serves as the 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 (IL&FS) as Vice President between 1994 and 2006, and served in various corporate entities like Zuari Agrochemicals Limited and Eicher Motors Limited in operational roles. 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, besides being a designated partner of Creador Advisors India LLP.

Leadership Team

Ensuring high standards of governance



ITTIRA DAVIS

Managing Director and Chief Executive Officer

Qualification: Postgraduate diploma in Business Management from the Indian Institute of Management, Ahmedabad

Mr. Davis is an international banker with over 37 years of Corporate and Investment Banking experience, having worked extensively in the Middle East and Europe. He was with the Europe Arab Bank in the UK 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 was the Chief Operating Officer of Ujjivan Small Finance Bank Limited until June 30, 2018.



SANJEEV BARNWAL

Company Secretary and Compliance Officer

Qualification: Member of the Institute of Company Secretaries of India, Bachelor's degree in Law, diploma in Business Management, and NSE's Certification in Financial Markets (NCFM) for Compliance Officer (Corporate) Module.

Mr. Barnwal has over 16 years of corporate experience. He has played a crucial role in the listing of the Company and the subsequent restructuring, incorporation, formation and listing of the small finance bank. Prior to joining Ujjivan, he worked with SMC Capitals Limited as Associate Vice President and Company Secretary. He had also worked with CMC Limited and SBEC Sugar Limited.



BARUN AGARWAL

Chief Financial Officer

Qualification: Chartered Accountant, Bachelor's degree in Commerce

Mr. Agarwal has about 11 years of post-qualification experience. Previously, he was with S. R. Batliboi & Associates LLP (EY network firm), wherein he primarily worked in the Audit-Assurance service line as Senior Manager handling audits of listed, multinational as well as Indian companies in the Healthcare, Manufacturing, Retail Apparel, Technology and other sectors. He has extensive experience in Ind-AS, previous Indian GAAP, Internal Control over Financial Reporting framework etc.

Management Discussion and Analysis

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

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

Particulars	₹ in Crores		
	FY 2019-20	FY 2018-19	Growth (%) y-o-y
Total Income	2,969.38	2,013.62	47.46
Total Operational Expenses	2,553.47	1,809.52	41.11
Profit/(Loss) Before Tax	415.91	204.10	103.78
Profit/(Loss) After Tax	298.66	150.44	98.52

This report is being presented from the Bank's perspective, and highlights a synopsis of the banking industry, business and financials of the Bank, which significantly dominate the consolidated financials and business of the Company. On a standalone basis, the Company is a non-operating Company.

BANKING INDUSTRY SCENARIO

Bank credit growth continues to be tepid, suggesting weak demand. Non-food credit of scheduled commercial banks (SCBs) grew by 6.5% y-o-y, as on May 8, 2020 compared to the 13% growth a year ago. The gradual moderation in credit offtake can be attributed to the risks in the NBFC space, coupled with stricter credit norms by banks fearing a piling up of NPAs in the corporate books. In comparison, aggregate deposits growth of the scheduled banks increased by 9.1% y-o-y, as against the 10.6% growth a year ago. The rate of growth has dipped due to lower contribution from metropolitan areas and consumer focus towards other modes of savings, such as mutual funds and market linked deposits. The negative growth in Q4 FY20 can also be attributed to the factors affecting the global economy. The only silver lining has been the agriculture sector, with imminent signs of a good crop since the summer sowing has progressed well.

While industrial credit has seen a de-growth, industrial production has also come to a standstill given, the nation-wide lockdown at the end of the financial year, impacting not only major industries, but also the small and micro industries that supply intermediary goods to major industries. The power consumption in the economy has dropped by 54% y-o-y, due to the slowdown.

The government and RBI have also been nimble-footed with their actions, stimulatory measures and timely interventions to prevent the banking industry from capsizing on multiple occasions. Moreover, the increase in cover on bank deposits has infused fresh confidence in retail depositors.

The economic slowdown induced by the COVID-19 crisis will impact bank credit growth to a large extent, with growth estimated to be in high single digits in FY 2020-21. Loan recoveries are expected to be affected, thus impacting profitability. Spike in NPA levels will lead to banks raising capital and consolidation of the sector. The Indian banking system is resilient and has the ability to bounce back in the medium- to long-term.

The government and RBI have swung into action with a slew of measures to inject liquidity into the banking system and stabilise the financial markets, and to repose public confidence in the wake of the COVID-19 situation. The numerous initiatives and measures to enhance liquidity in the economy, have come as a boost for banks, reducing their cost of funds. The changes in SLR, repo rate, funding via development finance institutions viz. SIDBI, NABARD and NHB are indicators of active focus towards the overall banking industry by the government. With the additional measures announced over the course of the current financial year to cover the COVID-19 pandemic, the economic revival package, which focuses on micro, small and medium enterprises, the common man, the labour class and the small businessmen, the banking industry overall, is set to be the cog in wheel of the entire gamut of economic activities. With direct lines of credit to NBFC and MFIs, and a clear guarantee by the government towards the first 20% loss on the commercial papers, a flow of funds towards the embattled MSMEs, will help the biggest chunk of the unserved and underserved, get better and higher access to credit.

COVID-19

Our approach to crisis management

The Bank has been closely monitoring the situation, preparing for all contingencies. A Quick Response Team (QRT) was constituted for monitoring and supervising banking operations and providing updates to the Top Management. A special committee of the Board – Business Continuity Monitoring Committee – has been formed to advise, monitor and assess the social, financial,

business, credit and risk impact under the current economic scenario. The Bank adopted a Work-from-Home policy for its Corporate and Regional Offices effective March 24, 2020, while most of its branches operated with minimal staff, adhering to the guidelines on branch timings issued by SLBCs, LDMs and local administration during the nation-wide lockdown. The Bank ensured adequate cash in its ATMs and advised customers to predominantly use ATM, Mobile and Internet Banking for their transactions, in view of the current situation. Customers and staff were also educated to maintain social distancing and take preventive measures to contain the spread of the virus. The Bank reached out to the staff and customers to ensure their well-being and express its solidarity in these trying times. As of the date of the report, the Bank has started disbursements to its existing customers with good repayment track record, and to new customers who are mainly engaged in agriculture and allied activities.

The Bank has effectively leveraged the downtime of the lockdown to promote extensive use of e-learning platforms to up-skill its employees. Around 92% of its staff has actively used the e-learning platforms and the focus is on re-engineering the business and back-end processes for better efficiencies, as well as on driving digital initiatives.

The Bank continues to remain well-funded even though the moratorium period on loans is affecting the usual cash flows, and is maintaining a liquidity buffer for unforeseen contingencies in the coming months. It is deploying the surplus high yield short-term assets, rather than lending in reverse repos to counter the cost of negative carry over of surplus funds. The deposits with the Bank are stable, with no significant withdrawals so far. The measures announced under the Regulatory Package, such as enhanced MSF and reduction in CRR, are also helping the Bank maintain sufficient liquidity. On the capital adequacy side, the Bank continues to be comfortable with a CRAR of 28.8% with a major proportion in the form of Tier I Capital.

With Unlock 1.0 kicking in from June, the Bank expects resumption of field operations in non-containment zones, resulting in further increase in business and collection volumes. They are working on offering more digital and local modes of repayments and educating customers on the same and are also closely monitoring their costs and keeping a tight leash on its expenses, deferring or avoiding all non-priority expenses. The Bank is very appreciative of RBI efforts towards providing relief to the borrowers and stabilising the financial markets to handle the disruption caused by the COVID-19 pandemic, and is confident on emerging stronger, with revised business processes and efficiency measures, post the crisis.

The COVID-19 situation has minimally impacted the financials of the Bank for FY 2019-20, as the national lockdown was imposed in the last few days of March, by which time, most of our scheduled collections had

already come in. The lockdown however did impact the typically high year end growth momentum of March and its volumes stood lower than those envisaged earlier and significantly lower than those in the previous month, which affected the interest and fee income. The surplus liquidity was carried forward as a buffer for the crisis period, which has led to a slight increase in finance cost for the last week of the month. The benefit of RBI dispensation on NPA recognition norms were applied on the moratorium portfolio and it prevented any spike in credit cost. In the wake of the COVID-19 pandemic and the ensuing nationwide lockdown since the last week of March 2020, that is expected to adversely impact the portfolio quality, the Bank made a prudential provision to the tune of ₹ 70 Crores.

OPPORTUNITIES

The measures announced by the RBI under the Regulatory Package for COVID-19, such as enhanced MSF and reduction in CRR, will help inject liquidity into the banking system, stabilise the financial markets and repose public confidence in the wake of the crisis situation. The stimulus through TLTRO, special refinance facilities of ₹ 50,000 Crores to NABARD, SIDBI and NHB, to enable them to meet sectoral credit needs, reduced policy rates and other liquidity enhancing measures, will ease cash flow constraints and provide impetus for credit growth. Further, RBI dispensation allowing exclusion of assets under moratorium till May 31, 2020 from NPA classification norms, will also prevent a sudden surge in credit costs. Restrictions on dividend payout from profits for the fiscal year ended March 31, 2020, will help banks conserve capital and retain their capacity to absorb losses in an environment of heightened uncertainty.

Going forward, the unserved and underserved middle- and lower-income segment, large base of customers and their families, the youth segment, demand for affordable housing and policy interventions, MSME formalisation and growth as well as rural and agricultural segments, which offer great growth potential, are some of the major opportunities that would contribute to the expansion of its branch network and unbanked rural centres, thereby taking the Bank on its growth trajectory.

THREATS

External economic shocks due to the COVID-19 crisis, risks of high touch operations and high volumes of cash collections, overheating of the Microfinance sector in certain geographies and increasing competition in the banking sector are some of the prominent threats that need to be countered. However, there is an opportunity for the Bank to partner with FinTech companies to enhance customer acquisition and experience.

STRATEGY

Some of the prominent strategies for which the Bank is geared to capitalise its strength and network include diversified product offerings to enable multiple customer relationships, focus on Digital Banking and Analytics,

strengthen liability franchise and focus on increasing our retail base with granular and stable CASA, expanding the distribution network to increase customer penetration, focus on developing responsible banking behaviour for the unserved and underserved segments and diversified revenue streams.

Ujjivan Small Finance Bank Limited at a glance: March 31, 2020 (in I-GAAP):

- Gross advances at ₹ 14,153 Crores as on March 31, 2020 as against ₹ 11,049 Crores as on March 31, 2019; growth of 28%
- Disbursement during the FY 2019-20 was ₹ 13,221 Crores as against ₹ 11,089 Crores during FY 2018-19; an increase of 19%
- Total deposit of ₹ 10,780 in March 2020 as against ₹ 7,379 Crores in March 2019; growth of 46%; retail deposits grew 72% during the year from ₹ 2,736 Crores in March 2019 to ₹ 4,724 Crores in March 2020
- CASA increased by 86% from ₹ 784 Crores in March 2019 to 1,459 Crores in March 2020
- 54.4 Lakhs customers in March 2020 as against 46.7 Lakhs customers in March 2019
- 43.5 Lakhs borrowers in March 2020 as against 40.2 Lakhs in March 2019
- CRAR of 28.8% in March 2020 as against 18.9% in March 2019
- Number of branches increased from 524 to 575 and number of ATMs increased from 385 to 475 during the year
- Total income increased from ₹ 2,038 Crores in March 2019 to ₹ 3,026 Crores in March 2020; an increase of 49%
- Net interest income grew from ₹ 1,106 Crores in March 2019 to 1,634 Crores in March 2020; an increase of 48%
- Profit After Tax (PAT) increased from ₹ 199 Crores in March 2019 to ₹ 350 Crores in March 2020; an increase of 76%
- Return on Asset (ROA) improved from 1.7% in FY 2018-19 to 2.2% in FY 2019-20
- Return on Equity (ROE) increased from 11.5% in FY 2018-19 to 13.9% in FY 2019-20
- GNPA at 1.0% in March 2020 as against 0.9% in March 2019
- NNPA at 0.2% in March 2020 as against 0.3% in March 2019

- Cost to income ratio improved from 77% in FY 2018-19 to 67% in FY 2019-20
- Cost of fund improved from 8.5% in March 2019 to 8.2% in March 2020
- Ranked fifth among 'Asia's Best Companies to Work For – 2020' by Great Places to Work
- Received the IBA Banking Technology Innovation Awards for 'The Best IT Risk Management and Cyber security Initiative'
- Won the award for 'Best Microfinance Bank' by Asia Money

KEY RATIOS AS ON MARCH 31, 2020

Particulars	(%) FY 2019-20
Average Yield – across segment	20.0
Cost of Funds (CoF)	8.2
Net Interest Margin (NIM)	10.8
Return on Assets (RoA)	2.2
Return on Equity (RoE)	13.9
Cost to Income	67.0
Capital Adequacy (CRAR)	28.8

INTERNAL CONTROL SYSTEM

The Company has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the 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.

RISK MANAGEMENT

The Bank has a strong risk management framework in place to identify, mitigate and monitor material risks across all its functions. The key risks that the Bank is exposed to in the course of its business are Credit Risk, Market Risk, Liquidity Risk, Operational Risk and Information security. The hallmark of the Bank's Risk Management function is its independence from business sourcing units, with the convergence only at the Board level.

The Bank has a conservative and prudent policy for specific provisions on NPAs, which is higher than the minimum regulatory requirements, while adhering to regulatory norms for the provision of Standard Assets. Market Risk arises largely from the Bank's statutory reserve management and trading activity in interest rate market. During the year, the Bank had commenced trading in Government of India securities, (G-Sec) in a calibrated manner through its HFT portfolio. G-Sec trading activity was mainly undertaken on an intraday basis, though towards the end of the last quarter, the

Bank had started keeping open positions on an overnight basis. Trading profit booked during the year was small, but the Bank is poised to build on the experience and step up its trading book in the next financial year.

Liquidity Risk is the risk that a bank may not be able to meet its short-term financial obligations due to an asset-liability mismatch or interest rate fluctuations. The Bank managed its liquidity requirement and the associated risks efficiently during the year. As a part of this process, the Bank has established various limits to mitigate both liquidity and interest risks. The ALM situation of the Bank remained healthy through the year, and was tested for efficacy in simulated stress situations. The Bank had also enhanced and tested its Contingency Funding Plan (CFP).

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. The Bank is continuously striving to enhance its processes. Manuals, an important spin-off to the various operational risk policies, were documented for key activities such as Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRI) and Loss Data Management.

ICAAP

The Bank has a structured management framework in the Internal Capital Adequacy Assessment Process (ICAAP) to identify, assess and manage all risks that may have a material adverse impact on its business/financial position/capital adequacy. The ICAAP framework is guided by the Bank's Board approved ICAAP Policy.

HUMAN RESOURCES

The Bank remains resolute in demonstrating its core value of 'people first'. Nurturing and developing talent continues to be the primary focus. The Company, at a standalone level, has five permanent employees. However, a total of 7,786 new employees joined the bank in FY 2019-20 and ended the year with 17,841 employees.

Maintaining diversity across the organisation, 21% of new hires were women, and the Bank closed the year with 19% of women workforce. The Bank also on-boarded differently abled employees and closed the year with 25 differently abled, across the organisation.

We continue to invest in our employees to excel at their job and develop them for the future. In addition to training on building banking skills, the Bank continues to enhance its focus on development of higher skills programmes at all levels.

Ujjivan has always believed in sharing its success with its employees and in line with its objective, the Bank launched its Employee Stock Option Plan in 2019. Options were granted to 28% of employees. In addition, prior to the IPO, the Bank also launched its Employee Stock Purchase Scheme, in which 4,359 of its employees opted to purchase the shares. We have also continued to focus on the health and well-being of our employees.

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

CONCLUSION

The Bank is taking all efforts to proactively source quality borrowers and manage their repayments. The unfolding crisis due to COVID-19 has however been extraordinary, with events unfolding daily and sometimes hourly. The Bank continues to monitor the existing portfolio quality, while scanning the environment for signs of restart of business disbursement. We believe that our existing and proposed investments in people, process and technology, will help the bank emerge stronger and better from the current scenario.

Board of Directors' Report

To the Members,

Your Directors are pleased to present the 16th Annual Report of Ujjivan Financial Services Limited together with the audited financial statements for the financial year ended March 31, 2020.

1. FINANCIAL RESULTS

The Directors' submit the Annual Report of Ujjivan Financial Services Limited (the "Company" or "Ujjivan") together with the audited financial statements for the financial year (FY) ended March 31, 2020.

(₹ in Crores)

Particulars	Standalone*		Consolidated*	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Operating Income	11.00	22.00	2,859.76	1,944.27
Other Income	10.24	8.62	109.62	69.36
Total Income	21.24	30.62	2,969.38	2,013.62
Less: Operational Expenses				
Personnel Expenses	3.16	1.63	734.71	540.53
Administrative & CSR Expenses	7.88	5.08	363.39	415.58
Finance Charges	-	-	1,114.92	727.03
Depreciation	0.02	0.02	165.99	60.62
Impairment Losses on Financial Instruments	-	-	174.46	65.76
Total Operational Expenses	11.06	6.73	2,553.47	1,809.52
Profit/(Loss) Before Tax	10.18	23.89	415.91	204.10
Less: Income tax	1.37	2.31	115.76	37.22
Less: Deferred tax	0.00 [#]	0.00 [#]	1.49	16.44
Profit/(Loss) After Tax	8.81	21.58	298.66	150.44

*as per Indian Accounting Standards (Ind-AS)

[#]represents the figures below the rounding off norms

2. DIVIDEND

The Directors are pleased to recommend a dividend at the rate of ₹ 0.80 per share (8%) for the FY 2019-20. The dividend will be subject to the approval by the members of the Company at the ensuing 16th Annual General Meeting ("AGM") of the Company.

The aforesaid dividend as recommended by the Board is in excess of current year's distributable profit after transferring to statutory reserves in accordance with the provisions of Section 45 – IC Reserve Bank of India Act, 1934 and hence if approved by the members will be paid partly out of the accumulated profits earned by the Company in the previous financial years and transferred to free reserves. This is in accordance and compliance with the Companies (Declaration and Payment of Dividend) Rules, 2014.

The aforesaid dividend, if approved by the shareholders would involve a cash outflow of ~ ₹ 9.73 Crores.

3. TRANSFER TO RESERVES

The Company transferred ₹ 1.76 Crores to Statutory Reserves. Transfer of 20% of the Profit after Tax to the statutory reserves is in accordance with the provisions of Section 45 – IC Reserve Bank of India Act, 1934.

4. CREDIT RATING

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

5. CAPITAL REQUIREMENTS

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

The Company as of March 31, 2020 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	100.18%
Investment ratio	>90% of Net Assets	97.85%
Equity Investment Ratio	>60% of Net assets	85.92%
Leverage Ratio	<2.5 Times	0.09%

6. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

7. EXTRACT OF ANNUAL RETURN

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

8. NO. OF MEETINGS OF THE BOARD DURING THE FY 2019-20

During the Financial Year 2019-20, our Board has met 5 (five) times and the meetings of our Board of Directors were held on May 30, 2019, August 02, 2019, October 21, 2019, February 03, 2020 and March 23, 2020. For further details, please refer to the Corporate Governance Report, which forms part of this report.

9. APPOINTMENT / REAPPOINTMENTS / RETIRING DIRECTOR

(a) Re-appointment of director retiring by rotation

As per the provisions of the Companies Act, 2013, Mr. Jayanta Basu (DIN: 01268046) retires by rotation at the ensuing 16th AGM and being eligible, seeks his re-appointment. The Board recommends his re-appointment. Please refer item no. 3 of the 16th AGM Notice for further details.

(b) Appointment of Ms. Mona Kachhwaha as an Independent Director

On the recommendation of the Nomination and Remuneration Committee, the Board has appointed Ms. Mona Kachhwaha (DIN: 01856801) as an additional director (independent category) with effect from September 22, 2019. She is holding office till the ensuing 16th Annual General Meeting of shareholders of the Company. The proposal for her appointment is being placed for consideration of shareholders of the Company. Ms. Mona Kachhwaha

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 her candidature for the office of Director of the Company. Her office will not be liable to retire by rotation. The Board recommends the shareholders to approve her appointment. Please refer item no. 4 of the 16th AGM Notice for further details.

(c) Appointment of Mr. Samit Ghosh as a Non-Executive Director

On the recommendation of the Nomination and Remuneration Committee, the Board has appointed Mr. Samit Ghosh (DIN: 00185369) as an additional director (non-executive, non-independent category) with effect from April 01, 2020. He is holding office till the ensuing 16th Annual General Meeting of shareholders of the Company. The proposal for his appointment is being placed for consideration of shareholders of the Company. Mr. Samit Ghosh 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. Further, as part of Board succession plan, Mr. K. R. Ramamoorthy, the present Chairman of the Board and the Company has expressed his desire to step down from the position of non-executive Chairman of the Board and the Board intends to appoint Mr. Samit Ghosh as Chairman of the Board and the Company in place of Mr. K. R. Ramamoorthy, subject however to the approval of the shareholders for his appointment as non-Executive Director. Mr. Ramamoorthy will continue as non-executive Independent Director on the Board for the remainder of his tenure. The Board recommends the shareholders to approve his appointment. Please refer item no. 5 of the 16th AGM Notice for further details.

10. DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements 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;
- 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 2019-20.

11. DECLARATION BY INDEPENDENT DIRECTORS

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

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

12. NOMINATION AND REMUNERATION POLICY

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

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

(i) Statutory Auditor's Report

There are no disqualifications, reservations, adverse remarks or disclaimers in the auditor's report for the FY 2019-20.

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

Secretarial Auditor

Mr. K. Jayachandran, Practicing Company Secretary (ACS No. 11309 and Certificate of Practice No. 4031) was appointed as the Secretarial Auditor of the Company to conduct secretarial audit of the Company for the year ended March 31, 2020 as required under Section 204 of the Companies Act, 2013 and the Rules made thereunder. The secretarial audit report for FY 2019-20 is appended as "Annexure 2" to the Board's Report.

As required under regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate secretarial audit report for the year ended March 31, 2020 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 27, 2020 has certified that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The said certificate is appended as "Annexure 4" to the Board's Report and should also form a part of the Corporate Governance Report of the Board as required under the SEBI Listing Regulations.

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

During the FY 2019-20, the Company has not given any loans and guarantees to any-body corporate and has not made any investment under Section 186.

15. 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, 2020, which were not at arm's length basis.

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

All Related Party Transactions as required under Accounting Standards AS-18 are reported in

Note 25 - Notes to Accounts of the Standalone financial statements of the Company.

16. THE STATE OF THE COMPANY'S AFFAIRS

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

The Company is the promoter of 'Ujjivan Small Finance Bank Limited' (hereinafter referred to as "USFB") and being a CIC, the Company has its investments primarily in USFB.

During the FY 2019-20, USFB in compliance with the listing condition stipulated by the RBI, completed its maiden initial public offering (IPO) and allotted 20,27,02,702 Equity Shares at an offer price of ₹ 37 per Equity Share including a premium of ₹ 27 per Equity Share and the Bank has given discount of ₹ 2 per Equity Share on the issue price offered to eligible shareholders of Ujjivan Financial Services Limited in the reservation portion. Pursuant to its IPO, USFB listed its 1,728,223,169 Equity Shares of ₹ 10/- each on BSE and NSE on December 12, 2019. The Company as on March 31, 2020 holds 83.32% equity in USFB and all corporate governance requirements as regards to its unlisted material subsidiary as enumerated under Regulation 24 of SEBI listing Regulation was duly adhered to by the Company until the listing of USFB.

17. 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;

It is pertinent to note that the investments of the Company are primarily in the shares (equity and preference) of USFB and hence receipt of dividend income constitutes a significant part of the income of the Company. However, RBI vide its circular dated April 17, 2020 has issued a directive that in an environment of heightened uncertainty caused by COVID-19, it is important that banks conserve capital to retain their capacity to support the economy and absorb losses and RBI has accordingly decided that all banks shall not make any further dividend payouts from the profits pertaining to the financial year ended March 31, 2020 until further instructions. This restriction shall be reassessed by the Reserve

Bank based on the financial results of banks for the quarter ending September 30, 2020.

The aforesaid RBI directive is likely to effect the dividend income of the Company for the FY 20-21 which it would have received had this directive was not in force.

18. 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.

19. 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 its key investment in the bank, the Company's Board has an oversight function of USFB within the permitted ambit. 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 organisation 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 material listed 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.

The Company has a duly constituted Risk Management Committee of the Board and its terms of reference comprises of the following:

- To review its investment in its subsidiary and to evaluate overall risks faced by its subsidiary and help in mitigating the risks
- To oversee the risk management policies and procedures of its subsidiary
- As the listed holding Company of the Bank, to closely monitor the reputational risk of both entities and review the risk management plan and specifically oversee matters related to cyber security
- 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.

20. CORPORATE SOCIAL RESPONSIBILITY

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

21. BOARD EVALUATION

The board of directors has carried out an annual evaluation of its own performance, board

committees and individual directors pursuant to the provisions of the Companies Act, 2013 and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations") and SEBI guidance note on Board Evaluation.

Performance evaluation criteria for Board, Committees of the Board and Directors were adopted by the Nomination Committee of the Board at its meeting held on March 23, 2020. 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 23, 2020, 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.

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

(i) The financial summary or highlights

(₹ in Crores)

Particulars	Standalone*		Consolidated*	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Operating Income	11.00	22.00	2,859.76	1,952.98
Other Income	10.24	8.62	109.62	60.64
Total Income	21.24	30.62	2,969.38	2,013.62
Less: Operational Expenses				
Personnel Expenses	3.16	1.63	734.71	540.53
Administrative Expenses	7.88	5.08	363.39	415.58
Finance Charges	-	-	1,114.92	727.03
Depreciation	0.02	0.02	165.99	60.62
Impairment Losses on Financial Instruments	-	-	174.46	65.76
Total Operational Expenses	11.06	6.73	2,553.47	1,809.52
Profit/(Loss) Before Tax	10.18	23.89	415.91	204.10
Less: Income tax	1.37	2.31	115.76	37.22
Less: Deferred tax	0.00#	0.00#	1.49	16.44
Profit/(Loss) After Tax	8.81	21.58	298.66	150.44

* as per Indian Accounting Standards (Ind-AS)

represents the figures below the rounding norms

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

'Ujjivan Small Finance Bank Limited' ("USFB") is a material listed subsidiary of the Company and is a small finance bank licensed by the RBI in terms of Section 22 of the Banking Regulation Act, 1949. USFB was incorporated on July 04, 2016 and commenced its operations as a small finance bank w.e.f. February 01, 2017. The Company as on March 31, 2020 holds 83.32% equity in USFB.

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

USFB Business and Operational Highlights

- Gross advances at ₹ 14,153 Crores as on March 31, 2020 as against ₹ 11,049 Crores as on March 31, 2019; growth of 28%
- Disbursement during the FY 2019-20 was ₹ 13,221 Crores as against ₹ 11,089 Crores during FY 2018-19; an increase of 19%
- Total deposit of ₹ 10,780 in March 2020 as against ₹ 7,379 Crores in March 2019; growth of 46%; retail deposits grew 72% during the year from ₹ 2,736 Crores in March 2019 to ₹ 4,724 Crores in March 2020
- CASA increased by 86% from ₹ 784 Crores in March 2019 to 1,459 Crores in March 2020
- 54.4 Lakhs customers in March 2020 as against 46.7 Lakhs customers in March 2019
- 43.5 Lakhs borrowers in March 2020 as against 40.2 Lakhs in March 2019

- CRAR of 28.8% in March 2020 as against 18.9% in March 2019
- Number of branches increased from 524 to 575 and number of ATMs increased from 385 to 475 during the year
- Total income increased from ₹ 2,038 Crores in March 2019 to ₹ 3,026 Crores in March 2020; an increase of 49%
- Net interest income grew from ₹ 1,106 in March 2019 to 1,634 Crores in March 2020; an increase of 48%
- Profit after Tax (PAT) increased from ₹ 199 Crores in March 2019 to ₹ 350 Crores in March 2020; an increase of 76%
- Return on Asset (ROA) improved from 1.7% in FY 18-19 to 2.2% in FY 2019-20
- Return on Equity (ROE) increased from 11.5% in FY 2018-19 to 13.9% in FY 2019-20
- GNPA at 1.0% in March 2020 as against 0.9% in March 2019
- NNPA at 0.2% in March 2020 as against 0.3% in March 2019
- Cost to income ratio improved from 77% in FY 2018-19 to 67% in FY 2019-20
- Cost of fund improved from 8.5% in March 2019 to 8.2% in March 2020.
- Ranked 5th among 'Asia's Best Companies to Work For 2020' by Great Places to Work

- Received the IBA Banking Technology Innovation Awards for 'The Best IT Risk Management and Cyber security Initiative'
- Won the award for 'Best Microfinance Bank' by Asia Money

Key Ratios - USFB

Particulars	FY 19-20
Average Yield – across segment	20.0%
Cost of Funds (CoF)	8.2%
Net Interest Margin (NIM)	10.8%
Return on Assets (RoA)	2.2%
Return on Equity (RoE)	13.9%
Cost to income	67.0%
Capital Adequacy (CRAR)	28.8%

USFB contributes 99.3% of the consolidated total income of the Company

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

There is no change in the nature of the business of the Company during the FY 2019-20. The Company continues to be a Non-Deposit taking Systemically Important Core Investment Company (NBFC-ND-SI-CIC).

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

Sr. No.	Name	Designation	DIN	Date of Appointment/ Change/ Cessation	Reason
1.	Mr. Narayan Anand	Non-Executive, Non-Independent	02110727	May 01, 2019	Appointment
2.	Mr. Amit Gupta	Non-Executive, Non-Independent	02282600	August 02, 2019	Cessation
3.	Ms. Vandana Viswanathan	Non-Executive Independent	05192578	September 22, 2019	Cessation
4.	Ms. Mona Kachhwaha	Non-Executive Independent	01856801	September 22, 2019	Appointment
5.	Mr. Deepak Khetan	Chief Financial Officer (KMP)	-	August 02, 2019	Cessation
6.	Mr. Barun Kumar Agarwal	Chief Financial Officer (KMP)	-	August 03, 2019	Appointment

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

None

(vi) Deposits from public

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

However, the subsidiary of the Company 'Ujjivan Small Finance Bank Limited' which is a Small Finance Bank has outstanding deposits of ₹ 10,780 Crores as on March 31, 2020.

(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.

23. 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, 2020, out of the 64,000 options granted, 28,629 options has 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. As on March 31, 2020, there is no outstanding option left to be exercised under ESOP 2006.

ESOP 2007

The ESOP 2007 was for a total of 1,89,440 Equity Shares for all the eligible employees of the Company. As on March 31, 2020, out of the 1,89,440 options granted, 1,44,940 options has been exercised and 44,500 options lapsed. 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. As on March 31, 2020, there is no outstanding option left to be exercised under ESOP 2007.

ESOP 2008

The ESOP 2008 was for a total of 3,96,680 Equity Shares for all the eligible employees of the Company. As on March 31, 2020, out of the 3,96,680 options granted, 2,42,550 options has been exercised and 1,54,130 options lapsed. 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. As on March 31, 2020, there is no outstanding option left to be exercised under ESOP 2008.

ESOP 2010

The ESOP 2010 was for a total of 33,84,300 Equity shares for all the eligible employees of the Company. As on March 31, 2020, out of the 33,84,300 options granted, 17,62,273 options has been exercised and 16,22,027 options lapsed. Out of the 16,22,027 lapsed options,

15,63,769 options were 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. As on March 31, 2020, there is no outstanding option left to be exercised under ESOP 2010.

MD-ESOP 2010

The MD-ESOP 2010 was for a total of 12,49,172 options. As on March 31, 2020, all the 12,49,172 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 pool comprises of 65,79,899 options which includes the original pool of 47,82,129 options and 17,97,770 options added from the lapsed options of ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010 with the approval of the shareholders at their meetings held on November 03, 2015 and June 27, 2018.

As on March 31, 2020, out of the 55,15,880 options granted, 7,53,314 options has been exercised, 13,56,718 options are lapsed, 21,40,503 vested options are unexercised and 12,65,345 options are yet to be vested. Out of the 13,56,718 options which are lapsed under ESOP 2015, 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/ cancelled options under its ESOP 2010 and ESOP 2015 back to the pool of ESOP 2015 and that the Board is hereby authorised to grant such added back options to its eligible employees (which includes the employees of its subsidiary).

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

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

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

No options were granted by the Company during the FY 19-20.

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

Revisions in the ESOP Schemes during the Year

None

ESOP Schemes Compliance Status

ESOP 2006, ESOP 2007, ESOP 2008, ESOP 2010 and MD-ESOP2010 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.

The weighted average fair value of the share options granted during the financial year is Nil; for the FY 2018-19 it was ₹ 132.18. 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 dates 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 has been considered for the purposes of valuation.

ESOP arrangement with subsidiary

With effect from February 1, 2017, the business undertaking of the Company was transferred to USFB and all the employees of the Company except few identified personnel have been transferred to USFB as part of the transfer of the business undertaking. This has

resulted in the transfer of options from the employees of the Company to the employees of USFB. As per Ind AS 102 Share-based Payment, stock options have to be fair valued on the grant date and expense has to be recognised over the vesting period. Pursuant to management decision, Impact of Ind AS 102 on account of options granted to the employees of subsidiary is treated as deemed investment in subsidiary in the Company's books.

During the year, USFB has approved an ESOP scheme and an Employee Share Purchase Scheme ('ESPS') for employees of USFB and its holding company, i.e., Ujjivan Financial Services Limited, being ESOP 2019 and ESPS 2019. Under ESOP 2019, total 4,73,240 options were granted to the employees of the Company to be vested over a period of 5 years and total 211,200 shares were purchased by the employees of the Company under ESPS 2019 scheme. As per Ind AS 102 Share-based Payment, the fair value cost of the options for the period expired out of the vesting period and shares purchased were recognised in the statement of profit and loss and reimbursed to the subsidiary entity, i.e., USFB.

Administration of ESOP Schemes

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

Mandatory ESOP Disclosures

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

Sr. No.	Particulars	March 31, 2020
1.	Number of options granted and outstanding at the beginning of the year (A)	43,91,861
2.	Number of options granted during the year (B)	Nil
3.	Number of options vested during the year	7,39,195
4.	Number of options exercised during the year	4,36,529
5.	Number of shares arising as a result of exercise of options (C)	4,36,529
6.	Money realised during the year by exercise of options (in ₹)	4,74,71,067
7.	Number of options Forfeited/Expired during the year (D)	5,49,484
8.	The exercise price of the outstanding options (in ₹)	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)	34,05,848
10.	Weighted average of remaining contractual life (years) at the year end	1.35
11.	Variation of terms of the options	None

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

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

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

However, USFB on August 08, 2019 has granted its stock options to the below KMPs of the Company to be vested in 5 years i.e. 20% vesting every year:

Employee Name	Designation	Options Granted	Exercise Price (in ₹)
Mr. Ittira Davis	MD & CEO	2,82,176	35.00
Mr. Sanjeev Barnwal	CS and Compliance Officer	1,38,472	35.00
Mr. Barun Agarwal	Chief Financial Officer	25,082	35.00

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

24. 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 as at the end of the year is as under:

Sr. No.	Directors	Designation
1.	Mr. K. R. Ramamoorthy	Chairman (Independent Director)
2.	Mr. Abhijit Sen	Independent Director
3.	Ms. Mona Kachhwaha	Independent Director
4.	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 behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy. The Company has a vigil mechanism process wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to the whistle and ethics officer of the Company. Further, this policy also specifically enables the employees of the Company and those of its subsidiary to report instances of any leak of unpublished price sensitive information by the employees of the Company and its subsidiary to any outsider which is not for legitimate business purposes. This is to ensure the compliance of SEBI (Prohibition of Insider Trading) Regulations, 2015 and Code of Conduct for Prevention of Insider Trading of the Company.

Name and Address of the Whistle and Ethics Officer

Mr. Sanjeev Barnwal – Company Secretary and Compliance Officer
Ujjivan Financial Services Limited
Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Bengaluru – 560 095, Karnataka
E-mail: 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, Bengaluru – 560 095, Karnataka
E-mail: ittira.davis@ujjivanfin.com

Name and Address of the Chairman (Audit Committee):

Mr. K. R. Ramamoorthy
D - 302, Mantri Gardens, Jayanagar, 1st Block, Bengaluru – 560 011, Karnataka
E-mail: 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

25. 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: 4.66x								
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	<table border="1"> <thead> <tr> <th>KMP</th> <th>% increase in remuneration</th> </tr> </thead> <tbody> <tr> <td>Mr. Ittira Davis – MD & CEO</td> <td>15%</td> </tr> <tr> <td>Mr. Sanjeev Barnwal – CS</td> <td>15%</td> </tr> <tr> <td>Mr. Barun Agarwal – CFO (designated as CFO w.e.f. August 03, 2019)</td> <td>Nil*</td> </tr> </tbody> </table>	KMP	% increase in remuneration	Mr. Ittira Davis – MD & CEO	15%	Mr. Sanjeev Barnwal – CS	15%	Mr. Barun Agarwal – CFO (designated as CFO w.e.f. August 03, 2019)	Nil*
KMP	% increase in remuneration									
Mr. Ittira Davis – MD & CEO	15%									
Mr. Sanjeev Barnwal – CS	15%									
Mr. Barun Agarwal – CFO (designated as CFO w.e.f. August 03, 2019)	Nil*									
3.	The percentage increase in the median remuneration of employees in the financial year	15% increase in the median remuneration of employees in the FY 2019-20.								
4.	The number of permanent employees on the rolls of company as on March 31, 2020	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 10.75% and the average increase in the managerial remuneration during the last financial year was 10.00%.								
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes								

* Joined the Company on June 01, 2019

A statement showing the name of every employee of the Company other than disclosed above, who–

- 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
- 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
- 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, 2020 had only the following 5 (five) employees:

Sr.	Employee Name	Ittira Davis	Sanjeev Barnwal	Barun Agarwal	Shashidhara S.	Aakash Jaiswal
i.	Designation	MD & CEO	Company Secretary and Compliance Officer	Chief Financial Officer (w.e.f. August 03, 2019)	Assistant Company Secretary	Assistant Manager – Investor Relations
ii.	Remuneration received	1,18,62,000	53,63,528	38,33,330 **	12,56,905	9,68,294
iii.	Nature of employment, whether contractual or otherwise;	Permanent	Permanent	Permanent	Permanent	Permanent
iv.	Qualifications and experience of the employee	MBA (IIM Ahmedabad) 37+ years' experience	CS, LLB, DBM 16+ years' experience	Chartered Accountant 12+ years' experience	CS, LLB, M.Com 12+ years' experience	MBA (Finance) 3 years' experience
v.	Date of commencement of employment	July 01, 2018	August 12, 2014	June 01, 2019	November 01, 2017	May 20, 2019
vi.	The age of such employee	65	39	35	35	29

Sr.	Employee Name	Ittira Davis	Sanjeev Barnwal	Barun Agarwal	Shashidhara S.	Aakash Jaiswal
vii.	The last employment held by such employee before joining the Company	Ujjivan Small Finance Bank Limited	SMC Capitals Limited	S. R. Batliboi & Associates LLP	GMR OSE Hungund Hospet Highways Private Limited	State Bank of India
viii.	The percentage of equity shares held by the employee in the Company	0.03%*	Negligible	Nil	Nil	Nil
ix.	Whether any such employee is a relative of any director or manager of the Company	No.	No	No	No	No

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

**Remuneration is from the date of his employment on June 01, 2019

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

The Company has only 5 employees as on March 31, 2020 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 2019-20 and the Notice of the 16th AGM are being sent to all the members whose email addresses are registered with the Company / Depository Participants. As per the relaxation given by SEBI on account of COVID-19 situation, physical copies of the Annual Report are not being sent to members who have not registered their e-mail address with their depositories. We request all the shareholders who have not updated their e-mail addresses to update the same with their respective Depository Participants (DPs) or communicate their e-mail address to the Registrar and Share Transfer Agent i.e. KFin Technologies Private Limited or to the Company so that future communications can be sent to shareholders in electronic 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

K.R. Ramamoorthy

Chairperson

DIN: 00058467

Ittira Davis

Managing Director & Chief Executive Officer

DIN: 06442816

Date: May 27, 2020

Place: Bengaluru

Annexure 1

Extract of Annual Return in Form MGT-9 as on the Financial Year ended on March 31, 2020

[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, Bengaluru – 560 095, Karnataka
vi)	Whether Listed Company	:	Yes
vii)	Name, address and Contact Details Of Registrar And Transfer Agent, if any:	:	KFin Technologies 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@kfintech.com Website: www.kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Non-Banking Finance Company – Core Investment Company

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No	Name and Address of the Company	CIN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Ujjivan Small Finance Bank Limited Registered Address: Plot No. 2364/8, Khampur Raya Village, ShadiKampur, Main Patel Road, New Delhi – 110 008, India	L65110D12016PLC302481	Subsidiary	83.32%	2(87)(ii)

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

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

Category-wise Share Holding

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

Category code	Category of shareholder	No. of shares held at the beginning of the year 31/03/2019				No. of shares held at the end of the year 31/03/2020				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	PROMOTER AND PROMOTER GROUP									
(1)	Indian									
(a)	Individual /HUF	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1) :	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Foreign									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2) :	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	0	0	0	0.00	0	0	0	0.00	0.00
(B)	PUBLIC SHAREHOLDING									
(1)	Institutions									
(a)	Mutual Funds /UTI	1,21,31,644	-	1,21,31,644	10	21,35,392	-	21,35,392	2	-8
(b)	Financial Institutions /Banks	1,92,703	-	1,92,703	0	2,30,556	-	2,30,556	0	0
(c)	Central Government / State Government(s)	78,97,487	-	78,97,487	7	61,02,939	-	61,02,939	5	-1
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	47,60,750	-	47,60,750	4	1,80,000	-	1,80,000	0	-4
(f)	Foreign Institutional Investors	4,23,96,004	-	4,23,96,004	35	4,91,43,081	-	4,91,43,081	40	5
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	-	-	-	-	5,16,018	-	5,16,018	0	0
	Sub-Total B(1) :	6,73,78,588	-	6,73,78,588	56	5,83,07,986	-	5,83,07,986	48	-8
(2)	Non-Institutions									
(a)	Bodies Corporate	1,37,98,228	-	1,37,98,228	11	1,29,09,846	-	1,29,09,846	11	-1
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 1 Lakh	2,15,68,670	19,022	2,15,87,692	18	2,86,14,314	12,219	2,86,26,533	24	6
	(ii) Individuals holding nominal share capital in excess of ₹ 1 Lakh	1,32,16,929	1,00,000	1,33,16,929	11	1,69,91,941	50,000	1,70,41,941	14	3
(c)	Others									
	Clearing Members	5,33,566	-	5,33,566	0	7,37,495	-	7,37,495	1	0
	Foreign Bodies	20,13,368	-	20,13,368	2	12,58,368	-	12,58,368	1	-1
	Non-Resident Indians	18,00,355	-	18,00,355	1	19,88,714	-	19,88,714	2	0
	NRI non-repatriation	6,12,497	-	6,12,497	1	7,27,318	-	7,27,318	1	0
	Trusts	1,25,474	-	1,25,474	0	5,025	-	5,025	0	-0

Category code	Category of shareholder	No. of shares held at the beginning of the year 31/03/2019				No. of shares held at the end of the year 31/03/2020				% change during the year
		Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
(d)	Qualified Foreign Investor	-	-	-	0.00	-	-	-	0.00	0.00
	Sub-Total B(2) :	5,36,69,087	1,19,022	5,37,88,109	44	6,32,33,021	62,219	6,32,95,240	52	8
	Total B=B(1)+B(2) :	12,10,47,675	1,19,022	12,11,66,697	100	12,15,41,007	62,219	12,16,03,226	100	-
	Total (A+B) :	12,10,47,675	1,19,022	12,11,66,697	100	12,15,41,007	62,219	12,16,03,226	100	-
(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	0.00
	Grand Total (A+B+C) :	12,10,47,675	1,19,022	12,11,66,697	100	12,15,41,007	62,219	12,16,03,226	100	-

(ii) Shareholding of Promoters

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

(iii) Change in Promoters' Shareholding

Not Applicable

Shareholding pattern of Top 10 Shareholders between March 31, 2019 and March 31, 2020 (other than Directors, Promoters and Holders of GDRs and ADRs)

(iv) Shareholding pattern of Top 10 Shareholders between 30/03/2019 and 31/03/2020 (Excluding Directors)

Sr.	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
1	FPC	Opening Balance	Ardisia Limited	1,20,65,500	9.96	30/03/2019			1,20,65,500	9.96
		Closing Balance				31/03/2020			1,20,65,500	9.92
2	FII	Opening Balance	Alena Private Limited	1,07,90,943	8.91	30/03/2019			1,07,90,943	8.91
		Sale				21/02/2020	-3,50,000	Transfer	1,04,40,943	8.59
		Sale				28/02/2020	-2,57,787	Transfer	1,01,83,156	8.38
		Closing Balance				31/03/2020			1,01,83,156	8.37
3	FII	Opening Balance	NewQuest Asia Investments II Limited	70,28,022	5.80	30/03/2019			70,28,022	5.80
		Sale				07/02/2020	-2,50,770	Transfer	67,77,252	5.57
		Sale				14/02/2020	-4,60,000	Transfer	63,17,252	5.20
		Sale				21/02/2020	-30,717	Transfer	62,86,535	5.17
		Closing Balance				31/03/2020			62,86,535	5.17
4	FII	Opening Balance	International Finance Corporation	53,56,263	4.42	30/03/2019			53,56,263	4.42
		Closing Balance				31/03/2020			53,56,263	4.40
5	MUT	Opening Balance	Sundaram Mutual Fund A/C Sundaram Mid Cap Fund	50,62,955	4.18	30/03/2019			50,62,955	4.18
		Sale				26/07/2019	-1,36,998	Transfer	49,25,957	4.06
		Sale				09/08/2019	-1,89,621	Transfer	47,36,336	3.90
		Sale				16/08/2019	-1,95,025	Transfer	45,41,311	3.74

Sr.	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				23/08/2019	-42,954	Transfer	44,98,357	3.71
		Purchase				06/09/2019	1,77,600	Transfer	46,75,957	3.85
		Sale				20/09/2019	-4,20,196	Transfer	42,55,761	3.51
		Sale				27/09/2019	-9,60,000	Transfer	32,95,761	2.71
		Sale				18/10/2019	-2,40,000	Transfer	30,55,761	2.52
		Sale				01/11/2019	-10,00,000	Transfer	20,55,761	1.69
		Sale				08/11/2019	-33,346	Transfer	20,22,415	1.66
		Sale				29/11/2019	-2,14,690	Transfer	18,07,725	1.49
		Sale				13/12/2019	-1,01,693	Transfer	17,06,032	1.40
		Sale				20/12/2019	-50,000	Transfer	16,56,032	1.36
		Sale				27/12/2019	-50,000	Transfer	16,06,032	1.32
		Sale				03/01/2020	-1,73,573	Transfer	14,32,459	1.18
		Sale				24/01/2020	-1,00,000	Transfer	13,32,459	1.10
		Sale				07/02/2020	-46,485	Transfer	12,85,974	1.06
		Sale				06/03/2020	-194	Transfer	12,85,780	1.06
		Closing Balance				31/03/2020			12,85,780	1.06
6	FPC	Opening Balance	Duro One Investments Ltd	35,00,000	2.89	30/03/2019			35,00,000	2.89
		Purchase				09/08/2019	1,00,000	Transfer	36,00,000	2.97
		Purchase				30/08/2019	6,97,200	Transfer	42,97,200	3.54
		Purchase				06/09/2019	2,52,800	Transfer	45,50,000	3.75
		Purchase				29/11/2019	1,37,271	Transfer	46,87,271	3.86
		Purchase				06/12/2019	1,75,658	Transfer	48,62,929	4.00
		Purchase				13/12/2019	50,920	Transfer	49,13,849	4.04
		Purchase				20/12/2019	86,151	Transfer	50,00,000	4.11
		Purchase				06/03/2020	3,00,000	Transfer	53,00,000	4.36
		Purchase				27/03/2020	1,00,000	Transfer	54,00,000	4.44
		Closing Balance				31/03/2020			54,00,000	4.44
7	MUT	Opening Balance	Franklin Templeton Mutual Fund A/C Franklin India	34,00,000	2.81	30/03/2019			34,00,000	2.81
		Sale				12/04/2019	-1,19,237	Transfer	32,80,763	2.71
		Sale				19/04/2019	-1,90,800	Transfer	30,89,963	2.55
		Sale				26/04/2019	-6,294	Transfer	30,83,669	2.54
		Sale				24/05/2019	-83,669	Transfer	30,00,000	2.48
		Purchase				26/07/2019	1,79,519	Transfer	31,79,519	2.62
		Purchase				02/08/2019	1,20,481	Transfer	33,00,000	2.72
		Sale				30/08/2019	-9,69,080	Transfer	23,30,920	1.92
		Sale				06/09/2019	-23,30,920	Transfer	-	0.00
		Closing Balance				31/03/2020			-	0.00
8	LTD	Opening Balance	Bajaj Holdings And Investment Ltd	31,25,407	2.58	30/03/2019			31,25,407	2.58
		Sale				07/06/2019	-4,43,333	Transfer	26,82,074	2.21
		Sale				22/11/2019	-36,420	Transfer	26,45,654	2.18
		Sale				29/11/2019	-1,50,000	Transfer	24,95,654	2.05
		Sale				06/12/2019	-60,000	Transfer	24,35,654	2.00
		Sale				20/12/2019	-1,00,000	Transfer	23,35,654	1.92
		Sale				17/01/2020	-1,42,081	Transfer	21,93,573	1.80
		Sale				24/01/2020	-50,000	Transfer	21,43,573	1.76
		Sale				07/02/2020	-1,80,000	Transfer	19,63,573	1.61
		Closing Balance				31/03/2020			19,63,573	1.61

Sr.	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
9	INS	Opening Balance	Shriram Life Insurance Company Limited	29,51,524	2.44	30/03/2019			29,51,524	2.44
		Sale				27/09/2019	-1,50,048	Transfer	28,01,476	2.31
		Sale				18/10/2019	-10,62,904	Transfer	17,38,572	1.43
		Sale				25/10/2019	-17,38,572	Transfer	-	0.00
		Closing Balance				31/03/2020			-	0.00
10	AIF	Opening Balance	IIFL Focused Equity Strategies Fund	27,07,059	2.23	30/03/2019			27,07,059	2.23
		Sale				12/07/2019	-40,678	Transfer	26,66,381	2.20
		Sale				18/10/2019	-2,70,000	Transfer	23,96,381	1.97
		Sale				01/11/2019	-32,834	Transfer	23,63,547	1.95
		Sale				08/11/2019	-1,82,841	Transfer	21,80,706	1.79
		Sale				15/11/2019	-1,43,783	Transfer	20,36,923	1.68
		Closing Balance				31/03/2020			20,36,923	1.68
11	FPC	Opening Balance	Government of Singapore	-	0.00	30/03/2019			-	0.00
		Purchase				06/12/2019	1,50,564	Transfer	1,50,564	0.12
		Purchase				13/12/2019	16,86,948	Transfer	18,37,512	1.51
		Purchase				20/12/2019	8,72,502	Transfer	27,10,014	2.23
		Purchase				27/12/2019	3,52,443	Transfer	30,62,457	2.52
		Sale				20/03/2020	-3,18,837	Transfer	27,43,620	2.26
		Sale				27/03/2020	-3,91,259	Transfer	23,52,361	1.93
		Sale				31/03/2020	-4,793	Transfer	23,47,568	1.93
		Closing Balance				31/03/2020			23,47,568	1.93
12	FPC	Opening Balance	Aberdeen Standard Asia Focus Plc	-	0.00	30/03/2019			-	0.00
		Purchase				14/02/2020	15,62,000	Transfer	15,62,000	1.28
		Purchase				06/03/2020	98,000	Transfer	16,60,000	1.37
		Purchase				20/03/2020	2,52,000	Transfer	19,12,000	1.57
		Closing Balance				31/03/2020			19,12,000	1.57
13	LTD	Opening Balance	Biz Secure Labs Private Limited	10,81,472	0.89	30/03/2019			10,81,472	0.89
		Purchase				05/04/2019	6,843	Transfer	10,88,315	0.90
		Purchase				12/04/2019	6,000	Transfer	10,94,315	0.90
		Purchase				19/04/2019	2,000	Transfer	10,96,315	0.90
		Purchase				03/05/2019	1,96,000	Transfer	12,92,315	1.07
		Purchase				10/05/2019	6,500	Transfer	12,98,815	1.07
		Purchase				17/05/2019	3,500	Transfer	13,02,315	1.07
		Purchase				24/05/2019	2,000	Transfer	13,04,315	1.08
		Purchase				31/05/2019	1,000	Transfer	13,05,315	1.08
		Sale				07/06/2019	-1,000	Transfer	13,04,315	1.08
		Sale				14/06/2019	-40,000	Transfer	12,64,315	1.04
		Sale				21/06/2019	-2,40,000	Transfer	10,24,315	0.84
		Purchase				28/06/2019	70,018	Transfer	10,94,333	0.90
		Purchase				05/07/2019	1,17,957	Transfer	12,12,290	1.00
		Purchase				12/07/2019	37,399	Transfer	12,49,689	1.03
		Purchase				02/08/2019	2,56,000	Transfer	15,05,689	1.24
		Purchase				09/08/2019	2,27,500	Transfer	17,33,189	1.43
		Purchase				23/08/2019	30,000	Transfer	17,63,189	1.45
		Sale				06/09/2019	-10,000	Transfer	17,53,189	1.44
		Sale				13/09/2019	-7,500	Transfer	17,45,689	1.44
		Purchase				20/09/2019	2,500	Transfer	17,48,189	1.44

Sr.	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
		Purchase				04/10/2019	2,40,000	Transfer	19,88,189	1.64
		Purchase				25/10/2019	3,000	Transfer	19,91,189	1.64
		Purchase				01/11/2019	1,000	Transfer	19,92,189	1.64
		Purchase				08/11/2019	5,000	Transfer	19,97,189	1.64
		Sale				20/03/2020	-28,006	Transfer	19,69,183	1.62
		Sale				27/03/2020	-52,000	Transfer	19,17,183	1.58
		Sale				31/03/2020	-76,951	Transfer	18,40,232	1.51
		Closing Balance				31/03/2020			18,40,232	1.51

Note: During the year, the outstanding number of shares of the Company has increased from 12,11,66,697 to 12,16,03,226 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%	10,000 decrease	40,000	0.03%
3.	Mr. Sanjeev Barnwal	1,210	Negligible	860 decrease	350	Negligible

* Jointly held with his wife Ms. Vasantha Ramamoorthy

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

V. Indebtedness

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

(₹ in Crores)				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01-04-2019)				
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 (31-03-2020)				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	-	-	-	-

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 (in ₹)
1.	Gross Salary	Mr. Ittira Davis	
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961		1,07,10,000
	(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 (including ESOP & ESPS of USFB)		11,52,000
3.	Sweat Equity		
4.	Commission		
	- As % of profit		-
	- Other, specify		-
	Total (A)		1,18,62,000
	Ceiling as per the Act (@ 5% of profits calculated under Section 198 of the Companies Act, 2013 read with Schedule V of the Companies Act, 2013)	Remuneration within the ceiling prescribed under Section 198 to be read with Schedule V of the Companies Act, 2013	

B. Remuneration to other directors:

Particulars of Remuneration	Name of Directors				Total Amount (in ₹)
1) Independent Directors	Mr. K. R. Ramamoorthy	Mr. Abhijit Sen	Ms. Mona Kachhwaha (w.e.f. Sep 22, 2019)	Ms. Vandana Viswanathan (until Sep 22, 2019)	
• Fees for attending board and board committee meetings	10,13,700	11,66,300	4,90,500	2,77,950	29,48,450
• Commission	-	-	-	-	-
• Other, please specify	-	-	-	-	-
Total (A)	10,13,700	11,66,300	4,90,500	2,77,950	29,48,450
2) Other Non-Executive Directors	Mr. Jayanta Basu	Mr. Narayan Anand (w.e.f. May 01, 2019)	Mr. Amit Gupta (until August 02, 2019)		Total Amount
• Fees for attending board and board committee meetings	6,97,600	4,08,750	2,34,350		13,40,700
• Commission	-	-	-		-
• Other, please specify	-	-	-		-
Total (B)	6,97,600	4,08,750	2,34,350		13,40,700
Total Managerial Remuneration (A) + (B)					42,89,150

Overall ceiling as per the Act (sitting fees not to exceed ₹1,00,000 per meeting) Sitting fees of ₹ 75,000 for every board meeting and ₹ 50,000 for every board committee meeting is currently paid by the Company to all its Non-Executive Directors and is within the overall ceiling.

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

Sl. No	Particulars of Remuneration	Sanjeev Barnwal Company Secretary	Deepak Khetan CFO (until Aug 02, 2019)	Barun Agarwal* CFO (w.e.f. Aug 03, 2019)	Total Amount (in ₹)
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	52,55,698	21,92,275	38,33,330	1,12,81,303
	(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	1,07,830	-	-	1,07,830
3.	Sweat Equity				
4.	Commission				
	- As % of profit	-	-	-	-
	- Other, specify	-	-	-	-
	Total (A)	53,63,528	21,92,275	38,33,330	1,13,89,133

* Remuneration is from the date of his employment on June 01, 2019

VII. Penalties/ Punishment/ Compounding of Offences:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2020

Annexure 2

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For The Financial Year Ended March 31, 2020

[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,
 Bengaluru KA - 560 095

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

Based on my verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company for the Financial Year ended on March 31, 2020 according to the provisions of:

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

of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

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

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

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

- (d) The Securities and Exchange Board of India (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 – The Core Investment Companies (Reserve Bank) Directions, 2016;

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

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

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

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

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

During the period under review, there was one instance of deviation of the code on prevention of insider trading wherein one designated employee due to inadvertence carried out transaction marginally in excess of permissible limit of ₹ 10 Lakhs in a quarter without prior approval from the Compliance Officer and as mandated by SEBI, the instance of non-compliance was timely reported by the Compliance Officer to SEBI under intimation to the MD & CEO.

I further report that:

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

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

The compliance of applicable Financial Laws, like direct and indirect tax laws, have not been reviewed in this Audit since the same have been subject to review by statutory financial 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 notices were given to all directors to schedule the Board Meetings, Agenda and detailed Notes on Agenda were sent at least seven days in advance and at least one independent director was present wherein the Board meetings were held at a shorter notice to transact urgent matters and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

I further report that during the Audit Period:

1. The Company has issued and allotted 4,36,529 Equity shares during the Financial Year under its ESOP Schemes.
2. The Company has entered into related party transactions on arm's length basis with Ujjivan Small Finance Bank Limited (CIN: U65110DL2016PLC302481), a material listed Subsidiary and the Company has obtained necessary approvals from the Audit Committee and the Board of Directors.
3. Ujjivan Small Finance Bank Limited, Subsidiary of the Company has made an Initial Public Offer (IPO) and allotted 20,27,02,702 Equity Shares at an offer price of ₹ 37/- per Equity Share including a premium of ₹ 27/- per Equity Share and the Bank has given discount of ₹ 2/- per Equity Share on the issue price offered to eligible shareholders of Ujjivan Financial Services Limited in the reservation portion. Pursuant to its IPO, Ujjivan Small Finance Bank Limited, has listed its 1,728,223,169 Equity Shares of 10/- each on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on December 12, 2019.

K. Jayachandran

Company Secretary

Date: May 27, 2020

Place: Bengaluru

ACS No.: 11309/CP No.: 4031

UDIN: A011309B000288047

Annexure A

To,
The Members,
UJJIVAN FINANCIAL SERVICES LIMITED
CIN: L65999KA2004PLC035329
Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bengaluru KA - 560 095

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 Account 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.

Date: May 27, 2020
Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309B000288047

Annexure 3

SECRETARIAL COMPLIANCE REPORT

of
UJJIVAN FINANCIAL SERVICES LIMITED (CIN: L65999KA2004PLC035329)
for the year ended March 31, 2020

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 March 31, 2020 ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

- (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (d) The Securities and Exchange Board of India (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; and
- (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:-

Sl. 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:

Sl. 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:

Sl. 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.	Not Applicable	Not Applicable	Not Applicable	Not Applicable

- (e) During the period under review, there was one instance of deviation of the code on prevention of insider trading wherein one designated employee due to inadvertence carried out transaction marginally in excess of permissible limit of ₹ 10 Lakhs in a quarter without prior approval from the Compliance Officer and as mandated by SEBI, the instance of non-compliance was timely reported by the Compliance Officer to SEBI under intimation to the MD & CEO.

Date: May 27, 2020
Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309B000288124

Annexure 4

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
UJJIVAN FINANCIAL SERVICES LIMITED
CIN: L65999KA2004PLC035329
Grape Garden, No. 27, 3rd 'A' Cross,
18th Main, 6th Block, Koramangala,
Bengaluru KA - 560 095

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Abhijit Sen	00002593	04/06/2015
2.	Mr. Kuttalam Rajagopalan Ramamoorthy	00058467	28/12/2004
3.	Mr. Jayanta Kumar Basu	01268046	25/03/2015
4.	Mrs. Mona Kachhwaha	01856801	22/09/2019
5.	Mr. Narayan Anand	02110727	01/05/2019
6.	Mr. Ittira Davis Poonollil	06442816	01/07/2018

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

Date: May 27, 2020

Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: 011309B000288311

Annexure 5

Annual Report on CSR Activities

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

CSR KEY INITIATIVES: FY 2019-20

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 PM Cares Fund for the fight towards COVID-19 and also gave aid to other NGOs.

2. THE COMPOSITION OF THE CSR COMMITTEE

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

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

Financial Year	2016-17	2017-18	2018-19
Profit before Tax (less: Dividend Income)	32,085.00	298.73	189.34
Average for last three FYs	10,857.69		

(₹ in Lakhs)

4 Prescribed CSR Expenditure (2% of the amount as in item 3 above): ₹ 217.15 Lakhs; further there was a carried forward of ₹ 411.34 Lakhs which the Company was unable to spend towards its CSR obligation in the previous three immediately preceding financial years. The Company was committed to spend all the shortfalls of the past financial years including the current year CSR liability and hence spent a total of ₹ 628.39 Lakhs during the FY 2019-20.

5. DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR

- Total amount to be spent for the financial year: ₹ 217.15 (excluding ₹ 411.34 Lakhs carried forward from the previous financial years)
- Amount Spent: ₹ 628.39 Lakhs
- Amount unspent if any: Nil without considering the carried forwards of the last financial years. During the year, the Company has spent ₹ 628.39 Lakhs which covered for both current year CSR liability and past financial years shortfalls as well. This was in line with the Commitment of the Company to spend all the carry forwards in the succeeding years.
- Manner in which the amount has been spent during the financial year: Please refer to the table at the end of this Section.

6. IN CASE THE COMPANY HAS FAILED TO SPEND THE TWO PERCENT, OF THE AVERAGE NET PROFIT OF THE LAST 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.

The Company was committed to spend all the shortfalls of the past financial years including the current year CSR liability and hence spent a total of ₹ 628.39 Lakhs during the FY 2019-20 which covered for both current year CSR liability and past financial years' shortfalls as well. This was in line with the Commitment of the Company to spend all the carry forwards in the succeeding years and completely believed in its role as a good corporate citizen of the Country with intent to aid the community at large.

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 several new projects in the areas of public infrastructure, health and education under Chote Kadam Program for and on behalf of the Company and worked with equal zeal towards the maintenance of projects completed during the previous year for the Company.

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

Project Objectives:

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

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

CSR Commitment

The Company based on the approvals of its CSR Committee and the Board has granted ₹ 427.56 Lakhs 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 during the FY 2019-20 continued its partnership with Piramal Foundation and executed the CSR projects in association with 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 door step of beneficiaries through Mobile Medical Unit (MMU) at select Villages / Towns in identified locations. The MMU is 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 are served once in a fortnight and each service session lasts for 6 hours covering the targeted population. 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 (Bengaluru) which is being operated and managed by Piramal Swasthya Management and Research Institute.

During the FY 2019-20, the Company has granted ₹ 191.92 Lakhs towards this Piramal Swasthya Project.

(c) Other CSR Work

(i) Grant to PM Fund Cares

The Company donated ₹ 4 Lakhs to PM Fund Cares which will be used for combating, containment and relief efforts against the coronavirus outbreak.

(ii) Grants to NGOs

The Company donated ₹ 4.91 Lakhs to Samarthanam Trust 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. Mona Kachhwaha
Chairman, Corporate Social Responsibility Committee
DIN: 01856801

During the FY 2019-20, 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 through 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 -do-facility		All India Coverage	250.00	427.56	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, Bengaluru	178.00	191.92	Indirect (through Piramal Foundation – Piramal Swasthya)
Drinking water -do-facility		Various places in Haryana and Rajasthan	50.00	-	Please refer to Note 1
Social Welfare -do-of orphans/ disabled/ PM Cares Fund etc.		Bengaluru	40.00	8.91	Direct
Total			518.00	628.39	

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 previous FY 18-19. During the FY 2019-20, no further grants were made for this project.

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTOR'S

The Company is in compliance with the corporate governance provisions, as contained under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**SEBI Listing Regulations**") 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
- i. As on March 31, 2020, 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. Mona Kachhwaha;
 - ii. During the Financial Year 2019-20, our Board has met 5 (five) times and the meetings of our Board

of Directors were held on May 30, 2019, August 02, 2019, October 21, 2019, February 03, 2020 and March 23, 2020. 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 23, 2020. 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, 2020 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.

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 held by them in other public companies as on March 31, 2020 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 of Board Committees includes for Audit Committee and Stakeholders Committee only.

Name of the Director	Category	Number of Board Meetings during the Year 2019-20		Whether attended last AGM held on June 27, 2019	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	5	5	Yes	-	3	2	1
Mr. Abhijit Sen DIN: 00002593	Non-Executive Independent Director	5	5	Yes	-	7	5	2
Ms. Mona Kachhwaha DIN: 01856801 (w.e.f. Sep 22, 2019)	Non-Executive Independent Director	3	2	NA	-	1	-	-
Ms. Vandana Viswanathan DIN: 05192578 (until Sep 22, 2019)	Non-Executive Independent Director	2	2	No	NA*	NA*	NA*	NA*
Mr. Jayanta Basu DIN: 01268046	Non-Executive Director	5	5	Yes	-	1	-	-
Mr. Narayan Anand DIN: 02110727 (w.e.f. May 01, 2019)	Non-Executive Director	5	3	Yes	-	2	-	-
Mr. Amit Gupta DIN: 02282600 (until August 02, 2019)	Non-Executive Director	2	2	Yes	NA*	NA*	NA*	NA*
Mr. Ittira Davis DIN: 06442816	Managing Director and Chief Executive Officer	5	5	Yes	-	-	-	-

* ceased to be a director during the year

Note: Mr. Samit Ghosh (DIN: 00185369) has been appointed as a Non-Executive Director of the Company w.e.f. April 01, 2020 and he does not hold any other directorship until the date of this report.

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

Name of the Director	Category	Directorships in other listed entities
Mr. K. R. Ramamoorthy DIN: 00058467	Non-Executive Chairman and Independent Director	1. Amrit Corp Limited – Independent Director 2. Nilkamal Limited – Independent Director 3. Subros Limited – Independent Director
Mr. Abhijit Sen DIN: 00002593	Non-Executive Independent Director	1. Kalyani Forge Limited – Independent Director 2. Manappuram Finance Limited – Independent Director 3. Tata Investment Corporation Limited – Independent Director 4. Trent Limited – Independent Director 5. Ugro Capital Limited – Independent Director
Ms. Mona Kachhwaha DIN: 01856801 (w.e.f. Sep 22, 2019)	Non-Executive Independent Director	1. Ujjivan Small Finance Bank Limited – Non-Executive Director
Mr. Jayanta Basu DIN: 01268046	Non-Executive Director	1. Ujjivan Small Finance Bank Limited – Non-Executive Director
Mr. Narayan Anand DIN: 02110727 (w.e.f. May 01, 2019)	Non-Executive Director	1. Ashina Housing Limited – Non-Executive Director
Mr. Ittira Davis DIN: 06442816	Managing Director and Chief Executive Officer	None
Mr. Samit Ghosh DIN: 00185369 (w.e.f. April 01, 2020)	Non-Executive Director	None

xv. Details of equity shares of the Company held by the Directors as on March 31, 2020 are given below:

Name of the Director	Category	No. of Equity Shares
Mr. K. R. Ramamoorthy*	Independent, Non-Executive	1,000
Mr. Ittira Davis@	Managing Director & CEO	40,000

* jointly held with Ms. Vasantha Ramamoorthy

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

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

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

2. COMMITTEES OF THE BOARD

A. Audit Committee

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2019-20	
			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	5
4.	Ms. Mona Kachhwaha (w.e.f. October 22, 2019)	Independent Director	2	2

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

- iii. The Audit Committee has met 5 (five) times during the year and the gap between two meetings did not exceed one hundred and twenty days. The Audit Committee meetings were held on May 30, 2019, August 02, 2019, October 21, 2019, February 03, 2020 and March 23, 2020.
- iv. The terms of powers, role and terms of reference of the Audit Committee are in accordance with the Companies Act, 2013 and the SEBI LODR Regulations.

The scopes of the Audit Committee are:

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
 - (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
 - (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
 - (4) reviewing, with the management, the annual financial statements and auditor's report thereon
- before submission to the board for approval, with particular reference to:
- a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-Section (3) of Section 134 of the Companies Act, 2013;
 - b) changes, if any, in accounting policies and practices and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgement by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;
 - e) compliance with listing and other legal requirements relating to financial statements;
 - f) disclosure of any related party transactions;
 - g) modified opinion(s) in the draft audit report;
 - (5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 - (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue,

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

- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the Whistle-Blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in two

years to assess operational risks faced by the Company.

- (21) reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision.
- (22) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The audit committee shall mandatorily review the following information:

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) management letters/letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of SEBI (LODR) Regulations, 2015.
 - (b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of SEBI (LODR) Regulations, 2015.

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

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

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2019-20	
			Held during their tenure	Attended
1.	Mr. Abhijit Sen	Chairman (Independent Director)	5	5
2.	Mr. K. R. Ramamoorthy	Independent Director	5	5
3.	Ms. Mona Kachhwaha (w.e.f. September 22, 2019)	Independent Director	3	2
4.	Mr. Narayan Anand (w.e.f. August 03, 2019)	Non-Independent, Non-Executive	3	2
5.	Mr. Amit Gupta (until August 02, 2019)	Non-Independent, Non-Executive	2	2
6.	Ms. Vandana Viswanathan (until September 22, 2019)	Independent Director	2	2

- 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 5 (five) times during the year on May 30, 2019, August 02, 2019, October 21, 2019, February 03, 2020 and March 23, 2020.
- vi. The scope of the Governance, Nomination and Remuneration Committee are:
- (1) To formulate a criteria for determining qualifications, positive attributes and independence of a Director.
 - (2) To ensure 'fit and proper' status of proposed/ existing Directors
 - (3) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
 - (4) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
 - (5) To recommend to the Board the appointment and removal of Senior Management.
- (6) Recommend to the board, all remuneration, in whatever form, payable to senior management.
 - (7) To carry out evaluation of Director's performance and recommend to the Board appointment/ removal based on his/ her performance.
 - (8) To recommend to the Board on (i) policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management and (ii) Executive Directors remuneration and incentive.
 - (9) To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
 - (10) Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
 - (11) To devise a policy on Board diversity;
 - (12) To develop a succession plan for the Board and to regularly review the plan;
 - (13) To also act as the ESOP committee for the purposes of SEBI (Share Based Employee Benefits) Regulations 2014 and administer and manage the ESOP Schemes.

C. Stakeholders Relationship Committee

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

Sr. No.	Directors	Designation	Number of meetings during the financial year 2019-20	
			Held during their tenure	Attended
1.	Mr. K. R. Ramamoorthy	Chairman (Independent Director)	1	1
2.	Ms. Mona Kachhwaha (w.e.f. September 22, 2019)	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 March 23, 2020. 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.
- iii. The composition of the CSR Committee and the details of meetings attended by its members during the year are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2019-20	
			Held during their tenure	Attended
1.	Ms. Mona Kachhwaha (w.e.f. September 22, 2019)	Chairman (Independent Director)	1	1
2.	Mr. Abhijit Sen	Independent Director	2	2
3.	Mr. Ittira Davis	MD & CEO	2	2
4.	Ms. Vandana Viswanathan (until September 22, 2019)	Independent Director	1	1

- iv. The CSR Committee met 2 (two) times during the year on May 30, 2019 and February 03, 2020.

- v. The scope of the Corporate Social Responsibility Committee are:
- 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;
 - To recommend the amount of expenditure to be incurred on the activities;
 - To Monitor the Corporate Social Responsibility Policy of the Company from time to time; and
 - To do such other acts, deeds and things as may be directed by the board and required to comply with the applicable laws.
- vi. Two members of the CSR Committee are Independent Directors;
- 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. SFB Listing Committee of the Board was constituted 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. However, subsequent to the listing of the Bank, the Committee was dissolved.
- ii. Prior to the dissolution, 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 2019-20	
			Held during their tenure	Attended
1.	Mr. Abhijit Sen	Chairman (Independent Director)	1	1
2.	Mr. Jayanta Basu	Non-Independent, Non-Executive	1	1
3.	Mr. Ittira Davis	MD & CEO	1	1

- iii. The SFB Listing Committee met 1 (one) time during the year on June 15, 2019.

F. Risk Management Committee

- i. The Board has constituted the Risk Management Committee 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 and is also in line with the RBI directive. The Company is ranked 421 in the list of top 500 listed companies as on March 31, 2020.
- ii. The composition of the Risk Management Committee and the details of meetings attended by its members are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2019-20	
			Held during their tenure	Attended
1.	Mr. Abhijit Sen	Chairman (Independent Director)	1	1
2.	Mr. K. R. Ramamoorthy	Independent Director	1	1
3.	Mr. Ittira Davis	MD & CEO	1	1

The Risk Management Committee met 1 (one) time during the year on March 23, 2020.

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

- To review its investment in its subsidiary and to evaluate overall risks faced by its subsidiary and help in mitigating the risks.
- To oversee the risk management policies and procedures of its subsidiary.
- As the listed holding Company of the Bank, to closely monitor the reputational risk of both entities and review the risk management plan and specifically oversee matters related to cyber security.
- To do such other acts, deeds and things as may be directed by the Board and required to comply with the applicable laws.

G. IT Strategy Committee

- i. The Board has constituted the IT Strategy Committee as required by RBI Master Directions on IT framework.
- ii. The composition of the IT Strategy Committee and the details of meetings attended by its members are given below:

Sr. No.	Directors	Designation	Number of meetings during the financial year 2019-20	
			Held during their tenure	Attended
1.	Mr. Abhijit Sen	Chairman (Independent Director)	1	1
2.	Mr. Narayan Anand	Non-Independent, Non-Executive	1	1
3.	Mr. Ittira Davis	MD & CEO	1	1

The IT Strategy Committee met 1 (one) time during the year on February 03, 2020

- iii. The scope of the IT Strategy Committee are:
 - a) Reviewing and approving IT related policy documents
 - b) Reviewing the existing MOU with Ujjivan Small Finance Bank Limited wherein the Company has agreed to avail IT related services at an arm’s length basis.
 - c) To carry out review and amend the IT strategies in line with the corporate strategies, board policy reviews, cyber security arrangements and any other matter related to IT Governance.
- iv. Chairman of the Committee is an independent director.

Independent Director’s Meeting

In compliance with Schedule IV to the Companies Act, 2013 and regulation 25(3) of the SEBI Listing Regulations, 2015, the independent directors held their separate meeting on March 23, 2020 without the attendance of non-independent directors and members of Management, inter-alia, to discuss the following:

- (1) review the performance of non-independent directors and the Board as a whole;
- (2) review the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;

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

3. REMUNERATION OF DIRECTORS

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

The Company is paying only the sitting fees to all the Non-Executive Directors within the ceiling of ₹ 1,00,000 per meeting as prescribed under the Companies Act, 2013. During the year, the Non-Executive Directors are paid sitting fees of ₹ 75,000 for attending every Board Meeting and ₹ 50,000 for attending every Committee Meeting. 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
2018-19	Annex II, No. 23-26, Grape Garden, No. 17th Main, 6th Block, Koramangala, Bengaluru – 560 095	Friday, August 02, 2019	04:00 P.M. IST	None
2017-18	Annex II, No. 23-26, Grape Garden, No. 17th Main, 6th Block, Koramangala, Bengaluru – 560 095	Wednesday, June 27, 2018	02:30 P.M. IST	<ol style="list-style-type: none">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 IndiaCancellation 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 PoolGrant 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, Bengaluru – 560 095	Friday, August 04, 2017	3:30 P.M. IST	<ol style="list-style-type: none">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, 2017To approve the revision in the limit of foreign shareholding in the Company from 49% to 47% and submission thereof to RBI

Postal Ballot

During the FY 2019-20, no postal ballot approvals were sought from the shareholders.

5. MEANS OF COMMUNICATION

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

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 2019-20 has been obtained from Mr. Ittira Davis, Managing Director and Chief Executive Officer and Mr. Barun Agarwal, 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 KFin Technologies Private Limited (the Registrar of the Company) to provide software based reporting facility (i.e. FINTRAKS) which enables the Company to monitor the transactions of the designated employees and ensure timely compliance of the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company's Code and reporting of deviations, if any.

8. UJJIVAN CODE OF CONDUCT

The Company has adopted its Code of Conduct which is applicable for all its Directors (including independent directors) and employees. The key objectives of the Code of Conduct are to establish professional business standards and ensure adherence to the highest standards of honest and ethical conduct, including proper and ethical procedures in dealing with actual or apparent conflicts of interest between personal and professional

relationships, to provide full, fair and accurate disclosures in the periodic reports required to be filed by the Company with its stakeholders and to ensure compliance with applicable laws, rules and regulations.

Ujjivan Code of Conduct is available on the website of the Company www.ujjivan.com. Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a confirmation from the 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. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

11. GENERAL SHAREHOLDER INFORMATION

(A)

Sr.	Particulars	Details
a)	Annual General Meeting for FY 2018-19 (Date, time and venue)	: Friday, September 11, 2020 03:00 P.M. (AGM is being conducted through video conferencing or other audio video means in compliance with the Companies Act, 2013 / Rules and MCA and SEBI circulars); please refer to the AGM notice for further details.
b)	Financial Year	: April 01 till March 31
c)	Dividend Payment date	: The dividend of 8.00% i.e. ₹ 0.80 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: September 05, 2020 to September 11, 2020 (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	: KFin Technologies Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032 Telangana, India P: +91 040 6716 1562 www.kfintech.com Note: Name of the RTA has changed from Karvy Fintech Private Limited to KFin Technologies Private Limited effective from December 5, 2019 and it was duly intimated to the stock exchanges.
h)	Share Transfer System	: The investor's services like share transfer, demat or remat of shares and other services are handled by the RTA of the Company. As on March 31, 2020, 99.95% of the equity share capital of the Company, are in dematerialised form and its transfer are done directly through the depositories. As required under Regulation 40(1) of SEBI Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository except in case of transmission or transposition of securities.

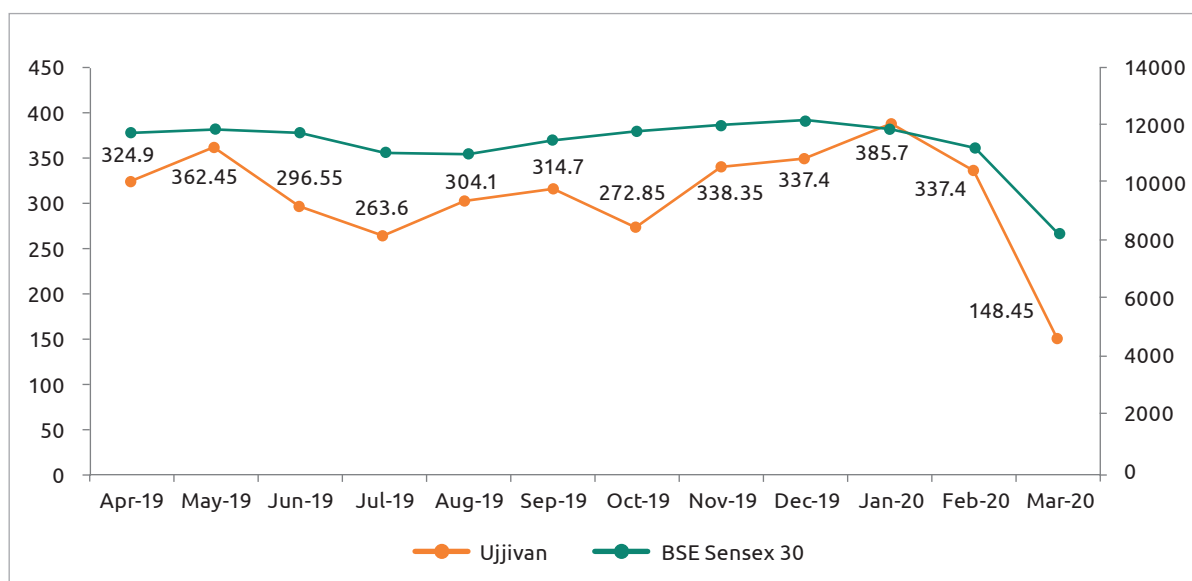
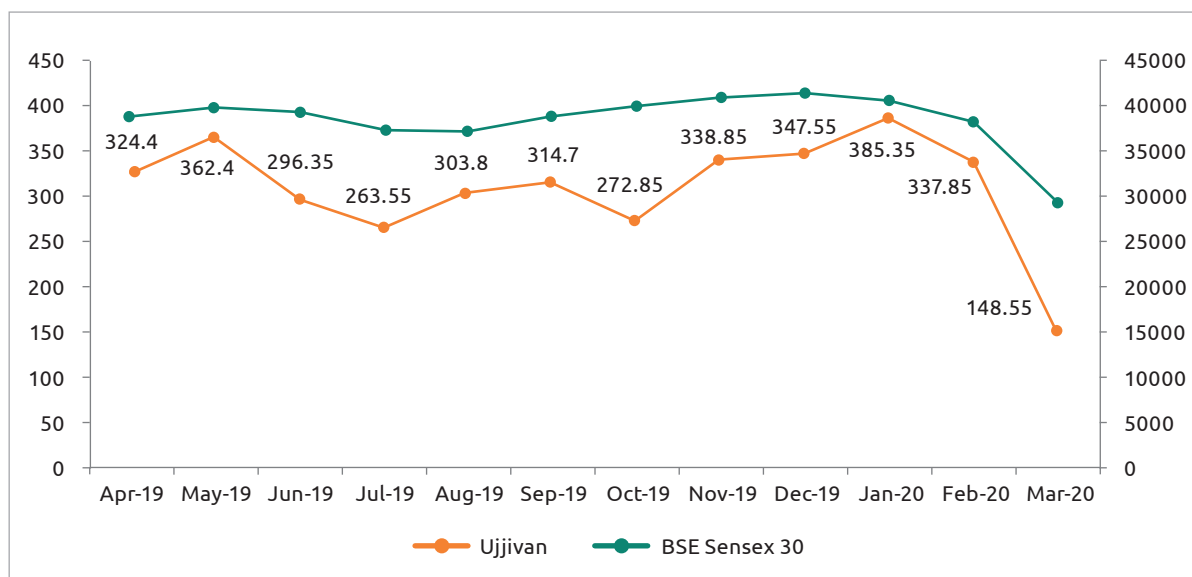
Sr.	Particulars	Details																														
i)	Dematerialisation of shares and liquidity	<p>The Company's Equity Shares are in compulsory demat segment and are available for trading under dematerialised form with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).</p> <table border="1"> <thead> <tr> <th colspan="5">Control Report as on 31/03/20120</th> </tr> <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>22</td> <td>62,219</td> <td>0.05</td> </tr> <tr> <td>2</td> <td>NSDL</td> <td>48,219</td> <td>8,83,77,050</td> <td>72.68</td> </tr> <tr> <td>3</td> <td>CDSL</td> <td>39,356</td> <td>3,31,63,957</td> <td>27.27</td> </tr> <tr> <td colspan="2">Total</td> <td>87,597</td> <td>12,16,03,226</td> <td>100.00</td> </tr> </tbody> </table> <p>As on March 31, 2020, 12,15,41,007 equity shares of the Company, forming 99.95% of the equity share capital of the Company, were in dematerialised form and 62,219 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>	Control Report as on 31/03/20120					Sr.	Description	No. of Holders	Shares	% to Equity	1	Physical	22	62,219	0.05	2	NSDL	48,219	8,83,77,050	72.68	3	CDSL	39,356	3,31,63,957	27.27	Total		87,597	12,16,03,226	100.00
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Total		87,597	12,16,03,226	100.00																												
j)	Outstanding GDRs/ ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity.	: The Company does not have any outstanding GDRs/ ADRs/ Warrants or any convertible instruments other than outstanding ESOPs granted to employees.																														
k)	Plant Locations	: As the Company is engaged in the business of NBFC, there is no plant location.																														
l)	Address of the Compliance Officer	: Sanjeev Barnwal, Company Secretary and Compliance Officer; Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block, Koramangala, Bengaluru – 560 095, Karnataka, India Tel: +91 80 4071 2121; Fax: +91 80 4146 8700 E-mail: compliance@ujjivanfin.com																														

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

Month	BSE			NSE		
	High Price	Low Price	Volume (No. of Shares Traded)	High Price	Low Price	Volume (No. of Shares Traded)
Apr-19	355.70	314.55	22,79,249	355.90	314.45	3,14,71,663
May-19	364.40	301.00	32,44,779	364.50	301.70	4,30,07,101
Jun-19	371.50	277.45	33,98,429	371.60	277.40	5,36,48,885
Jul-19	302.95	251.95	26,90,034	302.95	252.15	3,69,08,788
Aug-19	305.80	255.15	54,34,045	306.00	255.10	6,46,77,338
Sep-19	325.40	280.75	36,29,062	325.40	280.85	5,31,86,588
Oct-19	327.90	266.45	37,14,441	328.00	266.00	4,97,87,535
Nov-19	346.50	263.80	27,66,252	346.75	263.70	5,34,26,499
Dec-19	359.00	320.65	35,58,457	358.85	320.45	7,37,23,015
Jan-20	387.25	324.60	17,26,706	387.50	325.00	3,42,78,696
Feb-20	415.40	334.95	31,43,125	415.55	334.85	3,94,44,762
Mar-20	350.20	124.55	31,35,887	350.70	124.65	4,49,82,802

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, 2020
DISTRIBUTION SCHEDULE AS ON 31/03/2020

Sr	Category (Amount)	No. of holders	% of holders	No. of Shares	Amount (in ₹)	% to Equity
1	1-5000	72,150	84.44	58,11,057	5,81,10,570	4.78%
2	5001- 10000	4,741	5.55	36,79,380	3,67,93,800	3.03%
3	10001- 20000	3,942	4.61	58,67,513	5,86,75,130	4.83%
4	20001- 30000	1,823	2.13	44,51,391	4,45,13,910	3.66%
5	30001- 40000	767	0.90	26,89,590	2,68,95,900	2.21%
6	40001- 50000	494	0.58	22,19,404	2,21,94,040	1.83%
7	50001- 100000	836	0.98	58,60,128	5,86,01,280	4.82%
8	100001& Above	693	0.81	9,10,24,763	91,02,47,630	74.85%
Total		85,446	100.00	12,16,03,226	1,21,60,32,260	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, 2020, 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	1,63,620
3.	FY 2017-18	Final	1,71,882
4.	FY 2018-19	Interim	2,59,474
5.	FY 2018-19	Final	81,270

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, 2020 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, 2020 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 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 has been uploaded on our website at the link http://ujjivan.com/html/ujjivan_policies.php

iv. A total fee of ₹ 13.56 Lakhs (net of GST input credit) including reimbursement of expenses and levies at actuals has been paid by the Company to the existing Statutory Auditor of the Company, MSKA & Associates towards all the services provided by MSKA & Associates to the Company for the FY 2019-20. A sum of ₹ 4.09 Lakhs was paid by the Company during the year to our erstwhile Statutory Auditor 'Price Waterhouse Chartered Accountants LLP' towards the limited review and other certifications done prior to their resignation which was effective from the conclusion of the last AGM held on August 02, 2019.

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

- Separate posts of chairperson and chief executive officer
- 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, 2020, 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, 2020.

Date: May 27, 2020
Place: Bengaluru

Ittira Davis
Managing Director and Chief Executive Officer
DIN: 06442816

CEO / CFO Certification

To,
The Board of Directors
Ujjivan Financial Services Limited

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

We hereby certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year 2019-20 and that to the best of our knowledge and belief:
 - (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
 - (1) 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 Company's internal control system over financial reporting.

Ittira Davis
Managing Director & CEO
DIN: 06442816

Barun Agarwal
Chief Financial Officer

Date: May 27, 2020
Place: Bengaluru

Independent Practicing Company Secretary Certificate on Corporate Governance

Corporate Governance Compliance Certificate

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

To,

The Members

UJJIVAN FINANCIAL SERVICES LIMITED

CIN: L65999KA2004PLC035329

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

18th Main, 6th Block, Koramangala,

Bengaluru KA – 560 095

I have examined all the relevant records of “UJJIVAN FINANCIAL SERVICES LIMITED” (“the Company”) for the purpose of certifying compliance of the conditions of the Corporate Governance as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and others applicable regulations of Chapter IV pertaining to Corporate Governance and paragraphs C, D and E and Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) for the Financial Year ended March 31, 2020. I have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification.

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

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

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

Date: May 27, 2020

Place: Bengaluru

K. Jayachandran

Company Secretary

ACS No.: 11309/CP. No.: 4031

UDIN: A011309B000288291

Independent Auditor's Report

To the Members of Ujjivan Financial Services Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of Ujjivan Financial Services Limited ("the Company"), which comprise the balance sheet as at March 31, 2020, and the statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 28 to the standalone financial statements, which describes the extent to which the SARS-Cov-2 virus responsible for the COVID-19 Pandemic will impact the subsidiary's financial statements. Consequentially, the impact on the carrying value of Investment of subsidiary in the books of the Company will depend on the future developments which the Company is unable to assess currently.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Other Matter

The standalone Ind AS financial statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated May 30, 2019 expressed an unmodified opinion on those statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in **"Annexure B"**.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company 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

Deepak Rao
Partner

Bengaluru
May 27, 2020

Membership No. 113292
UDIN: 20113292AAAAJR4366

Annexure A to the Independent Auditor's Report

of even date on the Standalone Financial Statements of Ujjivan Financial Services Limited for the year ended March 31, 2020

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

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
- (b) Fixed assets (Property, Plant and Equipment) have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3(iii)(a) to (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3(vi) of the Order are not applicable to the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax and any other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, value added tax, goods and service tax and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us and the records of the Company examined by us, there are no dues of income tax, goods and service tax and any other statutory dues which have not been deposited on account of any dispute.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3(ix) of the Order are not applicable to the Company.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3(xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as an NBFC-ND-SI-CIC.

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

Deepak Rao
Partner
Membership No. 113292
UDIN: 20113292AAAAJR4366

Bengaluru
May 27, 2020

Annexure B to the Independent Auditor's Report

of even date on the Standalone Financial Statements of Ujjivan Financial Services Limited

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to standalone financial statements of Ujjivan Financial Services Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

the accounting records, and the timely preparation of reliable financial information, as required under the Act.

AUDITOR'S RESPONSIBILITY

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

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design

and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

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

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

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

OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For MSKA & Associates

Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao

Partner

Membership No. 113292

UDIN: 20113292AAAAJR4366

Bengaluru
May 27, 2020

Standalone Balance Sheet

as at March 31, 2020

(₹ in Lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
ASSETS			
Financial assets			
i. Cash and cash equivalents	3	96.48	121.05
ii. Bank balances other than (i) above	3.1	12,890.90	12,104.37
iii. Investments	4	1,67,630.98	1,66,618.46
NON - FINANCIAL ASSETS			
i. Current tax assets (Net)	5	72.51	46.16
ii. Deferred tax assets (Net)	20.1	3.32	2.97
iii. Property, plant and equipment	6	3.41	4.96
iv. Other non-financial assets	7	36.92	23.75
Total Assets		1,80,734.52	1,78,921.72
LIABILITIES AND EQUITY			
Financial liabilities			
i. Payables			
Trade Payables			
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	8	12.07	17.45
Non-Financial liabilities			
i. Current tax liabilities (Net)	9	15.31	15.31
ii. Provisions	10	12.52	9.62
iii. Other non-financial liabilities	11	104.60	102.54
Total Liabilities		144.50	144.92
Equity			
Equity share capital	12	12,160.32	12,116.67
Other equity	12A	1,68,429.70	1,66,660.13
Total equity		1,80,590.02	1,78,776.80
Total Liabilities and Equity		1,80,734.52	1,78,921.72

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

As per our report of even date

For MSKA & Associates

Chartered Accountants
Firm Registration No: 105047W

Deepak Rao

Partner
Membership No. 113292

Place: Bengaluru
Date: May 27, 2020

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

K.R. Ramamoorthy

Chairman
DIN: 00058467

Barun Kumar Agarwal
Chief Financial Officer

Ittira Davis

Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Statement of Standalone Profit and Loss account

for the year ended March 31, 2020

(₹ in Lakhs)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
A. INCOME			
(a) Revenue from operations	13	1,100.00	2,200.00
(b) Other income	14	1,024.47	862.37
Total Income (A)		2,124.47	3,062.37
B. EXPENDITURE			
(a) Employee benefits expenses	15	315.73	162.94
(b) Depreciation and amortisation expenses	16	2.25	1.99
(c) Other expenses	17	788.06	508.10
Total Expenditure (B)		1,106.04	673.03
Profit before tax (A-B)		1,018.43	2,389.34
Tax expenses	20		
(a) Current tax		136.41	230.64
(b) Deferred tax		(0.05)	0.40
Profit for the year		882.07	2,158.30
Other Comprehensive Income / loss			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities / (asset)		(1.20)	(0.74)
(b) Income tax relating to item that will not be reclassified		0.30	0.26
Total Other Comprehensive Loss		(0.90)	(0.48)
Total Comprehensive Income for the year (Comprising Profit and other Comprehensive Income for the year)		881.17	2,157.82
Earnings per Equity Share: Face value ₹ 10 each	18		
Basic		0.73	1.78
Diluted		0.73	1.78

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

As per our report of even date

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

Deepak Rao
Partner
Membership No. 113292

Place: Bengaluru
Date: May 27, 2020

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

K.R. Ramamoorthy
Chairman
DIN: 00058467

Barun Kumar Agarwal
Chief Financial Officer

Ittira Davis
Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Standalone Statement of Changes in Equity

for the year ended March 31, 2020

EQUITY SHARE CAPITAL

(₹ in Lakhs)

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

OTHER EQUITY

(₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Share Options Outstanding Account	Total
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve			
Balance at April 1, 2018	23.70	11,454.32	1,09,668.65	41,399.46	-	1,938.82	1,64,484.95	
Add : Profit 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: Employee stock option plan expense for the year (Note 24)						(41.99)	(41.99)	
Less: Grants exercised during the year						(150.23)	(150.23)	
Add: Deemed Investment in Subsidiary (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	1,10,120.98	41,371.72	-	3,256.81	1,66,660.13	
Balance at April 1, 2019	24.30	11,886.32	1,10,120.98	41,371.72	-	3,256.81	1,66,660.13	
Add : Profit for the year				882.07			882.07	
Add : Other comprehensive income for the year				(0.90)			(0.90)	
Total comprehensive income for the year				881.17			881.17	
Appropriation to statutory reserve		176.00		(176.00)			-	
Add: Employee stock option plan expense for the year (Note 24)						13.61	13.61	
Less: Grants exercised during the year						(98.49)	(98.49)	
Add: Deemed Investment in Subsidiary (Note 4)						1,012.52	1,012.52	
Less: Towards vested options lapsed during the year						302.67	(302.67)	
Add : Share application money received	458.58						458.58	
Less : Shares allotted during the year	(43.66)						(43.66)	
Less: Premium on shares allotted during the year	(431.07)						(431.07)	

Standalone Statement of Changes in Equity

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Share Application Money Pending Allotment	Reserves and Surplus					Total
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account	
Add : Premium on shares issued during the year on stock options			529.57				529.57
Less: Dividend distributed during the year				(546.22)			(546.22)
Less: Dividend distribution tax				(6.44)			(6.44)
Balance at March 31, 2020	8.15	12,062.32	1,10,650.55	41,524.23	302.67	3,881.78	1,68,429.70

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

As per our report of even date

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

Deepak Rao
Partner
Membership No. 113292

Place: Bengaluru
Date: May 27, 2020

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

K.R. Ramamoorthy
Chairman
DIN: 00058467

Barun Kumar Agarwal
Chief Financial Officer

Ittira Davis
Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Standalone Cash Flow Statement

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,018.43	2,389.34
Adjustments for:			
Depreciation and amortisation expenses	16	2.25	1.99
Profit on sale of mutual funds	14	(0.07)	(68.90)
Share based payments	15	13.61	(41.99)
Investment written off		-	0.10
Interest on fixed deposits	14	(1,024.40)	(793.46)
Operating cash flows before Working capital changes		9.82	1,487.08
Changes in working capital:			
Financial Assets/ Liabilities			
(Increase) / Decrease in other financial assets		-	17.26
Increase / (Decrease) in trade payable	8	(5.38)	8.17
Non-Financial Assets/ Liabilities			
(Increase) / Decrease in other assets	7	(13.17)	(9.68)
Increase / (Decrease) in provisions	10	1.70	(1.08)
Increase / (Decrease) in other non-financial liabilities	11	2.06	(3.61)
Cash flow used in operations		(4.97)	1,498.14
Net Tax (paid) / refunds received		(162.76)	(202.67)
Net Cash generated from / (used in) Operating activities (A)		(167.73)	1,295.47
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of mutual fund units		-	(3,330.00)
Sale proceeds of mutual fund units	14	0.07	3,398.90
Maturity proceeds from fixed deposit		12,420.00	24,656.78
Placement of fixed deposits		(12,955.00)	(36,676.81)
Purchase of fixed assets	6	(0.71)	(3.87)
Interest on fixed deposits received		772.88	709.09
Net Cash (used in)/generated from Investing activities (B)		237.24	(11,245.91)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share application money (net)		458.58	333.20
Dividend Paid		(546.22)	(1,634.78)
Dividend tax paid		(6.44)	(118.78)
Net Cash (used in)/ generated from Financing activities (C)		(94.08)	(1,420.36)
Net increase / (decrease) in cash and cash equivalents (A) + (B) + (C)		(24.57)	(11,370.80)
Cash and cash equivalents at the beginning of the year	3	121.05	11,491.85
Cash and cash equivalents at the end of the year		96.48	121.05

Standalone Cash Flow Statement

for the year ended March 31, 2020

(₹ in Lakhs)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Current accounts	3	96.48	71.02
In deposits account (less than 3 months original maturity)		-	50.03
Balance as per statement of cash flows		96.48	121.05

Notes:

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

As per our report of even date

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

Deepak Rao
Partner
Membership No. 113292

Place: Bengaluru
Date: May 27, 2020

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

K.R. Ramamoorthy
Chairman
DIN: 00058467

Barun Kumar Agarwal
Chief Financial Officer

Ittira Davis
Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

COMPANY BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

NOTE 1: COMPANY BACKGROUND

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation 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], amended thereto and other relevant provisions of the Companies Act, 2013 ('the Act').

(i) Historical cost convention

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

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

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

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

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

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

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

(b) Foreign currency translation and transactions

(i) Functional and presentation currency

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(c) Income taxes

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

Current Tax

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

Deferred Tax

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

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

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

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

Current and deferred tax

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

Dividend distribution tax

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

(d) Leases

Transition to Ind AS 116

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

Company as a lessee

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(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.

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

(g) Financial Instruments

(i) Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt

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

(ii) Measurement

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

Debt instruments

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

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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

from these financial assets is included in other gain or loss using the effective interest rate method.

- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented in the statement of profit and loss under other gain or loss in the period in which it arises. Interest or dividend income, if any from these financial assets is separately included in other gain or loss.

Equity investments (other than Investments in subsidiary)

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

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

Equity Investments (in subsidiary)

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

(iii) Impairment of financial assets

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

(iv) De-recognition of financial assets

A financial asset is de-recognised only when

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

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

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

Purchase and sale of investment are accounted at trade date.

(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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(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 cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will

flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Computer systems	3 Years
Servers	6 Years

The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

(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.

At the end of each reporting period, provisions are measured at the present value of management's

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Such contribution to the provident fund for all employees, are charged to the profit and loss.

(v) Bonus plans

The Company recognises a liability and an expense for bonuses. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Share Based Payments transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 24)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity -settled employee benefits reserve.

(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
- 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 2.1: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

Estimation of fair value of Employee's Share Based Payments (Refer Note 24)

Estimation of fair value of Defined Benefit Obligations (Refer Note 22)

Provision for taxes (Refer Note 20)

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 3 - CASH AND CASH EQUIVALENTS		
Cash on hand	-	-
Balances with banks:		
In current accounts (Refer Note 1 below)	96.48	71.02
In deposits account (less than 3 months original maturity) (Refer Note 2 below)	-	50.03
Total	96.48	121.05

Note:

- Balances with Banks includes unclaimed dividend which are restricted balances as at March 31, 2020 ₹ 7.17 Lakhs (March 31, 2019: ₹ 3.85 Lakhs)
- Fixed deposit placed with subsidiary as at March 31, 2020 ₹ Nil (As at March 31, 2019: ₹ 50.03 Lakhs).

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 3.1 - OTHER BANK BALANCES		
Other bank balances :		
Bank Deposit with more than 3 months less but than 12 months maturity (Refer Note 1 below)	12,890.90	12,104.37
Total	12,890.90	12,104.37

Note:

- Fixed deposit placed with subsidiary as at March 31, 2020 ₹ 12,890.90 (As at March 31, 2019: ₹ 12,104.37 Lakhs).

(₹ in Lakhs)

Particulars	As at March 31, 2020						
	Amortised Cost	Fair Value				Others*	Total
		Through Other Comprehensive Income	Through Profit and Loss Account	Designated at Fair Value Through Profit and Loss Account	Subtotal		
NOTE 4 - INVESTMENTS							
A) In India							
Equity instruments							
Subsidiary							
- Ujjivan Small Finance Bank Limited	-	-	-	-	-	1,67,630.98	1,67,630.98
Total (Gross) A	-	-	-	-	-	1,67,630.98	1,67,630.98
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	-	-	-	-	-	1,67,630.98	1,67,630.98
Total (B)	-	-	-	-	-	1,67,630.98	1,67,630.98
Less: Impairment loss allowance	-	-	-	-	-	-	-
Total (Net)	-	-	-	-	-	1,67,630.98	1,67,630.98

* Measured at deemed cost

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2019							
	Amortised Cost	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								
Subsidiary								
- Ujjivan Small Finance Bank Limited	-	-	-	-	-	1,66,618.46	1,66,618.46	
Total (Gross) A	-	-	-	-	-	1,66,618.46	1,66,618.46	
(i) Investments outside India	-	-	-	-	-	-	-	
(ii) Investments in India	-	-	-	-	-	1,66,618.46	1,66,618.46	
Total (B)	-	-	-	-	-	1,66,618.46	1,66,618.46	
Less: Impairment loss allowance	-	-	-	-	-	-	-	
Total (Net)	-	-	-	-	-	1,66,618.46	1,66,618.46	

* Measured at deemed cost

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
NOTE 4.1 - INVESTMENTS IN SUBSIDIARY INCLUDES:		
Equity Instruments		
Ujjivan Small Finance Bank Limited		
1,440,036,800 Equity Shares of ₹ 10 each fully paid up (March 31, 2019: 1,440,036,800 Equity Shares of ₹ 10 each fully paid up)	1,44,003.68	1,44,003.68
Preference Shares		
Ujjivan Small Finance Bank Limited		
200,000,000 Non-convertible Preference Shares of ₹ 10 each fully paid up (March 31, 2019 200,000,000 Non-convertible Perpetual Preference Shares of ₹ 10 each fully paid up)	20,000.00	20,000.00
Other		
Ujjivan Small Finance Bank Limited (Deemed investment on account of ESOP issued to employees of subsidiary)	3,627.30	2,614.78
Total	1,67,630.98	1,66,618.46

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 5 - CURRENT TAX ASSETS (NET)		
Current Tax Assets	72.51	46.16
(Net of provision: March 31, 2020: ₹ 24,513.12 Lakhs, March 31, 2019: ₹ 24,380.15 Lakhs)		
Total	72.51	46.16

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 6 - PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS		
Carrying amounts of:		
Computers	0.77	1.67
Server	2.64	3.29
Total	3.41	4.96

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Particulars	(₹ in Lakhs)		
	Computers	Server	Total
PROPERTY, PLANT AND EQUIPMENT			
Gross carrying amount as at April 1, 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
Gross carrying amount as at April 1, 2019	4.23	3.87	8.10
Additions	0.71	-	0.71
Disposals	-	-	-
Closing carrying amount as at March 31, 2020	4.94	3.87	8.81
Accumulated Depreciation			
Opening accumulated depreciation	2.56	0.58	3.14
Depreciation charge for the year	1.61	0.65	2.26
Closing accumulated depreciation as at March 31, 2020	4.17	1.23	5.40
Net carrying amount as at March 31, 2020	0.77	2.64	3.41

	(₹ in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
NOTE 7 - OTHER NON FINANCIAL ASSETS		
Prepaid expenses	2.33	2.18
Balance with government authorities	34.11	21.31
Others	0.48	0.26
Total	36.92	23.75

	(₹ in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
NOTE 8 - TRADE PAYABLES		
Trade Payables		
- Outstanding dues of micro enterprises and small enterprises	-	-
- Outstanding dues of creditors other than micro enterprises and small enterprises	12.07	17.45
Total	12.07	17.45

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, 2020 and March 31, 2019.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 9 - CURRENT TAX LIABILITIES (NET)		
Current Tax Liabilities	15.31	15.31
(Net of advance tax, as at March 31, 2020 - ₹ 4,406.07 Lakhs and March 31, 2019 - ₹ 4,406.07)		
Total	15.31	15.31

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 10 - PROVISIONS		
Leave encashment	7.74	5.70
Gratuity (Refer Note 22)	4.78	3.92
Total	12.52	9.62

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 11 - OTHER NON FINANCIAL LIABILITIES		
Employee benefits payable	86.86	75.72
Statutory due payable	8.29	8.00
Unclaimed Dividend	7.17	3.85
Others	2.28	14.97
Total	104.60	102.54

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 12 - EQUITY SHARE CAPITAL		
Equity share capital		
Authorised Share capital :		
125,000,000 (March 31, 2019: 125,000,000) Equity Shares of ₹ 10 each	12,500.00	12,500.00
Issued and subscribed capital comprises:		
121,603,226 (March 31, 2019: 121,166,697) Equity Shares of ₹ 10 each	12,160.32	12,116.67
Total	12,160.32	12,116.67

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year:

Equity Share Capital

(₹ in Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of shares (In Lakhs)	Amount (₹ in Lakhs)	Number of shares (In Lakhs)	Amount (₹ in Lakhs)
Balance as at the beginning of the year	1,211.67	12,116.67	1,208.62	12,086.18
Add: Shares issued during the year - Stock options	4.36	43.65	3.05	30.49
Balance outstanding as at the end of the year	1,216.03	12,160.32	1,211.67	12,116.67

(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, 2020		As at March 31, 2019	
	Number of shares (In Lakhs)	% holding in class of shares	Number of shares (In Lakhs)	% holding in class of shares
Ardisia Limited	120.66	9.92%	120.66	9.96%
Alena Private Limited	101.83	8.37%	107.91	8.91%
NewQuest Asia Investments II Limited	62.87	5.17%	70.28	5.80%

(iv) Information relating to Employee stock option plan (ESOP) including details of options issued, exercised and lapsed during the year and options outstanding at the end of the reporting year is set out in note. 24.

Notes to the Standalone Financial Statements

For the year ended March 31, 2020

Particulars	Share Application Money Pending Allotment	Reserves and Surplus				Share Options Outstanding Account	Total
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve		
NOTE 12A - OTHER EQUITY							
Balance at April 1, 2018	23.70	11,454.32	1,09,668.65	41,399.46	-	1,938.82	1,64,484.95
Add: Profit 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: Employee stock option plan expense for the year (Note 24)	-	-	-	-	-	(41.99)	(41.99)
Less: Grants exercised during the year	-	-	-	-	-	(150.23)	(150.23)
Add: Deemed investment in Subsidiary (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)
As at March 31, 2019	24.30	11,886.32	1,10,120.98	41,371.72	-	3,256.81	1,66,660.13
Balance at April 1, 2019	24.30	11,886.32	1,10,120.98	41,371.72	-	3,256.81	1,66,660.13
Add: Profit for the year	-	-	-	882.07	-	-	882.07
Add: Other comprehensive income for the year	-	-	-	(0.90)	-	-	(0.90)
Total comprehensive income for the year	-	-	-	881.17	-	-	881.17
Appropriation to statutory reserve*	-	176.00	-	(176.00)	-	-	-
Add: Employee stock option plan expense for the year (Note 24)	-	-	-	-	-	13.61	13.61
Less: Grants exercised during the year	-	-	-	-	-	(98.49)	(98.49)
Add: Deemed investment in Subsidiary (Note 4)	-	-	-	-	-	1,012.52	1,012.52
Less: Towards vested options lapsed during the year	-	-	-	-	302.67	(302.67)	-
Add: Share application money received	458.58	-	-	-	-	-	458.58
Less: Shares allotted during the year	(43.66)	-	-	-	-	-	(43.66)
Less: Premium on shares allotted during the year	(431.07)	-	-	-	-	-	(431.07)
Add: Premium on shares issued during the year on stock options	-	-	529.57	-	-	-	529.57
Less: Dividend distributed during the year	-	-	-	(546.22)	-	-	(546.22)
Less: Dividend distribution tax	-	-	(6.44)	-	-	-	(6.44)
Balance at March 31, 2020	8.15	12,062.32	1,10,650.55	41,524.23	302.67	3,881.78	1,68,429.70

*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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 13 - REVENUE FROM OPERATIONS		
Preference Dividend Income received from subsidiary	1,100.00	2,200.00
Total	1,100.00	2,200.00

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 14 - OTHER INCOME		
Interest on fixed deposits *	1,024.40	793.46
Profit on sale of assets held at fair value through Profit and Loss	0.07	68.90
Miscellaneous income	-	0.01
Total	1,024.47	862.37

*Includes interest received from subsidiary ₹ 1,024.40 Lakhs (PY: ₹ 480.33 Lakhs)

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 15 - EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	244.36	192.73
Contributions to provident and other funds	13.51	7.60
Gratuity Cost (Refer Note 22)	3.66	3.20
Employee stock option expense (Refer Note 24.6)	40.90	(41.99)
Employee stock purchase Scheme	12.17	-
Staff welfare expenses	1.13	1.40
Total	315.73	162.94

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 16 - DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on Computers (Refer Note 6)	1.61	1.41
Depreciation on Server (Refer Note 6)	0.64	0.58
Total	2.25	1.99

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 17 - OTHER EXPENSES		
Rent *	8.23	7.51
Repairs and maintenance	4.35	1.40
Insurance	3.04	3.03
Rates & taxes	8.27	8.87
Audit fees (Refer Note 17(a) below)	17.65	20.34
Professional charges	43.52	42.97
Sitting fee	42.89	32.26
Postage & courier	3.32	4.12
Printing & stationery	15.39	14.58
Communication cost	0.10	1.52
Travelling & conveyance expenses	8.81	11.60

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Expenditure on Corporate social responsibility (Refer Note no. 17 (b))	628.39	351.06
Advertisement and Publicity	1.62	6.11
Bank Charges	0.05	0.11
Miscellaneous expenses	2.43	2.62
Total	788.06	508.10

*Represents rental charges paid to subsidiary

Note. 17(a) Details of payments to auditor

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Payments to the auditors comprises		
Audit services	13.58	16.75
Tax audit	1.00	1.00
Other services	1.50	2.04
Reimbursement of expenses and levies	1.57	0.55
Total	17.65	20.34

Note 17 (b) - Corporate Social Responsibility Expenditure

i) Gross amount required to be spent by the Company during the financial year ended March 31, 2020 is ₹ 217.16 Lakhs (March 31, 2019: ₹ 397.22 Lakhs).

ii) Amount spent during the year 2019-20 on :

(₹ in Lakhs)

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	628.39	-	628.39

Note: Amount spent during the year ended March 31, 2020 are in excess of the gross amount required to be spent by the Company as per the provisions of section 135 of the Companies Act, 2013. The excess amount spent pertains to unspent balances carried forward from earlier years.

Amount spent during the year 2018-19 on:

(₹ in Lakhs)

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	351.06	-	351.06

NOTE 18 - EARNING PER SHARE

Basic Earnings/ (Loss) Per Equity Share

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Nominal value of equity share (₹)	10.00	10.00
Profit after tax - (A)	882.07	2,158.30
Weighted average number of shares outstanding (B)	1,214.39	1,210.30
Basic earnings per share (₹) - (A/B)	0.73	1.78

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Diluted Earnings/ (Loss) Per Equity Share

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Nominal value of equity share (₹)	10.00	10.00
Profit after tax - (A)	882.07	2,158.30
Weighted average number of shares outstanding (B)	1,216.14	1,215.21
Diluted earnings per share (₹) - (A/B)	0.73	1.78

Weighted Average Number of Shares used as denominator

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Weighted Average number of equity shares used as the denominator in calculating basic earnings per share	1,214.39	1,210.00
Adjustments for calculation of diluted earnings per share:		
Options	1.75	5.00
Weighted Average number of equity shares used as the denominator in calculating diluted earnings per share	1,216.14	1,215.00

NOTE 19 - LEASING ARRANGEMENTS

Payments recognised as expense

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rent	8.23	7.51

Effective April 01, 2019, the Company has assessed the applicability of the Ind-AS 116 "Leases" to its leasing arrangements, and concluded that the leasing arrangements are eligible for recognition exemptions granted therein which company taken. Hence, there is no impact on account of Ind AS 116 on the financial statements for the year ended March 31, 2020.

NOTE 20 - CURRENT TAX AND DEFERRED TAX

Income Tax recognised in Statement of profit and loss

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax:		
In respect of current year	132.96	181.69
In respect of prior years	3.45	48.95
Deferred Tax:		
In respect of current year	(0.05)	0.40
Total income tax expense recognised in the Statement of profit and loss	136.36	231.04

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Note 20.1 - Movement in deferred tax balances

(₹ in Lakhs)

Particulars	Year ended March 31, 2020			
	Opening Balance	Recognised in statement of profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Depreciation	(0.39)	0.56	-	0.17
	(0.39)	0.56	-	0.17
Tax effect of items constituting deferred tax assets				
Employee Benefits	3.36	(0.51)	0.30	3.15
	3.36	(0.51)	0.30	3.15
Net deferred tax Asset / (Liabilities)	2.97	0.05	0.30	3.32

(₹ in Lakhs)

Particulars	Year ended March 31, 2019			
	Opening Balance	Recognised in statement of profit and loss	Recognised in Other Comprehensive Income	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Depreciation	(0.18)	(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

Note 20.2 - The reconciliation between the income tax expense and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	1,018.43	2,389.34
Enacted income tax rate in India	25.17%	34.94%
Computed expected tax expense	256.32	834.93
Exempt Income	(276.85)	(768.77)
Disallowance of Corporate Social Responsibility expenditure	158.15	122.67
Disallowance u/s 14A	2.77	3.84
Effect on account of deductions under chapter VI-A	(8.06)	(11.40)
Effect on account of prior period tax expense	3.45	48.95
Recognised in other comprehensive income	0.30	0.26
Others	0.28	0.56
Income tax expense recognised in Statement of profit and loss	136.36	231.04

NOTE 21 - SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director and CEO of the Company. The Company operates only in one Business Segment i.e. being a Core Investment Company as proscribed by RBI

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

and holding company of Ujjivan Small Finance Bank Limited, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments". The Company while presenting the consolidated financial statements has disclosed the segment information to the extent applicable as required under Indian Accounting Standard 108 "Operating Segments".

NOTE 22 - EMPLOYEES BENEFIT PLANS

Post-Employment Benefit Plans

Defined contribution plans

The Company makes the provident fund contributions for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any contractual obligations.

Gratuity

The Gratuity scheme is a final salary defined benefit plan, that provides for a lumpsum payment at the time of separation; based on scheme rules the benefits are calculated on the basis of last drawn salary and the period of service at the time of 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.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

(ii) Amount recognised in the Balance Sheet and the movements in the net benefit obligation over the year are as follows:

Components of Employer expense

		(₹ in Lakhs)	
		March 31, 2020	March 31, 2019
Service Cost			
1	Current service Cost	3.54	3.07
2	Plan Amendment	-	-
3	Past service cost	-	-
4	Curtailment Cost/(Credit)	-	-
5	Settlement Cost/(Credit)	-	-
6	Total Service Cost	3.54	3.07

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Net Interest Cost		
7 Interest Expense on Defined Benefit Obligation (DBO)	0.77	0.58
8 Interest (Income on Plan Asset)	(0.65)	(0.45)
9 Interest (income) on reimbursement rights	-	-
10 Interest expense on effect of (asset ceiling)	-	-
11 Total Net Interest	0.12	0.13
12 Immediate Recognition of (Gain)/Losses- Other Long Term Benefits	-	-
13 Cost of Termination Benefits/Acquisitions/Transfers	-	-
14 Administrative Expenses/Taxes/Insurance Cost/Exchange Rate cost	-	-
15 Amount not recognised as asset	-	-
Defined Benefits cost included in P&L	3.66	3.20

(iii) Remeasurement effects

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Remeasurement effects recognised in other comprehensive income (OCI)		
1 Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	-	0.74
2 Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	0.23	(0.01)
3 Actuarial (Gain)/ Losses due to Experience on DBO	1.72	0.64
4 Return on Plan Assets (Greater) / Less than Discount rate	(0.75)	(0.63)
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	1.20	0.74
8 Total cost recognised in P&L and OCI (Defined Benefit Cost)		
9 Cost Recognised in P&L	3.66	3.20
10 Remeasurement Effect Recognised in OCI	1.20	0.74
11 Total Defined Benefit Cost*	4.86	3.94

*Includes ₹ 1.26 Lakhs for the year ended March 31, 2020 towards employee transferred to Ujjivan Small Finance Bank Limited, subsidiary of the Company.

(iv) The net liability disclosed above related to funded plans are as follows:

(₹ in Lakhs)

	March 31, 2020	March 31, 2019
Net Asset/(Liability) Recognised in Balance Sheet		
1 Present value of Funded Obligation*	18.20	11.94
2 Fair Value of Plan Assets	13.42	8.02
3 Funded status [(Deficit)]	(4.78)	(3.92)
4 Unrecognised Past Service Costs	-	-
5 Amount not Recognised as an Asset	-	-
6 Net Liability	(4.78)	(3.92)
7 Recognised in balance sheet*	(4.78)	(3.92)

*Includes ₹ 1.26 Lakhs for the year ended March 31, 2020 towards employee transferred to Ujjivan Small Finance Bank Limited, subsidiary of the Company.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(v) The amount recognised in the balance sheet and the movement in the net defined benefit obligation

		(₹ in Lakhs)	
		March 31, 2020	March 31, 2019
Change in DBO over the period ending on			
1	Present value of DBO at beginning of the year	11.94	17.07
2	Interest Cost	0.77	0.59
3	Current Service Cost	3.54	3.06
4	Prior Service Costs	-	-
5	Settlements	-	-
6	Benefits Payouts from plan	-	(18.03)
7	Benefit payments from employer	-	-
8	Acquisitions/Divestures/Transfer	-	7.89
9	Actuarial (Gains)/Loss	1.95	1.36
10	Present Value Of DBO at the ending period*	18.20	11.94

*Includes ₹ 1.26 Lakhs for the year ended March 31, 2020 towards employee transferred to Ujjivan Small Finance Bank Limited, subsidiary of the Company.

(vi) Reconciliation of Opening & Closing of Plan Assets

		(₹ in Lakhs)	
		March 31, 2020	March 31, 2019
1	Fair Value of Plan Assets at end of prior year	8.02	13.27
2	Difference in opening Value	-	-
3	Employer Contribution	4.00	3.83
4	Expected Interest income of assets	0.65	0.45
4a	Employer direct benefit payments	-	-
4b	Plan Participant's contributions	-	-
5	Transfer In / Acquisitions	-	7.89
6	Fund transfer(policy No 524884 and 2646 has been transferred to 5539 policy) Equitable interest transfer out details	-	-
7	Benefits Payouts from employer	-	-
7a	Benefits Payouts from plan	-	(18.03)
8	Settlements By Fund Manager	-	-
9	Admin expenses /Taxes paid from plan assets	-	-
10	Effect of Change in Exchange rates	-	-
11	Insurance premiums for risk benefits	-	-
12	Actuarial gain/(Loss)	0.75	0.62
13	Fair Value of assets at the End	13.42	8.02
14	Actual Return on Plan Assets	1.40	1.07

(vii) Expected Contributions to the plan for the next annual reporting period

		(₹ in Lakhs)	
		March 31, 2020	March 31, 2019
Information on the maturity profile of the liabilities given below			
1	Weighted average duration of the DBO	6.11	5.98
2	Projected Benefit Obligation	18.20	11.94
3	Accumulated Benefits Obligation	15.45	10.74

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(viii) Five Year Payouts

(₹ in Lakhs)

	March 31, 2020	
	Discounted values / Present value	Undiscounted values/ Actual value
1 Five Year Payouts		
Year (I)	1.61	1.69
Year (II)	1.10	1.23
Year (III)	0.83	0.98
Year (IV)	0.62	0.78
Year (V)	0.46	0.62
Next 5 Year Payouts (6-10Yrs)	0.89	1.40
Payouts Above Ten Years	11.43	12.75
Vested benefit Obligation as on March 31, 2020		15.89

(ix) Major Categories of Plan Asset are as follows

As a percentage of the fair value
Assets Distribution

	As at March 31, 2020	As at March 31, 2019
1 Govt Securities (Central & State)	0.00%	0.00%
2 High quality Corporate Bonds	0.00%	0.00%
3 Equity shares of Listed Co's	0.00%	0.00%
4 Property	0.00%	0.00%
5 Special deposits	0.00%	0.00%
6 Others (other investments, bank balance etc.)	0.00%	0.00%
7 Assets under Insurance Schemes	100.00%	100.00%
Total	100.00%	100.00%

(x) Key Assumptions

One of the principal assumptions is the discount rate, which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Actuarial Assumptions:

Salary Escalation:

In projecting the salary increases there are three factors to consider - first is inflation level leading to a general change in salary level. The other two are career progression of the employees & productivity gains for the organisation. Where appropriate the salary increases, a periodic salary experience study with the client's data will be conducted as an input for the client, when setting the assumption.

Demographic Assumptions:

For Attrition / Withdrawal

Withdrawal rates, both at early durations of service and near retirement date, not only have a significant impact on estimates of 'liability' and 'contributions' (more than of mortality in service) but are most difficult to estimate. The past may not be a guide to the future. Even if the past experience can be statistically analyzed and produce some meaningful rates, the future experience of withdrawals will depend on general economic conditions as also the particular conditions affecting the given employer's business. Furthermore, withdrawal rates differ significantly from scheme to scheme and within a scheme from year to year. We examine these rates and any other information available and use best possible judgment to cater to the long term nature of the actuarial estimates being is carrying out.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

The financial and demographic assumptions employed for the calculations as at the end of previous year and current year are as follows:

Assumption	March 31, 2020	March 31, 2019
1 Discount rate	6.44%	7.27%
2 Salary Escalation	9.00%	9.00%
3 Attrition rate	28.57%	28.57%
4 Expected return on assets	6.44%	7.27%
5 Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	

Demographic Assumptions:	March 31, 2020	March 31, 2019
1 Disability:	5% of mortality rate rates	5% of mortality rate rates
2 Attrition rate:	28.57%	28.57%
3 Retirement age:	60	60

(xi) Sensitivity Analysis - March 31, 2020

(₹ in Lakhs)

	% increase / (decrease) in DBO	Liability	Increase In DBO
1 Discount rate +100 basis points	(1.56%)	16.68	(0.27)
2 Discount rate -100 basis points	1.70%	17.23	0.29
3 Salary growth +100 basis points	1.09%	17.13	0.18
4 Salary growth -100 basis points	1.07%	16.76	(0.18)
5 Attrition rate +100 basis points	(0.24%)	16.90	(0.04)
6 Attrition rate-100 basis points	0.24%	16.98	0.04
7 Mortality rate 10% up	0.01%	16.95	(0.00)

(xii) Sensitivity Analysis - March 31, 2019

(₹ in Lakhs)

	% increase / (decrease) in DBO	Liability	Increase In DBO
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)

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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE 23(a) - CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders. The capital structure of the Company consists of equity only. The Management of the Company reviews the capital structure of the Company on an 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.

Note 23(b) - Fair value measurements

Categories of financial instruments

	(₹ in Lakhs)	
	As at March 31, 2020	As at March 31, 2019
Financial asset		
Measured at amortised cost		
(a) Cash and bank balances	12,987.38	12,225.42
Financial liabilities		
Measured at amortised cost		
(a) Other financial liabilities (including trade payables)	12.07	17.45

The carrying amounts of trade payables, other receivables, cash and cash equivalent including other current bank balances and other liabilities are considered to be the same as their fair values, due to current and short term nature of such balances.

For financial assets and liabilities that are measured at amortised cost, the carrying amounts approximate their fair values. All the financial assets and liabilities are level 3 instruments.

Note 23 (c) - Financial risk management objectives

The Company's risk management is carried out by finance department under policies laid down by the Management. The Company's activities expose it to liquidity risk. Finance department monitors the risk exposures on a periodical basis and reports to the Board of Directors on the risks that it monitors and policies implemented to mitigate risk exposures.

1. Foreign currency risk

The company undertakes no transaction in foreign currency; consequently no exposure to exchange fluctuation.

2. Interest rate risk

The Company's interest bearing financial assets are term deposits which earn interest at fixed bank deposit rate. Accordingly, the Company's income and operating cash flows are substantially insensitive of changes in market interest rates. The Company has made substantial portion of term deposit maturing within twelve months to minimise the interest rate risk.

The Company has not availed any borrowings.

3. Credit risk

The Company maintains exposure in cash and cash equivalents, term deposits with banks and investments in marketable debt investments including mutual funds. The Company has a portfolio of investment with counterparty which have secure credit ratings hence the risk is reduced. Individual risk limits are set for each counterparty 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Liquidity analysis for non-derivative financial liabilities-

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

March 31, 2020

(₹ in Lakhs)

Financial Liabilities	Due within (years)		Total	Carrying amount
	Less than 1 year	More than 1 year		
Trade payables	12.07	-	12.07	12.07
Other financial liability (Non-interest bearing)	-	-	-	-
Total	12.07	-	12.07	12.07

March 31, 2019

(₹ in Lakhs)

Financial Liabilities	Due within (years)		Total	Carrying amount
	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

The Management considers that the carrying amount of financial assets and financial liabilities recognised in these financial statements approximate their fair values.

Mitigating Liquidity Risk

The Company maintains sufficient liquid assets to meet for working capital requirements or expansion requirements in the form of term deposits with bank and marketable mutual funds which can be liquidated on demand.

The Company's financial liabilities, consisting mainly of accrued expenses and other liabilities which are due within the next twelve months from the reporting date. The Company has sufficient funds to meet all maturing obligations.

5. Price Risk

Investments in Subsidiary are carried at cost, and carry no impact of price risk. There are no investments in mutual funds as at March 31, 2020 and March 31, 2019.

NOTE 24 - SHARE-BASED PAYMENTS

24.1 Employee share option plan ('ESOP') of the Company

24.1.1 Details of the employee share option plan of the Company

The Company has share option scheme for employees of the Company and its subsidiary i.e. Ujjivan Small Finance Bank Limited, 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, 2020, out of the 189,400 options granted, 144,940 options has been exercised and 44,500 options lapsed. 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, 2020, out of the 396,680 options granted, 242,550 options has been exercised and 154,130 options lapsed. All the 154,130 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.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

ESOP 2010

The ESOP 2010 was for a total of 3,385,810 Equity shares for all the eligible employees of the Company. As on March 31, 2020, out of the 3,385,810 options granted, 1,762,273 options has been exercised and 1,623,537 options lapsed. Out of the 1,623,537 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, 2020, 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 scheme pool was for a total of 5,561,188 options after considering options lapsed under earlier schemes. 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, additional 10,18,711 options lapsed under ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010 were added to the pool of ESOP 2015.

Out of pool total 55,15,880 options granted under ESOP 2015 scheme and as on March 31, 2020, out of 5,515,880 options granted, 753,314 options has been exercised, 1,356,718 options are lapsed and 2,140,503 vested options are left to be exercised. Further, 1,265,345 options are yet to be vested. Out of the 1,356,718 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 vesting period for the options granted under ESOP 2015 is for a period of three years as under:

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

The following share-based payment arrangements were in existence during the current and prior years:

Options Series	Number	Grant Date	Expiry date	Exercise price	Fair value at grant date
ESOP 2007	1,89,440	21-07-2007	09-05-2019	12.50	-
ESOP 2008	3,96,680	18-08-2008	09-05-2019	28.00	-
MD ESOP 2010	12,49,172	12-07-2010	09-05-2019	40.00	-
ESOP 2010	17,38,290	12-07-2010	09-05-2019	40.00	-
ESOP 2010 for FY 11-12	16,46,010	12-09-2012	9/5/2019 for first 3 vests	57.00	-
		12-09-2012	9/9/2019 for 4th vests	57.00	-
ESOP 2015	14,69,800	03-11-2015	03-11-2019	146.35	-
		03-11-2015	03-11-2020	146.35	84.00
		03-11-2015	03-11-2021	146.35	95.00
ESOP 2015 (Additional Grant Scheme 1)	16,96,850	14-09-2016	14-09-2020	417.15	109.00
		14-09-2016	14-09-2021	417.15	134.00
		14-09-2016	14-09-2022	417.15	161.00
ESOP 2015 (Additional Grant Scheme 2)	23,37,670	27-06-2018	27-06-2022	385.05	110.00
		27-06-2018	27-06-2023	385.05	132.00
		27-06-2018	27-06-2024	385.05	155.00
ESOP 2015 (Additional Grant Scheme 3)	11,560	23-01-2019	23-01-2022	290.60	83.00
		23-01-2019	23-01-2023	290.60	100.00
		23-01-2019	23-01-2024	290.60	117.00

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

24.2 Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is ₹ Nil (FY 2018-19: ₹ 132.18). 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 (Additional Grant Scheme 2)			ESOP 2015 (Additional Grant Scheme 3)		
	Vesting 1	Vesting 2	Vesting 3	Vesting 1	Vesting 2	Vesting 3
Grant date share price	385.05	385.05	385.05	290.6	290.6	290.6
Exercise price	385.05	385.05	385.05	290.6	290.6	290.6
Expected volatility	32.80%	31.30%	31.60%	32.80%	31.30%	31.60%
Option life	2.5	3.5	4.5	2.5	3.5	4.5
Dividend yield	-	-	-	-	-	-
Risk-free interest rate	7.6%	7.8%	7.9%	7.6%	7.8%	7.9%

24.3 Movements in share options

During the year 2019-20

Particulars (Nos.)	Options granted and outstanding as at beginning of period	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the period end
ESOP 2007	3,550	-	3,550	-	-
ESOP 2008	4,190	-	4,190	-	-
ESOP 2010	92,854	-	76,052	(16,802)	-
ESOP 2010 for FY 11-12	1,20,090	-	82,328	(37,762)	-
MD ESOP 2010	-	-	-	-	-
ESOP 2015	6,97,777	-	2,70,408	(98,840)	3,28,529
ESOP 2015 (Additional Grant Scheme 1)	13,04,680	-	-	(1,44,360)	11,60,320
ESOP 2015 (Additional Grant Scheme 2)	21,57,160	-	1	(2,51,720)	19,05,439
ESOP 2015 (Additional Grant Scheme 3)	11,560	-	-	-	11,560
Total	43,91,861	-	4,36,529	(5,49,484)	34,05,848
Weighted average exercise price	339.51	-	108.75	317.45	372.64

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

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	1,26,105	-	33,251	-	92,854
ESOP 2010 for FY 11-12	2,04,755	-	79,461	(5,204)	1,20,090
MD ESOP 2010	-	-	-	-	-
ESOP 2015	9,37,826	-	1,84,549	(55,500)	6,97,777
ESOP 2015 (Additional Grant Scheme 1)	14,75,640	-	560	(1,70,400)	13,04,680
ESOP 2015 (Additional Grant Scheme 2)	-	23,37,670	-	(1,80,510)	21,57,160
ESOP 2015 (Additional Grant Scheme 3)	-	11,560	-	-	11,560
Total	27,58,986	23,49,230	3,04,741	(4,11,614)	43,91,861
Weighted average exercise price	279.03	384.59	109.14	362.01	339.51

24.4 Share options exercised during the year

For the share options exercised during the year ended March 31, 2020 weighted average share price is ₹ 307.25 (For the year ending March 31, 2019: ₹ 317.28)

24.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 372.64 (as at March 31, 2019: ₹ 339.51), and a weighted average remaining contractual life of 1.35 year (as at March 31, 2019: 3.09 years).

24.6 Expense arising from share based payment transaction recognised in profit or loss statement as employee benefit expense are as follows:

For the period/ year ended	₹ in Lakhs	
	March 31, 2020	March 31, 2019
Employee benefit expense	13.61	(41.99)

24.7 ESOP arrangement with subsidiary

With effect from February 1, 2017 entity is demerged into Ujjivan Small Finance Bank Limited (USFB) resulting in the transfer of options from the employees of the Company to the employees of USFB (Subsidiary of the Company). As per Ind AS 102 Share-based Payment, stock options have to be fair valued on the grant date and expense has to recognised over the vesting period. Pursuant to management decision, Impact of Ind AS 102 on account of options granted to the employees of subsidiary is treated as deemed investment in subsidiary in the Company's books.

During the year, the USFB has approved an ESOP scheme and an Employee Share Purchase Scheme ('ESPS') for employees of USFB and its holding company, i.e., Ujjivan Financial Services Limited, being ESOP 2019 and ESPS 2019. Under ESOP 2019, total 473,240 options were granted to the employees of the holding company to be vested over a period of 5 years and total 211,200 shares were purchased under ESPS 2019 scheme. As per Ind AS 102 Share-based Payment, the fair value cost of the options for the period expired out of the vesting period and shares purchased were recognised in the statement of profit and loss and reimbursed to the subsidiary entity, i.e., USFB.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

NOTE 25 - RELATED PARTY DISCLOSURE

Terms and Conditions of transactions with related parties:

The transactions with related parties are made in the ordinary course of business and the same is at arm's length. Outstanding balances at the year end are unsecured and interest free other than fixed deposits and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment for receivables.

A. List of Related Parties are Given below:

Key Management Personnel

Mr. Ittira Davis Poonollil, Managing Director and CEO (From July 1, 2018)
 Mrs. Sudha Suresh, Managing Director and CEO (up to June 30, 2018)
 Mr. Deepak Khaitan (Chief Financial Officer) (up to August 02, 2019)
 Mr. Barun Kumar Agarwal (Chief Financial Officer) (From August 03, 2019)
 Mr. Sanjeev Barnwal (Company Secretary)
 Mr. Abhijit Sen, Director
 Mr. Kuttalam Rajagopalan Ramamoorthy, Director
 Mr. Jayanta Kumar Basu, Director
 Mr. Amit Gupta, Director (up to August 02, 2019)
 Ms. Vandana Viswanathan, Director (up to September 22, 2019)
 Mr. Narayan Anand (From May 01, 2019)
 Ms. Mona Kachhwaha (From September 22, 2019)

Subsidiaries of Company

Ujjivan Small Finance Bank Limited (with effect from July 4, 2016)
 Ujjivan Social Service Foundation (until May 9, 2018)

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Remuneration:		
Key Managerial Remuneration		
- Salary	205.99	173.26
- Perquisite - ESOP/ESPS	12.60	14.07
Sitting fee paid to Directors	42.89	32.26
Ujjivan Small Finance Bank Limited:		
Investment in Others* (Deemed Investment)	1,012.52	1,510.21
Placement of fixed deposit	13,430.00	14,285.81
Maturity of fixed deposit	12,945.00	2,215.81
Interest income recognised	1,024.40	480.33
Reimbursement of expenses on behalf of related party	8.77	20.35
Reimbursement of expenses to related party		
- ESOP perquisite tax	213.91	157.48
- Other expenses	10.20	7.43
- ESOP/ESPS 2019 expense	39.46	-
Dividend income	1,100.00	2,200.00

*Deemed investment on account of ESOP issued to employees of subsidiary

C. Outstanding balance with related parties

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Term deposit balance with Ujjivan Small Finance Bank Limited	12,890.90	12,154.40
Payable to Ujjivan Small Finance Bank Limited	0.52	-

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

D. Key managerial personnel remuneration bifurcation

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Short-term benefits	198.69	82.66
Post-employment benefits	-	20.08
Other long-term benefits	7.30	3.22
Share-based payments	12.60	13.71
Total	218.58	119.67

NOTE 26 - 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, substandard 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.

(₹ in Lakhs)

Particulars	Liabilities	Assets	
	Borrowings from Banks and others	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	-	-	1,67,630.98
Total	-	-	1,67,630.98

26.1 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 :

(₹ in Lakhs)

Particulars	Amount outstanding	Amount overdue
(1) Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured /Unsecured (other than falling within the meaning of public deposits*)	Nil	Nil
(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

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Assets side :

(₹ in Lakhs)

Particulars	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

(₹ in Lakhs)

Particulars	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

(₹ in Lakhs)

Particulars	Amount outstanding
(4) Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
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 :	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	1,44,003.68
(b) Preference	20,000.00
(ii) Debentures and Bonds	Nil
(iii) Units of mutual funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	3,627.30

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Category	Amount net of provisions		
	Secured	Unsecured	Total
(5) Borrower group-wise classification of assets financed as in (2) and (3) above : Please see Note 2 below			
1. Related Parties			
(a) Subsidiary	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
Total	Nil	Nil	Nil

(₹ in Lakhs)

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
(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		
1. Related Parties		
(a) Subsidiary	Nil	1,67,630.98
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	Nil	Nil
Total	Nil	1,67,630.98

(₹ in Lakhs)

Particulars	Amount outstanding
(7) Other information	
(i) Gross Non-Performing Assets	-
(a) Financial lease	-
(b) Operating lease	-
(ii) Net Non-Performing Assets	-
(a) Assets on hire	-
(b) Repossessed Assets	-
(iii) Assets acquired in satisfaction of debt	-

Notes:

- As defined in Core Investment Companies (Reserve Bank) Directions, 2016.
- Provisioning norms shall be applicable as prescribed in these Directions.
- 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 27 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

NOTE 28 - The SARS- CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 46 days up till May 31, 2020 across the country to contain the spread of the virus. The Company is a CIC-NBFC and has investment which comprises Investment made in subsidiary, Ujjivan Small Finance Bank Limited ("the Bank"). Numerous government and companies, including our subsidiary, have introduced a variety of measures to contain the spread of virus.

Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Further, in accordance with the RBI guidelines relating to 'COVID-19 Regulatory Package' dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, to all eligible borrowers. This will be further extended based on the latest RBI guidelines dated May 22, 2020.

The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments, which are incapable of assessment at this point in time, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the Bank.

There is no material impact of COVID-19 on the Company other than the fall in the market value of its investment in Bank. The Company has adequate liquidity and resources to service its obligations in the near future.

Consequentially, the impact on the carrying value of Investment in subsidiary in the books of the Company will depend on the future developments which the Company is unable to assess currently.

NOTE 29 - Pursuant to compliance with the listing condition specified in the banking license issued by the Reserve Bank of India ("RBI"), during the year ended March 31, 2020, 'Ujjivan Small Finance Bank Limited' ("USFB"), the subsidiary of 'Ujjivan Financial Services Limited' ("UFSL") got listed. USFB has successfully raised equity capital of ₹ 995.94 Crores through Initial Public Offer (IPO) by issuing 27,41,31,272 equity shares of ₹ 10 each including pre IPO private placement of ₹ 250 Crores by issuing 7,14,28,570 equity shares of ₹ 10 each at premium ranging from ₹ 25 to ₹ 27. The equity shares of USFB got listed on December 12, 2019 on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). After the aforesaid equity raised by USFB, the shareholding of UFSL in USFB is diluted to 83.32% as on March 31, 2020.

NOTE 30 - According to RBI notification RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, Company should disclose impact of ECL. However based on the assessment made, Company does not have any impact of ECL on the financial statements which needs to be disclosed.

NOTE 31 - OTHER EVENTS AFTER REPORTING PERIOD

The Board of Directors has proposed a final dividend at the rate of ₹ 0.80 per share (8.00%) for the FY 2019-20. The final dividend will be subject to the approval by the members at the ensuing Annual General Meeting ("AGM").

NOTE 32 - Previous year figures have been reclassified / re-grouped, wherever necessary, to confirm with current year classification / grouping.

As per our report of even date

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

Deepak Rao
Partner
Membership No. 113292

Place: Bengaluru
Date: May 27, 2020

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

K.R. Ramamoorthy
Chairman
DIN: 00058467

Barun Kumar Agarwal
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 CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Ujjivan Financial Services Limited (hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of their consolidated state of affairs of the Group, as at March 31, 2020, of consolidated profit, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

section of our report. We are independent of the Group, in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 43 to the consolidated financial statements, which states the extent to which the SARS-Cov-2 virus responsible for the COVID-19 Pandemic will impact the subsidiary's financial statements. Consequentially, the impact will depend on the future developments and which the subsidiary is unable to assess currently.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

We have no reportable key audit matters on the Holding Company's financial statements.

The following Key Audit Matter were included in the audit report dated May 19, 2020, containing an unmodified audit opinion on the financial statements of Ujjivan Small Finance Bank Limited, a subsidiary of the Holding Company issued and is reproduced as under:

Measurement of Expected Credit Loss (ECL) on Financial Assets

Key Audit Matter	How the Key Audit Matter was addressed in our audit
<p>Recognition and measurement of impairment relating to financial assets involves significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on ECL model.</p> <p>The Bank’s impairment allowance is computed based on estimates including the historical default and loss ratios. The Bank leverages the assets classification and risk estimations under Internal Rating Based (IRB) Approach towards calculation of Capital charge for Credit Risk (IRB) for ECL computation. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant factors are:</p> <ul style="list-style-type: none"> • Portfolio Segmentation • Asset staging criteria • Calculation of probability of default / Loss given default/Credit conversion factor basis the portfolio segmentation. • Consideration of Covid-19 impact on the ECL computation. <p>The Bank has Board approved policy on ECL to ensure the compliance with Ind AS 109 requirements and the basis of all assumptions for underlying inputs to ECL model.</p> <p>The Banks has wide range of products in retail segment and loans of Financial Institutional Group (FIG). There is significant data input required for the computation of ECL for homogenous product in retail segment and basis model and internal grading system in FIG. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the ECL computation.</p> <p>We have identified the measurement of ECL as a key audit matter in view of the significant judgement and assumptions involved.</p>	<ul style="list-style-type: none"> • Reviewed the Board approved policy on ECL for impairment of financial assets and assessed compliance with Ind AS 109. • Evaluating management’s controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19. • 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 and management practices • Verified the ratings for a sample of loans of Financial Institutional Group (FIG) to test the accuracy of input for calculation of ECL. • Tested the mathematical accuracy of the ECL calculations. <p>Assessed the adequacy and appropriateness of disclosures for compliance with the Indian accounting standards.</p>

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

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

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

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

When we read the Annual report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

The Holding Company’s Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls,

that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity 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 entity included in the consolidated financial statements of which we are the independent auditors.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated Ind AS financial statements of the Company for the year ended March 31, 2019, were audited by another auditor whose report dated May 30, 2019 expressed an unmodified opinion on those statements.

Our opinion on the consolidated financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the subsidiary company, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure 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 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. The Group did not have any derivative contract as at March 31, 2020 – Refer Note 44 to the consolidated financial statements in respect of such items as it relates to the Group.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company, incorporated in India.

2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group, 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

Deepak Rao
Partner

Bengaluru
May 27, 2020

Membership No.113292
UDIN: 20113292AAAAJS9335

Annexure A to the Independent Auditor's Report

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Ujjivan Financial Services Limited on the consolidated Financial Statements for the year ended March 31, 2020]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to consolidated financial statements of Ujjivan Financial Services Limited (hereinafter referred to as "the Holding Company") and its subsidiary company, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated

financial statements of the Holding company, its subsidiary company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by us in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company, its subsidiary company, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

OPINION

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company, which are companies incorporated in India, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

OTHER MATTER

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to one subsidiary company, which are company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

For MSKA & Associates

Chartered Accountants
ICAI Firm Registration No. 105047W

Deepak Rao

Partner

Membership No.113292

UDIN: 20113292AAAAJS9335

Bengaluru
May 27, 2020

Consolidated Balance Sheet

as at March 31, 2020

(₹ in Lakhs)

	Note	As at March 31, 2020	As at March 31, 2019
FINANCIAL ASSETS			
Cash and cash equivalents	3	1,33,985.82	1,07,883.37
Bank balances other than above	4	456.66	1,842.03
Loans	5	13,93,373.30	10,93,053.07
Investments	6	2,42,920.30	1,54,781.09
Other financial assets	7	3,068.80	2,461.88
NON-FINANCIAL ASSETS			
Current tax assets (net)	8	352.01	614.42
Deferred tax assets (net)	30	8,920.54	7,589.59
Property, plant and equipment	9	20,247.28	20,714.66
Right of use asset	10	51,897.13	-
Capital work-in-progress	9A	2,062.61	210.26
Other intangible assets	10AA	7,742.10	7,524.99
Other non-financial assets	11	6,081.06	5,913.72
Total Assets		18,71,107.61	14,02,589.08
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		6,405.39	4,431.55
Debt securities	13	-	10,000.00
Borrowings (other than debt securities)	14	3,95,261.60	4,43,300.49
Deposits	15	10,65,558.82	7,25,918.15
Lease liability	10	59,547.99	-
Subordinated liabilities	16	-	5,000.00
Other financial liabilities	17	19,267.66	20,062.58
Non-Financial Liabilities			
Current tax liabilities	18	15.31	15.31
Provisions	19	4,678.39	3,390.74
Other non-financial liabilities	20	3,290.29	2,702.04
Total Liabilities		15,54,025.45	12,14,820.86
Equity			
Equity share capital	21	12,160.32	12,116.67
Other equity	21A	2,71,802.11	1,75,651.55
Total Equity Attributable to Owners of the Company		2,83,962.43	1,87,768.22
Non-controlling interests	21A	33,119.73	-
Total Liabilities and Equity		18,71,107.61	14,02,589.08

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

As per our report of even date

For MSKA & Associates

Chartered Accountants

Firm Registration No: 105047W

Deepak Rao

Partner

Membership No. 113292

Place: Bengaluru

Date: May 27, 2020

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

K.R. Ramamoorthy

Chairman

DIN: 00058467

Barun Kumar Agarwal

Chief Financial Officer

Ittira Davis

Managing Director & CEO

DIN: 06442816

Sanjeev Barnwal

Company Secretary

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

(₹ in Lakhs)

	Note	Year ended March 31, 2020	Year ended March 31, 2019
REVENUE FROM OPERATIONS			
Interest income	22A	2,81,363.99	1,91,681.85
Revenue from contracts with customers	22B	4,472.37	2,646.22
Net gain/(loss) on derecognition of financial instruments at amortised cost	22C	139.92	98.50
Total Revenue from Operations (I)		2,85,976.28	1,94,426.57
Other income (II)	23	10,961.47	6,935.88
Total Income (I+II)		2,96,937.75	2,01,362.45
EXPENSES			
Finance cost	24	1,11,491.69	72,703.23
Impairment losses on financial instruments	25	17,446.33	6,576.29
Employee benefits	26	73,470.91	54,053.40
Depreciation and amortisation	27	16,599.34	6,061.76
Other expenses	28	36,338.57	41,557.91
Total expenses		2,55,346.84	1,80,952.59
Profit before tax		41,590.91	20,409.86
Taxes expense:			
Current tax		11,575.63	3,721.83
Deferred tax	30	149.41	1,643.63
Profit for the year		29,865.87	15,044.40
Other Comprehensive Income			
(i) Items that will not be reclassified to profit or loss			
Remeasurements of post-employment benefit obligations		(375.76)	(94.91)
(ii) Deferred tax on remeasurements of the defined benefit liabilities / (asset)		94.57	33.17
Other Comprehensive Income		(281.19)	(61.74)
Total Comprehensive Income for the year (comprising profit / (loss) and Other Comprehensive Income for the year)		29,584.68	14,982.66
Profit for the year attributable to:			
Owners		28,229.44	15,044.40
Non- controlling interest		1,636.43	-
Total Comprehensive Income for the year attributable to			
Owners		27,954.77	14,982.66
Non- controlling interest		1,629.91	-
Earnings per Equity Share			
Basic	33	23.25	12.43
Diluted		23.21	12.38

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

As per our report of even date

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

Deepak Rao
Partner
Membership No. 113292

Place: Bengaluru
Date: May 27, 2020

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

K.R. Ramamoorthy
Chairman
DIN: 00058467

Barun Kumar Agarwal
Chief Financial Officer

Ittira Davis
Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

EQUITY SHARE CAPITAL

(₹ in Lakhs)

	Amount
Balance at April 1, 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
Changes in equity share capital during the year	
(a) Additions during the year	43.65
Balance at March 31, 2020	12,160.32

EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	Attributable to Owners of Ujjivan Financial Services Limited						Total Reserves & Surplus	Non-Controlling Interests	Total
	Share Application Money Pending Allotment	Reserves and Surplus							
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account			
Balance at April 1, 2018	23.70	12,059.77	1,09,668.66	37,412.66	-	1,938.82	1,61,103.61	-	1,61,103.61
Add: Profit for the year	-	-	-	15,044.40	-	-	15,044.40	-	15,044.40
Add: Other Comprehensive Income for the year	-	-	-	(61.74)	-	-	(61.74)	-	(61.74)
Total comprehensive income for the year				14,982.66			14,982.66	-	14,982.66
Appropriation to statutory reserve	-	4,188.21	-	(4,188.21)	-	-	-	-	-
Add: Employee stock option plan expense for the year	-	-	-	-	-	1,468.25	1,468.25	-	1,468.25
Less: Grants exercised during the year	-	-	-	-	-	(150.22)	(150.22)	-	(150.22)
Transaction with owners in their capacity as owners									
Add: Share application money received	333.21	-	-	-	-	-	333.21	-	333.21
Less: Shares allotted during the year	(30.49)	-	-	-	-	-	(30.49)	-	(30.49)
Less: Premium on shares allotted during the year	(302.12)	-	-	-	-	-	(302.12)	-	(302.12)
Add: Premium on shares issued during the year on stock options	-	-	452.33	-	-	-	452.33	-	452.33
Less: Dividend distributed during the year	-	-	-	(1,634.78)	-	-	(1,634.78)	-	(1,634.78)
Less: Dividend distribution tax	-	-	-	(571.00)	-	-	(571.00)	-	(571.00)
Balance at March 31, 2019	24.30	16,247.98	1,10,120.99	46,001.33	-	3,256.85	1,75,651.55	-	1,75,651.55
Balance at April 1, 2019	24.30	16,247.98	1,10,120.99	46,001.33	-	3,256.85	1,75,651.55	-	1,75,651.55
Transition Date Impact	-	-	-	(4,120.41)	-	-	(4,120.41)	-	(4,120.41)
Add: Profit for the year	-	-	-	28,229.44	-	-	28,229.44	1,636.43	29,865.87
Add: Other Comprehensive Income for the year	-	-	-	(274.67)	-	-	(274.67)	(6.52)	(281.19)
Total comprehensive income for the year				23,834.36			23,834.36	1,629.91	25,464.27

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Attributable to Owners of Ujjivan Financial Services Limited						Total Reserves & Surplus	Non-Controlling Interests	Total
	Share Application Money Pending Allotment	Reserves and Surplus							
		Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account			
Appropriation to statutory reserve	-	6,596.64	-	(6,596.64)	-	-	-	-	
Add: Employee stock option plan expense for the year	-	-	-	-	-	3,168.06	3,168.06	-	3,168.06
Less: Grants exercised during the year	-	-	-	-	-	(98.50)	(98.50)	-	(98.50)
Less: Transferred to General Reserve for vested options lapsed during the year	-	-	-	-	302.67	(302.67)	-	-	-
Transaction with owners in their capacity as owners									
Consideration received on dilution of stake in subsidiary	-	-	-	-	-	-	-	1,01,001.91	1,01,001.91
Gain on dilution of stake in subsidiary	-	-	-	69,512.09	-	-	69,512.09	(69,512.09)	-
Add: Share application money received	458.57	-	-	-	-	-	458.57	-	458.57
Less: Shares allotted during the year	(43.65)	-	-	-	-	-	(43.65)	-	(43.65)
Less: Premium on shares allotted during the year	(431.07)	-	-	-	-	-	(431.07)	-	(431.07)
Add: Premium on shares issued during the year on stock options	-	-	529.57	-	-	-	529.57	-	529.57
Less: Dividend distributed during the year	-	-	-	(546.22)	-	-	(546.22)	-	(546.22)
Less: Dividend distribution tax	-	-	-	(232.55)	-	-	(232.55)	-	(232.55)
As at March 31, 2020	8.15	22,844.62	1,10,650.56	1,31,972.37	302.67	6,023.74	2,71,802.11	33,119.73	3,04,921.84

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

As per our report of even date

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

Deepak Rao
Partner
Membership No. 113292

Place: Bengaluru
Date: May 27, 2020

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

K.R. Ramamoorthy
Chairman
DIN: 00058467

Barun Kumar Agarwal
Chief Financial Officer

Ittira Davis
Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Consolidated Statement of Cash Flow

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit before tax		41,590.91	20,409.86
Adjustments for:			
Depreciation and amortisation expenses	27	16,599.34	6,061.76
Loss on sale of Fixed Asset	23	(128.04)	114.29
Profit on Sale of Mutual Funds	23	(0.07)	(68.90)
Fixed Assets Written off (including claims written off)		8.80	1.41
Investment written off		-	0.10
Share Based Payments	26	3,977.63	1,468.24
Provision for Advances & Investment	25	17,446.33	6,576.29
Interest income	23	-	(313.13)
Operating cash flows before Working Capital changes		79,494.90	34,249.92
Adjustments For:			
Financial Assets / Liabilities			
(Increase)/Decrease in Loans	5	(3,17,749.37)	(3,67,367.63)
(Increase)/Decrease in Other Bank Balances	4	1,385.37	1,850.22
(Increase)/Decrease in Other Financial Assets	7	(746.38)	(835.01)
Increase/ (Decrease) in Trade Payable	12	1,973.84	1,933.03
Increase/ (Decrease) in Other Financial Liabilities	17	(794.92)	10,782.47
Non-Financial Assets / Liabilities			
(Increase)/Decrease in Other Assets	11	(167.34)	(2,637.15)
Increase/ (Decrease) in Provisions	19	911.89	861.93
Increase/ (Decrease) in Other Liabilities	20	588.25	500.19
Cash generated from / (used in) Operations		(2,35,103.76)	(3,20,662.03)
Net Tax (paid)/Refunds received		(11,313.22)	(4,088.33)
Net Cash generated from/(used) in Operating Activities (A)		(2,46,416.98)	(3,24,750.36)
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Mutual funds		-	(3,330.00)
Sale proceeds of Mutual funds		-	3,398.90
Sale / (Purchase) of Investments (Net)	6	(88,156.40)	(30,372.87)
Proceeds from sale of Fixed Assets	9	61.29	114.52
Purchase of Fixed Assets including WIP	9,10A	(20,605.40)	(14,904.31)
Interest on fixed deposits received	23	-	313.13
Net Cash generated from / (used) in Investing Activities (B)		(1,08,700.51)	(44,780.63)

Consolidated Statement of Cash Flow

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share application money (Net)	21A	458.58	333.21
Debt Securities Repaid during the year	13	(10,000.00)	(50,000.00)
Redemption of Subordinated Liabilities	16	(5,000.00)	-
Increase in Deposits (Net)	15	3,39,640.67	3,48,653.77
Consideration received on dilution of stake in subsidiary	21A	1,00,192.34	-
Dividend Paid	21A	(546.22)	(1,634.78)
Dividend Tax Paid	21A	(232.55)	(571.00)
Payment of Lease Liability	34	4,746.01	-
Increase/(Decrease) in Borrowings (Net)	14	(48,038.89)	1,23,015.99
Net Cash generated from/(used) in Financing Activities (C)		3,81,219.94	4,19,797.19
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		26,102.45	50,266.20
Cash and Cash Equivalents at the beginning of the year	3	1,07,883.37	57,617.17
Cash and Cash Equivalents at the end of the year	3	1,33,985.82	1,07,883.37

Notes:

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

As per our report of even date

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

Deepak Rao
Partner
Membership No. 113292

Place: Bengaluru
Date: May 27, 2020

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

K.R. Ramamoorthy
Chairman
DIN: 00058467

Barun Kumar Agarwal
Chief Financial Officer

Ittira Davis
Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal
Company Secretary

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

NOTE 1: BACKGROUND

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

The Consolidated Financial Statements relates to the Holding Company and its subsidiary company (collectively referred to as "the Group").

Refer Note 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").

(i) Historical cost convention

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

- certain financial assets and liabilities that are measured at fair value, and
- defined benefit plans - plan assets are measured at fair value.
- employee stock options plan

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. The Financial assets and liabilities are presented in ascending order of their liquidity. Fair value for measurement and/or disclosure purposes in these Ind AS financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as value in use in Ind AS 36. The Ind AS financial statements are presented in Indian Rupees rounded off to the nearest lakhs unless otherwise stated.

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

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

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

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

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2.2 Basis of consolidation

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

The group combines the financial statements of the parent and its subsidiary line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiary are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and Balance Sheet respectively.

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to statement of profit or loss.

2.3 Foreign currency translation and transactions

(i) Functional and presentation currency

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

2.4 Income taxes

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

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

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally

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enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

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

2.5 Leases

Transition to Ind AS 116

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

The Group has adopted Ind AS 116, effective annual reporting period beginning from April 01, 2019 and applied the standard to its leases retrospectively (Modified Retrospective Approach), with the cumulative effect of initially applying the Standard, recognised on the date of initial application (April 01, 2019). Accordingly, the Group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as on April 01, 2019.

Group as a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group. Under Ind AS 116, the Group recognizes right of use assets and lease liabilities for most leases i.e. these leases are on balance sheet.

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

- Applied discount rate to the leases individually based on the borrowing rate (Zero Coupon Rate + Spread) as on transition date for borrowings of similar tenure.
- Applied the exemption not to recognise right-of-use-assets and liabilities for leases with less than 12 months of lease term on the date of transition.
- Excluded the initial direct costs from the measurement of the right-of-use-asset at the date of transition.
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

2.6 Impairment of assets

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

2.7 Cash and cash equivalents

Cash and Cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These do not include bank balances earmarked / restricted for specific purposes.

2.8 Financial assets

All financial assets are recognised and derecognised where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market

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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 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

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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.

- 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).
- The EAD is the total receivables that the Bank is exposed to at the time of an account's default.
- LGD is usually shown as the percentage of EAD that the Bank might lose in case the borrower defaults. It depends, among others, on the type and amount of collateral, collection mechanism existing in the Bank and the expected proceeds from a work out (e.g. recovery from sale of collaterals/securities or otherwise) of the assets."

2.8.3 Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty,

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- 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 borrower is in past due status under the new terms.

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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.

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A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

2.8.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

2.8.12 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'Amortised cost'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed

and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the Grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Income from other financial instruments at FVTPL' line item in the profit or loss account. 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.

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Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at Fair Value Through Profit or Loss (FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in profit or loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

2.9 Interest Income

Interest income for all financial instruments are calculated at gross carrying amount (except for those classified as held for trading or those measured or designated as at FVTPL) are recognised in 'Interest income' as 'Interest on deposits with banks' and 'Interest on loans' in the statement of profit or loss using the effective interest method (EIR).

Interest income is recognised on Net carrying value (gross value less ECL provision) on Stage 3 credit impaired financial assets.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.10 Fee and commission Income (Includes Revenue from Contracts with Customers)

Fee and commission income include fees other than those that are an integral part of EIR.

The fees included in this part of the group statement of profit or loss include ATM services, savings bank services etc. The commission income includes commission received on sale of insurance policies. In both the cases, the revenue is recognised at a point in time at completion of service to the customers.

2.11 Dividend Income

Dividends are recognised in profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

2.12 Property, plant and equipment (including Capital Work In Progress)

Items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure 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.

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The residual values are not more than 5% of the original cost of the asset. The asset's residual values and useful lives are reviewed, and adjusted on a prospective basis if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit or loss.

Depreciation on assets purchased / disposed off during the year is provided on pro rata basis with reference to the date of additions / deductions.

Leasehold Improvements are depreciated over the primary lease period.

2.13 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised. Estimated useful life of the intangible assets are as follows:

Asset	Useful life as per schedule II (years)
Software	6

The rate of amortisation adopted by the Group are consistent with those specified in Schedule II to the Companies Act, 2013.

2.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

2.15 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Provisions

Provisions for legal claims and discounts/incentives are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

At the end of each reporting period, provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at a future date. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.17 Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not disclosed in case the possibility of an outflow of resources embodying economic benefits is remote.

2.18 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the balance sheet and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable."

2.19 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are the amounts expected to be paid when the liabilities are settled. Short term employee benefits are recognised in statement of profit and loss in the period in which the related service is rendered. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related 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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Defined Benefit Obligations - Gratuity

The Group has maintained a Group Gratuity Cum Life Assurance Scheme with the Life Insurance Corporation of India (LIC) towards which it annually contributes a sum determined by LIC. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to yields on government securities at the end of the reporting period that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(iv) Defined contribution plans- Provident Fund

Provident fund

The Group makes Provident Fund contributions to publicly administered funds as per local regulations. The Group has no further obligations once the contributions have been paid and such contributions are charged to profit and loss when they are due.

(v) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Share Based Payments transactions of the Group

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 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.

(vii) Employee Stock Purchase Scheme (ESPS)

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

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(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 Segment Information.

2.24 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

2.25 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, the management is required

to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Defined Benefit Obligations- Gratuity (Refer Note 31)

Expected Credit Loss (Refer Note 35)

Estimation of fair value of Employee's Share Based Payments (Refer Note 37)

Estimation of Provision for Taxes (Refer Note 30)

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 3		
Cash on Hand	19,820.18	8,988.80
Balances with Reserve Bank of India		
(a) In Current Accounts	19,966.58	14,157.70
(b) In Reverse Repo	82,709.06	21,508.30
Total Balances with RBI	1,02,675.64	35,666.00
Balances with Other Banks		
(a) In Current Accounts (Refer note below)	1,488.68	1,196.33
	1,488.68	1,196.33
Money at Call and Short Notice		
(a) With Banks	10,001.32	51,034.21
(b) With Other Institutions	-	10,998.03
	10,001.32	62,032.24
Total	1,33,985.82	1,07,883.37

Note:

Balances with Banks includes unclaimed dividend which are restricted balances as at March 31, 2020 ₹ 7.17 Lakhs (March 31, 2019: ₹ 3.85 Lakhs)

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 4 - BANK BALANCES OTHER THAN ABOVE		
Balances with Other Banks		
(a) Bank Deposit with more than 3 months but less than 12 months maturity	456.66	1,842.03
Subtotal	456.66	1,842.03
Balances in India	456.66	1,842.03
Balances outside India	-	-
Total	456.66	1,842.03

It includes Fixed Deposit of ₹ 456.66 Lakhs (March 31, 2019: ₹ 1,842.03 Lakhs) held under lien.

The Bank earns interest on fixed deposits at fixed rate.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2020							
	Amortised Cost	Fair Value				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	1,26,480.23	-	-	-	-	-	1,26,480.23	
Term Loans	12,93,228.38	-	-	-	-	-	12,93,228.38	
Total (Gross)	14,19,708.61	-	-	-	-	-	14,19,708.61	
Less: Impairment loss allowance	(26,335.31)	-	-	-	-	-	(26,335.31)	
Total (Net)	13,93,373.30	-	-	-	-	-	13,93,373.30	
Secured by Tangible Assets	3,07,538.27	-	-	-	-	-	3,07,538.27	
Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-	
Unsecured	11,12,170.33	-	-	-	-	-	11,12,170.33	
Total (Gross)	14,19,708.61	-	-	-	-	-	14,19,708.61	
Less: Impairment loss allowance	(26,335.31)	-	-	-	-	-	(26,335.31)	
Total (Net)	13,93,373.30	-	-	-	-	-	13,93,373.30	
Loans in India								
Priority Sectors	-	-	-	-	-	-	-	
Public Sectors	-	-	-	-	-	-	-	
Banks	-	-	-	-	-	-	-	
Others	14,19,708.61	-	-	-	-	-	14,19,708.61	
Total (Gross)	14,19,708.61	-	-	-	-	-	14,19,708.61	
Less: Impairment loss allowance	(26,335.31)	-	-	-	-	-	(26,335.31)	
Total (Net)	13,93,373.30	-	-	-	-	-	13,93,373.30	
Loans outside India								
Banks	-	-	-	-	-	-	-	
Others	-	-	-	-	-	-	-	
Total (Gross)	-	-	-	-	-	-	-	
Less: Impairment loss allowance	-	-	-	-	-	-	-	
Total (Net)	-	-	-	-	-	-	-	
Total	13,93,373.30	-	-	-	-	-	13,93,373.30	

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2019						Total
	Amortised Cost	Fair Value			Subtotal	Others	
		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	1,26,955.31	-	-	-	-	-	1,26,955.31
Term Loans	9,81,519.99	-	-	-	-	-	9,81,519.99
Total (Gross)	11,08,475.30	-	-	-	-	-	11,08,475.30
Less: Impairment loss allowance	(15,422.23)	-	-	-	-	-	(15,422.23)
Total (Net)	10,93,053.07	-	-	-	-	-	10,93,053.07
Secured by Tangible Assets	1,50,509.80	-	-	-	-	-	1,50,509.80
Covered by Bank/ Government Guarantees	-	-	-	-	-	-	-
Unsecured	9,57,965.50	-	-	-	-	-	9,57,965.50
Total (Gross)	11,08,475.30	-	-	-	-	-	11,08,475.30
Less: Impairment loss allowance	(15,422.23)	-	-	-	-	-	(15,422.23)
Total (Net)	10,93,053.07	-	-	-	-	-	10,93,053.07
Loans in India							
Priority Sectors	-	-	-	-	-	-	-
Public Sectors	-	-	-	-	-	-	-
Banks	-	-	-	-	-	-	-
Others	11,08,475.30	-	-	-	-	-	11,08,475.30
Total (Gross)	11,08,475.30	-	-	-	-	-	11,08,475.30
Less: Impairment loss allowance	(15,422.23)	-	-	-	-	-	(15,422.23)
Total (Net)	10,93,053.07	-	-	-	-	-	10,93,053.07
Loans outside India							
Banks	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
Total (Gross)	-	-	-	-	-	-	-
Less: Impairment loss allowance	-	-	-	-	-	-	-
Total (Net)	-	-	-	-	-	-	-
Total	10,93,053.07	-	-	-	-	-	10,93,053.07

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2020						
	Amortised Cost	Fair Value			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	2,42,957.68	-	-	-	-	-	2,42,957.68
Other approved securities	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity instruments	-	10.00	-	-	10.00	-	10.00
Mutual fund units	-	-	-	-	-	-	-
Subsidiary	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-
Total (Gross)	2,42,957.68	10.00	-	-	10.00	-	2,42,967.68
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	2,42,957.68	10.00	-	-	10.00	-	2,42,967.68
Less: Impairment loss allowance	(47.38)	-	-	-	-	-	(47.38)
Total (Net)	2,42,910.30	10.00	-	-	10.00	-	2,42,920.30

(₹ in Lakhs)

Particulars	As at March 31, 2019						
	Amortised Cost	Fair Value			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	1,54,801.28	-	-	-	-	-	1,54,801.28
Other approved securities	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Equity instruments	-	10.00	-	-	10.00	-	10.00
Mutual fund units	-	-	-	-	-	-	-
Subsidiary	-	-	-	-	-	-	-
Others (specify)	-	-	-	-	-	-	-
Total (Gross)	1,54,801.28	10.00	-	-	10.00	-	1,54,811.28
(i) Investments outside India	-	-	-	-	-	-	-
(ii) Investments in India	1,54,801.28	10.00	-	-	10.00	-	1,54,811.28
Less: Impairment loss allowance	(30.19)	-	-	-	-	-	(30.19)
Total (Net)	1,54,771.09	10.00	-	-	10.00	-	1,54,781.09

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 7 - FINANCIAL ASSETS		
Financial Assets		
Security Deposits	2,776.58	2,332.37
Net Investments in Sub-lease	48.63	-
Other Deposits	243.59	129.51
Total	3,068.80	2,461.88

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 8 - CURRENT TAX ASSETS (NET)		
Current Tax Assets	352.01	614.42
Total	352.01	614.42

(₹ in Lakhs)

Particulars	As at March 31, 2020						
	Property	Computers	Motor Vehicle	Office Equipment	Equipment, Furniture and Fittings	Leasehold Improvements	Total
NOTE 9 - PROPERTY, PLANT AND EQUIPMENT							
At cost at the beginning of the year	-	9,764.76	88.86	5,031.97	3,267.31	9,336.47	27,489.37
Additions	-	1,533.10	-	999.38	612.45	1,574.83	4,719.76
Disposals	-	(72.59)	-	(42.79)	(37.74)	(13.09)	(166.21)
At cost at the end of the year	-	11,225.27	88.86	5,988.56	3,842.02	10,898.21	32,042.92
Accumulated depreciation	-	3,698.98	17.25	1,069.40	833.61	1,155.47	6,774.71
Depreciation for the year	-	2,351.59	12.38	1,092.17	391.98	1,259.08	5,107.20
Disposals	-	(44.66)	-	(23.94)	(10.13)	(7.54)	(86.27)
Accumulated depreciation and impairment as at the end of the year	-	6,005.91	29.63	2,137.63	1,215.46	2,407.01	11,795.64
Net carrying amount as at the end of the year	-	5,219.36	59.23	3,850.93	2,626.56	8,491.20	20,247.28

(₹ in Lakhs)

Particulars	As at March 31, 2019						
	Property	Computers	Motor Vehicle	Office Equipment	Equipment, Furniture and Fittings	Leasehold Improvements	Total
NOTE 9 - PROPERTY, PLANT AND EQUIPMENT							
At cost at the beginning of the year	-	7,602.64	64.56	1,997.57	1,498.10	3,251.51	14,414.38
Additions	-	2,245.16	43.95	3,140.46	1,910.80	6,129.79	13,470.16
Disposals	-	(83.04)	(19.65)	(106.06)	(141.59)	(44.83)	(395.17)
At cost at the end of the year	-	9,764.76	88.86	5,031.97	3,267.31	9,336.47	27,489.37
Accumulated depreciation	-	1,674.26	9.46	302.03	288.30	294.50	2,568.55
Depreciation for the year	-	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 year	-	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 year	-	6,065.78	71.61	3,962.57	2,433.70	8,181.00	20,714.66

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

		(₹ in Lakhs)
NOTE 9 (A) - CAPITAL WORK IN PROGRESS INCLUDING ADVANCES FOR CAPITAL ASSETS		
As at March 31, 2020		2,062.61
As at March 31, 2019		210.26

(₹ in Lakhs)

	Property	Software	ATM/ACR	Genset	As at March 31, 2020
NOTE 10 - RIGHT OF USE ASSET					
At the beginning of the year	40,855.41	4,600.41	1,938.21	1,850.83	49,244.86
Additions	12,021.76	-	499.04	319.37	12,840.17
Reassessment	(760.99)	-	(35.00)	(57.33)	(853.31)
Total cost	52,116.18	4,600.41	2,402.25	2,112.87	61,231.72
Accumulated amortisation and impairment:					
Accumulated depreciation and impairment as at the beginning of the year	-	-	-	-	-
Amortisation during the year	(6,923.33)	(1,010.61)	(906.08)	(494.57)	(9,334.59)
Total amortisation and impairment	(6,923.33)	(1,010.61)	(906.08)	(494.57)	(9,334.59)
Net carrying amount	45,192.85	3,589.80	1,496.17	1,618.30	51,897.13

Lease Liability

(₹ in Lakhs)

	As at March 31, 2020
At the beginning of the year	54,801.98
Additions	12,553.32
Interest cost	5,255.76
Reassessment	(999.99)
Total cost	71,611.07
Payment of lease rentals:	
Payment during the year	(12,063.08)
Total amortisation and impairment	(12,063.08)
Net carrying amount	59,547.99

Effective April 01, 2019, the Group has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 01, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. The transition to the new standard resulted in recognition of a Right-of-Use asset (ROU) of ₹ 49,244.86 Lakhs, a Net investment in sub-lease of ROU asset of ₹ 50.91 Lakhs and a lease liability of ₹ 54,801.98 Lakhs. The cumulative effect of applying the standard resulted in ₹ 4,120.41 Lakhs being debited to retained earnings, net of taxes. For the year ended March 31, 2020, ₹ 1,529.75 Lakhs, net of taxes has been debited to Profit and Loss as an impact of applied standard.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	Software	Other Intangible assets	Total	Software	Other Intangible assets	Total
NOTE 10A - OTHER INTANGIBLE ASSETS						
At cost at the beginning of the year (At deemed cost as at April 1, 2017)	10,766.24	-	10,766.24	9,122.09	-	9,122.09
Additions	2,374.66	-	2,374.66	1,644.15	-	1,644.15
Disposals	-	-	-	-	-	-
Total cost	13,140.90	-	13,140.90	10,766.24	-	10,766.24
Accumulated amortisation and impairment:						
Accumulated depreciation and impairment as at the beginning of the year	3,241.25	-	3,241.25	1,550.60	-	1,550.60
Amortisation during the year	2,157.55	-	2,157.55	1,690.65	-	1,690.65
Disposals	-	-	-	-	-	-
Total amortisation and impairment	5,398.80	-	5,398.80	3,241.25	-	3,241.25
Net carrying amount	7,742.10	-	7,742.10	7,524.99	-	7,524.99

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 11 - NON-FINANCIAL ASSETS		
Non-Financial Assets		
Prepaid expenses	3,367.85	3,817.84
Balance with Government Authorities	1,595.38	1,240.25
Others	1,117.83	855.63
Total	6,081.06	5,913.72

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
NOTE 12 - TRADE PAYABLES		
Trade Payables		
- Outstanding dues of micro enterprises and small enterprises	-	-
- Outstanding dues of creditors other than micro enterprises and small enterprises	6,405.39	4,431.55
Total	6,405.39	4,431.55

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, 2020 (March 31, 2019 ₹ Nil)

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	At Amortised Cost	At Fair Value Through Profit and Loss	Designated at Fair Value Through Profit and Loss	Total	At Amortised Cost	At Fair Value Through Profit and Loss	Designated at Fair Value Through Profit and Loss	Total
NOTE 13 - DEBT SECURITIES								
Non-Convertible Redeemable Debenture (refer note (i) below)	-	-	-	-	10,000.00	-	-	10,000.00
Total	-	-	-	-	10,000.00	-	-	10,000.00
Debt securities in India	-	-	-	-	10,000.00	-	-	10,000.00
Debt securities outside India	-	-	-	-	-	-	-	-
Total	-	-	-	-	10,000.00	-	-	10,000.00

Note (i): Debentures include

(₹ in Lakhs)

Start Date	End Date	Rate of Interest	As at March 31, 2020	As at March 31, 2019
Secured				
30-06-2014	28-05-2019	12.60%	-	6,000.00
30-07-2013	30-07-2019	10.75%	-	4,000.00
Total Secured			-	10,000.00

* A call option was exercised by the Bank on Non-Convertible Redeemable Debentures worth ₹ 1,000 Lakhs during the FY 2018-19.

(₹ in Lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	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	38,200.00	-	38,200.00	25,000.00	-	25,000.00
(ii) From other parties	3,14,376.01	-	3,14,376.01	3,84,800.49	-	3,84,800.49
Term money						
(i) From banks	42,685.59	-	42,685.59	33,500.00	-	33,500.00
Total	3,95,261.60	-	3,95,261.60	4,43,300.49	-	4,43,300.49
Borrowings in India	3,95,261.60	-	3,95,261.60	4,43,300.49	-	4,43,300.49
Borrowings outside India	-	-	-	-	-	-
Total	3,95,261.60	-	3,95,261.60	4,43,300.49	-	4,43,300.49

(i) Out of the above loans, the following loans are secured by hypothecation of advances

(₹ in Lakhs)

	As at March 31, 2020	As at March 31, 2019
Term loans	32,813.00	62,750.49

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 March 31, 2020

**Terms of repayment for borrowings:
For Year Ended March 31, 2020
Secured by hypothecation of advances**

(₹ in Lakhs)

Rate of Interest	Maturity	Instalments	Amount Outstanding as on March 31, 2020
Borrowings from Others - (a)			
Repayable in Monthly Instalments			
Repayable in Half Yearly Instalments			
Interest Rate - 10.75%	< 1 Year	4	1,544.00
	2 Year	4	1,544.00
	3 Year	1	400.00
Interest Rate - 11.50%	< 1 Year	2	750.00
	2 Year	1	375.00
Repayable in Bullet			
Interest Rate - 5.15% (Repo)	< 1 Year	4	28,200.00
Total secured			32,813.00

Unsecured

(₹ in Lakhs)

Rate of Interest	Maturity	Instalments	Amount Outstanding as on March 31, 2020
Borrowings from Banks - (b)			
Repayable in Quarterly Instalments			
Interest Rate - 9.30%	< 1 Year	2	10,000.00
Total			10,000.00
Repayable in Bullet			
Interest Rate - 6.20%	< 1 Year	1	2,500.00
Interest Rate - 6.25%	< 1 Year	2	14,000.00
Interest Rate - 6.50%	< 1 Year	2	11,185.59
Interest Rate - 6.30%	< 1 Year	1	10,000.00
Interest Rate - 6.75%	< 1 Year	1	5,000.00
			42,685.59
Borrowings from Others - (c)			
Repayable in Monthly Instalments			
Interest Rate - 9.55%	< 1 Year	12	10,080.00
	2 Year	5	3,975.01
Interest Rate - 4.15%	< 1 Year	12	1,368.00
	2 Year	12	1,368.00
	3 Year	7	808.00
Interest Rate - 9.98%	< 1 Year	12	15,120.00
	2 Year	5	6,060.00
			38,779.01
Repayable in Quarterly Instalments			
Interest Rate - 8.15%	< 1 Year	4	2,664.00
	2 Year	4	2,664.00
	3 Year	4	2,006.00
Interest Rate - 9.00%	< 1 Year	2	10,000.00
	2 Year	3	15,000.00
			32,334.00

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

(₹ in Lakhs)

Rate of Interest	Maturity	Instalments	Amount Outstanding as on March 31, 2020
Repayable in Half Yearly Instalments			
Interest Rate - 8.35%	< 1 Year	3	7,650.00
Interest Rate - 8.75%	< 1 Year	6	35,000.00
Interest Rate - 8.85%	< 1 Year	1	1,000.00
Interest Rate - 9.15%	< 1 Year	2	9,000.00
	2 Year	2	5,250.00
	3 Year	2	1,500.00
	4 Year	1	750.00
Interest Rate - 9.25%	< 1 Year	4	20,000.00
	2 Year	4	20,000.00
	3 Year	4	20,000.00
	4 Year	4	20,000.00
Interest Rate - 9.30%	< 1 Year	2	15,000.00
	2 Year	2	9,500.00
	3 Year	2	2,000.00
	4 Year	1	1,000.00
Interest Rate - 9.60%	< 1 Year	2	6,000.00
	2 Year	2	6,000.00
	3 Year	2	6,000.00
	4 Year	1	3,000.00
Interest Rate - 8.90%	< 1 Year	2	33,333.00
	2 Year	1	16,667.00
Total			2,38,650.00
Total Unsecured			3,62,448.60
Total Borrowings			3,95,261.60

Terms of repayment for borrowings:

For Year Ended March 31, 2019

Secured by hypothecation of advances

(₹ in Lakhs)

Rate of Interest	Maturity	Instalments	Amount Outstanding as on March 31, 2019
Borrowings from NBFCs - (a)			
Repayable in Monthly Instalments			
Interest Rate - 9.45%	< 1 Year	7	4,659.00
Total (a)			4,659.00
Borrowings from Others - (b)			
Repayable in Monthly Instalments			
Interest Rate - 10.10% (collateralised by FD marked as Lien)	< 1 Year	8	8,191.49
Repayable in Half Yearly Instalments			
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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Rate of Interest	Maturity	Instalments	Amount Outstanding as on March 31, 2019
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

(₹ in Lakhs)

Rate of Interest	Maturity	Instalments	Amount Outstanding as on March 31, 2019
Borrowings from Banks - (c)			
Repayable in Quarterly Instalments			
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 Instalments			
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
Repayable in Half Yearly Instalments			
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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Rate of Interest	Maturity	Instalments	Amount Outstanding as on March 31, 2019
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)			3,55,550.00
Total borrowings as on March 31, 2019			4,43,300.49

(₹ in Lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	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	6,19,739.69	-	6,19,739.69	4,00,124.38	-	4,00,124.38
(ii) From banks	3,86,453.26	-	3,86,453.26	2,61,764.21	-	2,61,764.21
(iii) From others	59,365.87	-	59,365.87	64,029.56	-	64,029.56
Total	10,65,558.82	-	10,65,558.82	7,25,918.15	-	7,25,918.15
Deposits of branches in India	10,65,558.82	-	10,65,558.82	7,25,918.15	-	7,25,918.15
Deposits of branches outside India	-	-	-	-	-	-
Total	10,65,558.82	-	10,65,558.82	7,25,918.15	-	7,25,918.15
Deposits - non-interest bearing	22,844.54	-	22,844.54	8,055.41	-	8,055.41
Deposits - interest bearing	10,42,714.28	-	10,42,714.28	7,17,862.74	-	7,17,862.74
Total	10,65,558.82	-	10,65,558.82	7,25,918.15	-	7,25,918.15

The deposits have not been guaranteed by directors or others.

There has been no default in repayment of deposits and interest thereon.

The deposit rates of the Bank as on March 31, 2020 are as follows:

-Savings Deposits Interest Rates: 4.00%

-Fixed Deposits Interest Rates: 5.50% to 8.10%

-Recurring Deposits Interest Rates: 6.50% to 8.00%

(₹ in Lakhs)

Particulars	As at March 31, 2020			As at March 31, 2019		
	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 (refer note (i) below)	-	-	-	5,000.00	-	5,000.00
Total	-	-	-	5,000.00	-	5,000.00

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Note (i)

(₹ in Lakhs)

Tier II Series name	Issue Amount (₹ In Lakhs)	Issue date	Date of Redemption	Interest rate (% p.a.)
SIDBI Sub debt-US	5,000	September 29, 2014	April 10, 2020	15%

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
NOTE 17 - OTHER FINANCIAL LIABILITIES		
Financial Liabilities		
Payable to Related Parties	-	-
Interest accrued on deposits and borrowings	14,193.11	10,219.46
Bills Payable	4,811.34	8,740.43
Others	263.21	1,102.69
Total	19,267.66	20,062.58

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
NOTE 18 - CURRENT TAX LIABILITIES (NET)		
Current Tax Liabilities	15.31	15.31
Total	15.31	15.31

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
NOTE 19 - PROVISIONS		
Provisions for Employee Benefits		
Provision For Gratuity (refer note 31)	1,502.47	785.26
Provision For Leave Encashment	3,175.92	2,605.48
Total	4,678.39	3,390.74

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
NOTE 20 - OTHER NON-FINANCIAL LIABILITIES		
Non-Financial Liabilities		
Unclaimed dividend	7.17	3.85
Employee benefits payable	1,439.09	1,392.57
Statutory remittances	1,527.60	989.33
Others	316.43	316.29
Total	3,290.29	2,702.04

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
NOTE 21 - EQUITY SHARE CAPITAL		
Equity share capital		
Authorised Share capital:		
12,50,00,000 (March 31, 2019: 12,50,00,000) Equity Shares of ₹10 each	12,500.00	12,500.00
Issued and subscribed capital comprises:		
12,16,03,226 (March 31, 2019: 12,11,66,697) Equity Shares of ₹10 each	12,160.32	12,116.67
Total issued, subscribed and fully paid-up share capital	12,160.32	12,116.67

(i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year:

Equity Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amount (₹ in Lakhs)	Number of shares (In Lakhs)	Amount (₹ in Lakhs)	Number of shares (In Lakhs)
Balance as at the beginning of the year	1,211.67	12,116.67	1,208.62	12,086.18
Add: Shares issued during the year - Stock options	4.36	43.65	3.05	30.49
Balance outstanding as at the end of the year	1,216.03	12,160.32	1,211.67	12,116.67

(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, 2020		As at March 31, 2019	
	Number of shares (In Lakhs)	% holding in the class of shares	Number of shares (In Lakhs)	% holding in the class of shares
Ardisia Limited	120.66	9.92%	120.66	9.96%
Alena Private Limited	101.83	8.37%	107.91	8.91%
NewQuest Asia Investments II Limited	62.87	5.17%	70.28	5.80%

(iv) Information relating to Employee stock option plan (ESOP) including details of options issued, exercised and lapsed during the year and options outstanding at the end of the reporting year is set out in note 37.

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

Particulars	Attributable to Owners of Ujjivan Financial Services Limited							Total Reserves & Surplus	Non-Controlling Interests	Total
	Reserves and Surplus									
	Share Application Money Pending Allotment	Statutory Reserve	Securities Premium	Retained Earnings	General Reserve	Share Options Outstanding Account				
Balance at April 1, 2018	23.70	12,059.77	1,09,668.66	37,412.66	-	1,938.82	1,61,103.61	-	1,61,103.61	
Add: Profit for the year	-	-	15,044.40	-	-	-	15,044.40	-	15,044.40	
Add: Other Comprehensive Income for the year	-	-	(61.74)	-	-	-	(61.74)	-	(61.74)	
Total comprehensive income for the year	-	-	14,982.66	-	-	-	14,982.66	-	14,982.66	
Appropriation to statutory reserve*	-	4,188.21	-	(4,188.21)	-	-	-	-	-	
Add: Employee stock option plan expense for the year	-	-	-	-	-	1,468.25	1,468.25	-	1,468.25	
Less: Grants exercised during the year	-	-	-	-	-	(150.22)	(150.22)	-	(150.22)	
Transaction with owners in their capacity as owners										
Add: Share application money received	333.21	-	-	-	-	-	333.21	-	333.21	
Less: Shares allotted during the year	(30.49)	-	-	-	-	-	(30.49)	-	(30.49)	
Less: Premium on shares allotted during the year	(302.12)	-	-	-	-	-	(302.12)	-	(302.12)	
Add: Premium on shares issued during the year on stock options	-	-	452.33	-	-	-	452.33	-	452.33	
Less: Dividend distributed during the year	-	-	-	(1,634.78)	-	-	(1,634.78)	-	(1,634.78)	
Less: Dividend distribution tax	-	-	-	(571.00)	-	-	(571.00)	-	(571.00)	
Balance at March 31, 2019	24.30	16,247.98	1,10,120.99	46,001.33	-	3,256.85	1,75,651.55	-	1,75,651.55	
Transition Date Impact	24.30	16,247.98	1,10,120.99	46,001.33	-	3,256.85	1,75,651.55	-	1,75,651.55	
Add: Profit for the year	-	-	(4,120.41)	-	-	-	(4,120.41)	-	(4,120.41)	
Add: Other Comprehensive Income for the year	-	-	28,229.44	-	-	-	28,229.44	1,636.43	29,865.87	
Total comprehensive income for the year	-	-	23,834.36	-	-	-	23,834.36	1,629.91	25,464.27	
Appropriation to statutory reserve*	-	6,596.64	-	(6,596.64)	-	-	-	-	-	
Add: Employee stock option plan expense for the year	-	-	-	-	-	3,168.06	3,168.06	-	3,168.06	
Less: Grants exercised during the year	-	-	-	-	-	(98.50)	(98.50)	-	(98.50)	
Less: Transferred to General Reserve for vested options lapsed during the year	-	-	-	-	302.67	(302.67)	-	-	-	
Transaction with owners in their capacity as owners										
Consideration received on dilution of stake in subsidiary	-	-	-	-	-	-	-	1,01,001.91	1,01,001.91	
Gain on dilution of stake in subsidiary	-	-	69,512.09	-	-	-	69,512.09	(69,512.09)	-	
Add: Share application money received	458.57	-	-	-	-	-	458.57	-	458.57	
Less: Shares allotted during the year	(43.65)	-	-	-	-	-	(43.65)	-	(43.65)	
Less: Premium on shares allotted during the year	(431.07)	-	-	-	-	-	(431.07)	-	(431.07)	
Add: Premium on shares issued during the year on stock options	-	-	529.57	-	-	-	529.57	-	529.57	
Less: Dividend distributed during the year	-	-	-	(546.22)	-	-	(546.22)	-	(546.22)	
Less: Dividend distribution tax	-	-	-	(232.55)	-	-	(232.55)	-	(232.55)	
As at March 31, 2020	8.15	22,844.62	1,10,650.56	1,31,972.37	302.67	6,023.74	2,71,802.11	33,119.73	3,04,921.84	

*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 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 Value Ind AS Employees stock option plan.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 22 (A) - INTEREST INCOME		
Interest on deposits with banks	772.58	243.59
Interest on loans	2,66,560.53	1,82,002.51
Interest income from investments	13,869.83	9,309.79
Other interest income	161.05	125.96
Total	2,81,363.99	1,91,681.85

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:

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(a) Revenue from contracts with customers	2,033.37	1,394.31
(b) Revenue from other sources	2,439.00	1,251.91
Total revenue	4,472.37	2,646.22

(i) Disaggregation of revenue from contracts with customers

(₹ in Lakhs)

Particulars	Insurance charges	Other commissions and charges	Total
For the year ended March 31, 2020			
Revenue from external customers	2,033.37	2,439.00	4,472.37
	2,033.37	2,439.00	4,472.37
Timing of revenue recognition			
- At a point in time	2,033.37	2,439.00	4,472.37
- Over time	-	-	-
	2,033.37	2,439.00	4,472.37
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

(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, 2020 and March 31, 2019.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 22 (C) - NET GAIN/LOSS ON DERECOGNITION OF FINANCIAL INSTRUMENTS AT AMORTISED COST		
Profit on sale of investments -Central Govt Securities	139.92	98.50
Total	139.92	98.50

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 23 - OTHER INCOME		
Net gain/(loss) on derecognition of property, plant and equipment	128.04	(114.29)
Profit on sale of current investments	0.07	68.91
Interest on Fixed Deposit	-	313.13
Others		
(i) PSLC Income	4,530.36	2,782.38
(ii) Gain on sale of Mutual Fund	413.38	871.63
(iii) Others	5,889.62	3,014.12
Total	10,961.47	6,935.88

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 24 - FINANCE COST		
Interest on Lease liability	5,255.76	-
Interest on debt securities	259.43	3,910.81
Interest on borrowings	33,420.60	32,798.96
Interest on deposits	72,173.71	35,243.46
Interest on subordinated loans	382.19	750.00
Total	1,11,491.69	72,703.23

Finance cost is towards financial liabilities measured at Amortised Cost at their effective interest rate.

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 25 - IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS		
On Advances	17,429.14	6,570.37
On Investments	17.19	5.92
Total	17,446.33	6,576.29

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 26 - EMPLOYEE BENEFITS		
Salaries and wages including bonus	61,440.86	46,561.89
Contributions to provident and other funds	4,257.78	2,811.34
Gratuity (refer note 31)	1,126.80	690.59
Employee Share Based Payments (refer note 37)	3,977.63	1,468.24
Staff Welfare	2,667.84	2,521.34
Total	73,470.91	54,053.40

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 27 - DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation on fixed assets (refer note 9)	5,107.20	4,371.11
Amortisation on software (refer note 10A)	2,157.55	1,690.65
Depreciation on Right to use asset (refer note 10)	9,334.59	-
Total	16,599.34	6,061.76

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
NOTE 28 - OTHER EXPENSES		
Rent	641.40	5,510.51
Taxes and energy costs	1,790.01	3,482.38
Repairs and maintenance	5,959.89	7,138.11
Corporate Social Responsibility (refer note (ii) below)	753.06	351.06
Communication costs	2,445.68	2,107.25
Postage & courier	974.06	786.27
Printing and stationery	2,557.65	2,381.32
Advertisement and publicity	2,032.36	3,445.06
Director's fees, allowances and expenses	171.27	106.86
Auditor's fees and expenses (Refer note (i) below)	104.35	91.06
Legal and Professional charges	1,594.87	1,330.93
Travelling & conveyance expenses	5,195.43	4,529.14
Insurance	701.19	419.81
Other expenditure	11,417.35	9,878.15
Total	36,338.57	41,557.91

Note (i)

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
(i) Payments to the auditors comprises		
Audit services	50.64	45.75
Tax audit	2.09	2.00
Other services	46.19	41.15
Reimbursement of expenses and levies	5.43	2.16
Total	104.35	91.06

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Note 28 (ii) - Corporate Social Responsibility

i) Gross amount required to be spent by the company during the financial year ended March 31, 2020 is ₹ 402.16 Lakhs (March 31, 2019: ₹ 397.22 Lakhs).

ii) Amount spent during the year 2019-20 on:

(₹ in Lakhs)

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	753.06	-	753.06

Amount spent during the year 2018-19 on:

(₹ in Lakhs)

Particulars	In Cash	Yet to be paid in Cash	Total
Construction/acquisition of any asset	-	-	-
On purposes other than above	351.06	-	351.06

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
NOTE 29 - CONTINGENT LIABILITIES AND COMMITMENTS		
Claims not acknowledged as debts	55.33	61.02
Guarantees given on behalf of constituents - in India	475.00	25.00
Capital commitments not provided for	1,563.32	2,999.31
Total	2,093.65	3,085.33

The Claims against the Bank not acknowledged as debts, amounting to ₹ 55 Lakhs comprises of the following:

- 1 During the year ended March 31, 2017, the Bank had received demand order from Service Tax authorities against show cause notices. The order pertains to applicability of Service Tax on Securitisation. The amount of service tax demand aggregated to ₹ 42 Lakhs (plus penalty and interest, as applicable).
- 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 ₹ 6 Lakhs. There were other minor cases pertaining to deficiency of service amounting to ₹ 7 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 Limited.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

NOTE 30 - CURRENT TAX AND DEFERRED TAX

Income Tax recognised in Statement of profit and loss

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax:		
In respect of current year	11,572.18	3,672.87
In respect of prior years	3.45	48.96
Deferred Tax:		
In respect of current year	149.41	1,643.63
Total income tax expense recognised in the Statement of profit and loss	11,725.04	5,365.46

Movement in deferred tax balances

(₹ in Lakhs)

Particulars	As at March 31, 2020			
	Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Depreciation and Amortisation	(1,615.32)	602.24	-	(1,013.08)
	(1,615.32)	602.24	-	(1,013.08)
Tax effect of items constituting deferred tax assets				
Provision for employee benefits	528.43	(17.30)	94.57	605.70
ECL provision on advances and investments	4,207.49	(1,606.57)	-	2,600.92
Deduction U/s 80JJAA of Income Tax Act, 1956	1,144.18	147.45	-	1,291.63
Deferred income	2,681.63	375.79	-	3,057.42
Others	643.18	1,734.77	-	2,377.95
	9,204.91	634.14	94.57	9,933.62
Net Tax Asset / (Liabilities)	7,589.59	1,236.39	94.57	8,920.54

(₹ in Lakhs)

Particulars	As at March 31, 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in Other Comprehensive Income	Closing Balance
Tax effect of items constituting deferred tax liabilities				
Depreciation and Amortisation	(1,444.01)	(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	224.95	33.17	528.43
ECL provision on advances and investments	9,004.13	(4,796.64)	-	4,207.49
Deduction U/s 80JJAA of Income Tax Act, 1956	-	1,144.18	-	1,144.18
Deferred income	1,709.91	971.72	-	2,681.63
	10,984.35	(2,455.79)	33.17	8,561.73
Net Tax Asset / (Liabilities)	9,200.06	(1,643.64)	33.17	7,589.59

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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.

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

- 1. Interest rates risk:** the defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
- 2. Demographic risks:** this is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of these decrement on the DBO depends upon the combination salary increase, discount rate, and vesting criteria and therefore not very straight forward. It is important not to overstate withdrawal rate because the cost of retirement benefit of a short caring employees will be less compared to long service employees.
- 3. Salary inflation risk:** higher than expected increases in salary will increase the defined benefit obligation.
- 4. Asset Liability Mismatch.** This will come into play unless the funds are invested with a term of the assets replicating the term of the liability.

Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Investment Risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity Risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cash flows.

Market Risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative Risk/Regulatory Risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation And the same will have to be recognised immediately in the year when any such amendment is effective.

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:

		(₹ in Lakhs)	
Components of Employer expense		March 31, 2020	March 31, 2019
Service Cost			
1	Current service Cost	1,101.32	669.33
Total Service Cost		1,101.32	669.33
Net Interest Cost			
2	Interest Expense on DBO	194.70	166.29
3	Interest (Income on Plan Asset)	(169.22)	(145.03)
Total Net Interest		25.48	21.26
Defined Benefits cost included in P&L		1,126.80	690.59
Discount Rate		6.40%	7.52%

(iii) Remeasurement effects

		(₹ in Lakhs)	
Remeasurement effects recognised in other comprehensive income (OCI)		March 31, 2020	March 31, 2019
1	Actuarial (Gain) / Losses due to Demographic Assumption changes in DBO	(33.45)	161.24
2	Actuarial (Gain) / Losses due to Financial Assumption changes in DBO	395.90	(55.53)
3	Actuarial (Gain)/ Losses due to Experience on DBO	(78.66)	38.53
4	Return on Plan Assets (Greater) / Less than Discount rate	91.96	(49.33)
Total actuarial (gain)/loss included in OCI		375.76	94.91
Total cost recognised in P&L and OCI (Defined Benefit Cost)			
5	Cost Recognised in P&L	1,126.80	690.59
6	Remeasurement Effect Recognised in OCI;	375.76	94.91
Total Defined Benefit Cost		1,502.56	785.50
Discount Rate		6.40%	7.52%

(iv) The net liability disclosed above related to funded plans are as follows:

		(₹ in Lakhs)	
Net Asset/(Liability) Recognised in Balance Sheet –		March 31, 2020	March 31, 2019
1	Present value of Funded Obligation	18.20	11.94
2	Fair Value of Plan Assets	2,961.25	2,331.07
3	Present value of Unfunded obligation	4,445.52	3,104.38
Funded status [Surplus/(Deficit)]		(1,502.47)	(785.26)
Net Liability		(1,502.47)	(785.26)
Recognised in balance sheet		(1,502.47)	(785.26)
Discount Rate		6.40%	7.52%

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(v) The amount recognised in the balance sheet and the movement in the net defined benefit obligation

(₹ in Lakhs)

Change in DBO over the year ending on	March 31, 2020	March 31, 2019
1 Present value of DBO at beginning (opening)	3,116.32	2,294.69
2 Interest Cost	194.70	166.29
3 Current Service Cost	1,101.32	669.33
4 Benefits Payouts from plan	(232.41)	(166.12)
5 Acquisitions/Divestures/Transfer	-	7.89
6 Actuarial (Gains)/Loss	283.79	144.24
Present Value Of DBO at the ending year	4,463.72	3,116.32

(vi) Reconciliation of Opening & Closing of Plan Assets

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
1 Fair Value of Plan Assets at end of prior year	2,331.07	1,728.91
2 Difference in opening Value	0.35	31.27
3 Employer Contribution	785.34	566.03
4 Expected Interest income of assets	169.22	145.03
5 Transfer In / Acquisitions	-	7.89
7a Benefits Payouts from plan	(232.41)	(166.12)
12 Actuarial gain/(Loss)	(92.32)	18.06
13 Fair Value of assets at the End	2,961.25	2,331.07
13 Actual Return on Plan Assets	77.26	194.36

The Group has started funding the liability through the medium of an insurance Group. Regular assessment is made by the insurance co of the increase in liability under certain assumptions and contributions are being made to maintain the fund and subject to credit risk of the insurance Group & asset liability mismatch risk of the investments the Group will be able to meet the past service liability on the valuation date that fall due during the next 10 years

(vii) Expected Contributions to the plan for the next annual reporting period.

(₹ in Lakhs)

Information on the maturity profile of the liabilities given below	March 31, 2020	March 31, 2019
1 Weighted average duration of the DBO	10.26	9.77
2 Projected Benefit Obligation	4,463.73	3,116.32
3 Accumulated Benefits Obligation	2,526.61	1,849.51

(viii) Five Year Pay-outs

(₹ in Lakhs)

Particulars	March 31, 2020	
	Discounted values / Present value	Undiscounted values/ Actual value
Year (I)	429.71	450.28
Year (II)	363.20	404.28
Year (III)	273.61	325.26
Year (IV)	226.01	285.91
Year (V)	187.69	252.31
Next 5 Year Payouts (6-10Yrs)	558.22	892.35
Payouts Above Ten Years	2,424.02	7,014.71
Vested benefit Obligation as on March 31, 2020	3,140.83	

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(ix) Major Categories of Plan Asset

As a percentage of the fair value

Assets Distribution

As at	March 31, 2020	March 31, 2019
	Percentages	
1 Govt Securities(Central & State)	-	-
2 High quality Corporate Bonds	-	-
3 Equity shares of Listed Co's	-	-
4 Property	-	-
5 Special deposits	-	-
6 Others (other investments, bank balance etc.)	-	-
7 Assets under Insurance Schemes	100%	100%
Total	100%	100%

(x) Key Assumptions

One of the principal assumptions is the discount rate, which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

Actuarial Assumptions:

Salary Escalation:

In projecting the salary increases there are three factors to consider - first is inflation level leading to a general change in salary level. The other two are career progression of the employees & productivity gains for the organisation. Where appropriate the salary increases, a periodic salary experience study with the client's data will be conducted as an input for the client, when setting the assumption.

Demographic Assumptions:

For Attrition / Withdrawal

Withdrawal rates, both at early durations of service and near retirement date, not only have a significant impact on estimates of 'liability' and 'contributions' (more than of mortality in service) but are most difficult to estimate. The past may not be a guide to the future. Even if the past experience can be statistically analyzed and produce some meaningful rates, the future experience of withdrawals will depend on general economic conditions as also the particular conditions affecting the given employer's business. Furthermore, withdrawal rates differ significantly from scheme to scheme and within a scheme from year to year. We examine these rates and any other information available and use best possible judgment to cater to the long term nature of the actuarial estimates being is carrying out.

The financial and demographic assumptions employed for the calculations as at the end of previous period and current period are as follows:

Assumption	March 31, 2020	March 31, 2019
1 Discount rate	6.40%	7.52%
2 Expected return on assets	6.40%	7.52%
3 Salary Escalation	9.00%	9.00%
4 Attrition Rate	20.84%	20.26%
5 Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Demographic Assumptions	March 31, 2020	March 31, 2019
1 Disability:	5% of mortality rate rates	5% of mortality rate rates
2 Attrition rate:	20.84%	20.26%
3 Retirement age:	60 years	60 years

Sensitivity Analysis

Particulars	% increase in DBO	₹ in Lakhs	
		Liability	Increase In DBO
1 Discount rate +100 basis points	(8.44%)	4,086.84	(376.88)
2 Discount rate -100 basis points	9.93%	4,906.97	443.24
3 Salary growth +100 basis points	8.58%	4,846.85	383.13
4 Salary growth -100 basis points	(7.59%)	4,124.85	(338.88)
5 Attrition rate +100 basis points	(2.39%)	4,357.10	(106.63)
6 Attrition rate-100 basis points	2.62%	4,580.58	116.86
7 Mortality rate 10% up	(0.07%)	4,460.70	(3.02)

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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

32.2 Segment revenues and results

(₹ in Lakhs)

The following is an analysis of the Company's revenue and results by reportable segment.	For the year ended March 31, 2020		
	Banking	Others	Total
Total segment revenue	2,96,937.75	-	2,96,937.75
Inter-Segmental revenue	-	-	-
Revenue from external customers	2,96,937.75	-	2,96,937.75
	2,96,937.75	-	2,96,937.75

(₹ in Lakhs)

Segment results	For the year ended March 31, 2020		
	Banking	Others	Total
Profit before income tax	42,696.88	(1,105.97)	41,590.91

(₹ in Lakhs)

The following is an analysis of the Company's revenue and results by reportable segment.	For the year ended March 31, 2019		
	Banking	Others	Total
Total segment revenue	2,00,980.41	382.04	2,01,362.45
Inter-Segmental revenue	-	-	-
Revenue from external customers	2,00,980.41	382.04	2,01,362.45
	2,00,980.41	382.04	2,01,362.45

(₹ in Lakhs)

Segment results	For the year ended March 31, 2019		
	Banking	Others	Total
Profit before income tax	20,118.87	290.99	20,409.86

32.3 Segment assets and liabilities

(₹ in Lakhs)

Segment assets	As at March 31, 2020		
	Banking	Others	Total
Cash and Bank Balance	1,34,346.00	96.48	1,34,442.48
Loans	13,93,373.30	-	13,93,373.30
Investments	2,42,920.30	-	2,42,920.30
Fixed Assets	81,945.71	3.41	81,949.12
Others	18,310.67	111.74	18,422.41
Total Assets	18,70,895.98	211.63	18,71,107.61

(₹ in Lakhs)

Segment liabilities	As at March 31, 2020		
	Banking	Others	Total
Segment liabilities	15,53,880.95	144.50	15,54,025.45
Total liabilities	15,53,880.95	144.50	15,54,025.45

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in Lakhs)

Segment assets	As at March 31, 2019		
	Banking	Others	Total
Segment assets			
Cash and Bank Balance	1,09,654.38	71.02	1,09,725.40
Loans	10,93,053.07	-	10,93,053.07
Investments	1,54,781.09	-	1,54,781.09
Fixed Assets	28,444.95	4.96	28,449.91
Others	16,506.73	72.88	16,579.61
Total Assets	14,02,440.22	148.86	14,02,589.08

(₹ in Lakhs)

Segment liabilities	As at March 31, 2019		
	Banking	Others	Total
Segment liabilities	12,14,675.94	144.92	12,14,820.86
Total liabilities	12,14,675.94	144.92	12,14,820.86

32.4 Geographical information

The entity is domiciled in India and operates only in India. Hence, no geographical information is required.

32.5 Information about major customers

No single customers contributed 10% or more to the Group's revenue for both 2019-20 and 2018-2019.

NOTE 33 - EARNING PER SHARE

Basic Earnings/ (Loss) Per Equity Share

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Nominal value of equity share (₹)	10	10
Profit after tax - (A) (₹ in Lakhs)	28,229.44	15,044.40
Weighted average number of shares outstanding (B) (in Lakhs)	1,214.39	1,210.30
Basic earnings per share (₹) - (A/B)	23.25	12.43

Diluted Earnings/ (Loss) Per Equity Share

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Nominal value of equity share (₹)	10	10
Profit after tax - (A) (₹ in Lakhs)	28,229.44	15,044.40
Weighted average number of shares outstanding (B) (in Lakhs)	1,216.14	1,215.21
Diluted earnings per share (₹) - (A/B)	23.21	12.38

Weighted Average Number of Shares used as denominator

Particulars	March 31, 2020 No. of Shares (in Lakhs)	March 31, 2019 No. of Shares (in Lakhs)
Weighted Average number of equity shares used as the denominator in calculating basic earnings per share	1,214.39	1,210.30
Adjustments for calculation of diluted earnings per share:		
Options	1.75	4.91
Weighted Average number of equity shares used as the denominator in calculating diluted earnings per share	1,216.14	1,215.21

Notes to the Consolidated Financial Statements

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NOTE 34 - LEASING ARRANGEMENTS

Payments recognised as expense

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Rent	641.40	5,510.51

(₹ in Lakhs)

*The above rent includes low value lease expense.

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.

	March 31, 2020	March 31, 2019
Capital Adequacy	28.82%	18.95%
CET 1 Capital	26.16%	16.17%
Tier I Capital	28.01%	18.39%
Tier II Capital	0.80%	0.55%

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.

35.2 Financial instruments by category

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Investments	-	10.00	2,42,910.30	-	10.00	1,54,771.09
Cash & Cash equivalents and Other Bank balances	-	-	1,34,442.48	-	-	1,09,725.40
Loans	-	-	13,93,373.30	-	-	10,93,053.07
Other Financial Assets	-	-	3,068.80	-	-	2,461.88
Total Financial Assets	-	10.00	17,73,794.88	-	10.00	13,60,011.44

(₹ in Lakhs)

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(₹ in Lakhs)

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial liabilities						
Trade Payable	-	-	6,405.39	-	-	4,431.55
Debt Securities	-	-	-	-	-	10,000.00
Borrowings	-	-	3,95,261.60	-	-	4,43,300.49
Deposits	-	-	10,65,558.82	-	-	7,25,918.15
Lease Liability	-	-	59,547.99	-	-	-
Subordinated Liabilities	-	-	-	-	-	5,000.00
Others	-	-	19,267.66	-	-	20,062.58
Total Financial liabilities	-	-	15,46,041.46	-	-	12,08,712.77

35.3 Financial risk management

The Group is exposed to credit risk, market risk and liquidity risk. The following notes explain the sources of risks which the Group is exposed to and how it manages the risks in the financial statements. UFSL is not exposed to market risk and credit risk, and hence the disclosures pertain only to the significant component i.e., USFB (Bank). Both UFSL and USFB are exposed to liquidity risk. Consequently, management has used the 'bank' wherever the disclosure pertains to the significant component and used the word group where it pertains 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 March-2019 and March-2020 respectively.

Traditional Gap Approach- March 31, 2020

(₹ in Lakhs)

Particulars	1-28 days	29d-3m	3-6m	6m-1y	Total
Risk Sensitive Assets	1,29,915.37	1,29,806.48	2,67,476.08	4,76,460.81	10,03,658.74
Risk Sensitive Liabilities	1,00,028.15	1,74,269.01	2,14,054.20	4,44,578.96	9,32,930.32
Gap	29,887.22	(44,462.53)	53,421.88	31,881.85	70,728.42
Remaining maturity in days	351.00	304.00	230.00	95.00	980.00
Earnings at risk (EaR) for 2% increase in interest rates	574.82	(740.64)	673.26	165.96	673.40

Traditional Gap Approach- March 31, 2019

(₹ in Lakhs)

Particulars	1-28 days	29d-3m	3-6m	6m-1y	Total
Risk Sensitive Assets	1,73,751.83	1,64,227.22	1,66,127.60	3,35,922.26	8,40,028.91
Risk Sensitive Liabilities	35,419.63	2,03,013.58	1,38,569.91	2,91,231.31	6,68,234.43
Gap	1,38,332.20	(38,786.36)	27,557.69	44,690.95	1,71,794.48
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

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Duration Gap approach

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Equity (i.e., Net Worth)	2,83,352.12	1,60,498.29
Computation of Aggregate Risk Sensitive Liabilities	15,10,274.28	11,78,890.94
Computation of Aggregate Risk Sensitive Assets	17,54,017.44	12,97,409.86
Weighted Avg Modified Duration of Risk Sensitive Liabilities across all currencies	1.02	1.13
Weighted Avg Modified Duration of Risk Sensitive Assets across all currencies	1.53	1.28
Modified Duration Gap	0.65	0.25
Change in MVE as % of equity for 200bps change in interest rate	(8.06%)	(4.10%)

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.

1. There are Credit teams to ensure implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information/loan closure documents, as the case may be, and highlight early warning signals and industry developments enabling pro-active field risk management.
2. The credit teams of each vertical do the independent credit assessment in line with the credit policy of the Bank. There are defined processes for credit assessment of each product in the Bank. The credit

sanction is done through a delegation matrix where credit sanctioning powers are defined for various levels. All big ticket loans i.e. ₹ 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.

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 PD rather than point in time PD. Pending the adoption of scoring models to assess the change in credit status at an account level and at portfolio level, the Bank has adopted SICR (Significant Increase in Credit risk) criteria based on Days Past Due (DPD). The following table lists the staging criteria used in the Bank:

Staging Criterion
 Stage-1: 0 – 30 days past due
 Stage-2: 31 – 90 days past due
 Stage-3: 90+ days past due

Stage 2 follows the rebuttable presumption of Ind AS 109, that credit risk has increased significantly since initial recognition no later than when contractual payments are more than 30 days past due.

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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 macro-economic variable which can statistically explain a relationship. This typically entails using various forms/ types of regression to ascertain if that relationship is statistically significant. If found significant, the historical ECL can then be converted into a forward looking estimate, by incorporating the relationship aspect.

The dataset for studying and identifying relationships were populated on quarterly basis. The dataset included the Bank's own trend in defaults over the quarters and various macro-economic variables; the data for which is publicly available with International Monetary Fund and Reserve Bank of India.

The Bank undertook various statistical analysis to identify relationships with default rates. The results were found to be statistically insignificant for the following reasons:

- 1) Historically, the business model of the Bank has only been affected with increase in default rates due to events such as floods, area specific disturbances and local political intervention. These events are stray events which had not affected the Bank as a whole. Secondly, the customer segment catered by the Bank is largely the unbanked and underbanked population of India. These customers undertake their activities mostly on cash basis and are often excluded in the financial ecosystem as their contribution to the taxable income is quite low. Therefore, the default behaviour of this customer segment can tend to exhibit none to very low relationship to the more formal macro-economic indicators.
- 2) The Bank, like all other companies engaged in microfinance business faced an extra-ordinary situation due to the demonetisation 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 cyclicity. 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 Demonetisation can be deemed as a Black Swann event; and its occurrence in the future is highly unlikely. As explained above, the business model of the Bank is mostly subject to risks emanating from local events in its normal course. One time events such as Demonetisation is the only example which had caused a Bank wide impact. Furthermore, the newer advances made post demonetisation 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 cause 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.

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

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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

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

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.

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MSE loans were bifurcated into two segments i.e. Secured MSE and Unsecured MSE based on the similar risk characteristics exhibited for the purpose of ECL computation. All other loan portfolios were not bifurcated into groups because of low incidence of default and recent vintage of portfolio.

The Bank uses external benchmark information for portfolios with limited historical data. The table below depicts the portfolios for which external benchmark information represents a significant input into measurement of ECL.

Particulars	External benchmark PD	External benchmark LGD	Additional Details
MSE Loans	NA	Secured MSE - 50% Unsecured MSE - 65%	RBI IRB circular issued in December 2011
Secured Housing Loans	1.43%	50%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Staff Loans	0.03% (Min reqd PD)	65%	Loan Loss Provisioning RBI paper - Clause 6.1.6
Personal Loans	3.52%	65%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Two Wheeler Loans	3.52%	50%	Loan Loss Provisioning RBI paper - Clause 6.1.5 and Clause 6.1.6 & RBI IRB circular issued in December 2011
Financial Institution Group Loans	According to the Credit rating of the borrower	65%	CRISIL Default Study Paper
Debt Securities	0.03% (Min reqd PD)	65%	RBI IRB circular issued in December 2011

Changes done in the wake of COVID-19 Pandemic

1. Microfinance Lending: The PD is marked up with the incremental 40% and stressed LGD as in March, 2018 is taken.
2. Housing Loan, MSE Loan, Personal Loan, Staff Loan and Vehicle Loan: i) The Bank moved moratorium borrower to subsequent staging bucket (i.e. Stage 1 to Stage 2 and Stage 2 to Stage 3) and lifetime PD is applied to these cases. ii) The Bank has increased LGD by 5% both for secured and unsecured portfolio.

Hence, the revised LGD is 55% for Secured and 70 % for Unsecured portfolio.

3. Financial Institution Lending: i) The Bank has moved moratorium borrower to subsequent bucket (from Stage 1 to Stage 2). ii) To address the SICR, we have used CRISIL PD of one grade lower than the existing external rating of a borrower who has been given moratorium. iii) The bank has increased the LGD by 5% for FI borrowers. Hence, the revised LGD is 55%.

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	(₹ in Lakhs)	
	March 31, 2020	March 31, 2019
Loans and advances to customers at amortised cost		
Concentration by sector		
Microbanking Loans	10,78,263.89	9,41,705.05
Secured Housing Loans	1,52,387.02	83,618.57
Personal Loans	7,857.65	1,155.03
MSE Loans		
MSE Loans	98,025.78	59,775.03
Other Loans		
Agri Loans	15,058.19	2,422.50
Staff Loans	1,093.63	918.53
Two Wheeler Loans	1,287.91	39.55
Financial Institution Group Loans	55,254.03	23,569.38
Advances against Deposits	6,312.23	2,743.01
Gross Advances as per Ind-AS	14,15,540.33	11,15,946.65

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Particulars	March 31, 2020	March 31, 2019
Ind-AS adjustment		(7,471.35)
Gross Advances as per Ind-AS	14,15,540.33	11,08,475.30
*includes Agri Corporate Loan		
Concentration by region		
(at State level)		
Tamil Nadu	2,23,978.33	1,87,756.27
Karnataka	2,16,790.00	1,62,844.54
West Bengal	1,95,368.00	1,51,538.12
Maharashtra	1,30,297.00	1,01,288.79
Gujarat	1,10,659.00	76,255.46
Bihar	87,602.00	62,892.97
Haryana	69,804.00	53,154.64
Assam	39,876.00	41,925.87
Rajasthan	56,930.00	43,195.82
Uttar Pradesh	52,462.00	33,836.62
Punjab	39,240.00	30,435.70
Orissa	36,473.00	34,027.23
Jharkhand	29,567.00	27,083.92
Kerala	25,185.00	20,865.47
New Delhi	29,987.00	25,083.80
Madhya Pradesh	22,171.00	21,581.73
Tripura	16,539.00	13,358.21
Pondicherry	11,135.00	9,192.53
Chhattisgarh	8,214.00	8,083.42
Uttarakhand	6,019.00	4,995.62
Meghalaya	2,010.00	1,856.94
Chandigarh	2,476.00	2,262.74
Himachal Pradesh	1,739.00	1,572.65
Goa	1,019.00	857.61
Total	14,15,540.33	11,15,946.65
Ind-AS Adjustment		(7,471.35)
Gross Advances as per Ind-AS	14,15,540.33	11,08,475.30
Loan commitments		
Concentration by sector		
Microbanking Loans	-	-
Secured Housing Loans	3,718.96	3,257.95
Personal Loans	-	-
MSE Loans		
Secured MSE Loans	2,053.94	1,490.64
Unsecured MSE Loans	-	-
Other Loans		
Staff Loans	-	-
Two Wheeler Loans	-	-
Financial Institution Group Loans	-	-
Advances against Deposits	6,137.78	9,063.24
Total	11,910.68	13,811.84
Concentration by region		
(at State level)		
Maharashtra	1,756.36	820.08
Tamil Nadu	753.63	978.32
Karnataka	1,004.73	867.24
Rajasthan	630.77	540.75
Gujarat	495.10	1,968.98
Uttar Pradesh	598.89	273.68
West Bengal	2,382.07	581.17
Madhya Pradesh	85.79	95.93
Bihar	586.13	299.79

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(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Uttarakhand	70.85	49.12
New Delhi	1,177.13	1,701.25
Pondicherry	45.85	29.04
Kerala	23.49	45.60
Haryana	413.12	381.94
Jharkhand	149.02	198.11
Orissa	320.07	100.68
Assam	113.59	10.32
Punjab	659.81	192.33
Tripura	608.16	92.05
Chhattisgarh	9.62	49.44
Chandigarh	26.10	4,531.97
Himachal Pradesh	0.40	4.04
Total	11,910.68	13,811.84
Debt investment securities at amortised cost		
Concentration by sector		
Government Bonds	2,42,798.82	1,54,801.28
Others	-	-
Total	2,42,798.82	1,54,801.28

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.

(₹ in Lakhs)

Particulars	March 31, 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	12,07,684.73	1,90,294.75	17,560.84	-	14,15,540.32
Total gross carrying amount	12,81,604.50	1,94,914.05	18,894.23	-	14,95,412.78
Loss allowance	(12,039.28)	(3,547.04)	(11,867.62)	-	(27,453.94)
Carrying amount	12,69,565.22	1,91,367.01	7,026.62	-	14,67,958.85

(₹ in Lakhs)

Particulars	March 31, 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Loans and advances to customers at amortised cost	10,95,703.19	2,679.76	10,092.35	-	11,08,475.30
Total gross carrying amount	11,62,198.63	2,773.65	10,741.30	-	11,75,713.58
Loss allowance	(8,560.55)	(37.28)	(6,824.39)	-	(15,422.23)
Carrying amount	11,53,638.08	2,736.37	3,916.91	-	11,60,291.36

(₹ in Lakhs)

Particulars	March 31, 2020		
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Loan commitments			
Total amount committed	10,162.15	1,734.23	14.29
Loss allowance	(7.15)	(5.58)	(1.57)

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(₹ in Lakhs)

Particulars	March 31, 2019		
	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)	-

(₹ in Lakhs)

Particulars	March 31, 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Debt investment securities at amortised cost	2,42,798.82	-	-	-	2,42,798.82
Total gross carrying amount	2,42,798.82	-	-	-	2,42,798.82
Loss allowance	(47.35)	-	-	-	(47.35)
Carrying amount	2,42,751.47	-	-	-	2,42,751.47

(₹ in Lakhs)

Particulars	March 31, 2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	POCI	Total
Debt investment securities at amortised cost	1,54,801.28	-	-	-	1,54,801.28
Total gross carrying amount	1,54,801.28	-	-	-	1,54,801.28
Loss allowance	(30.19)	-	-	-	(30.19)
Carrying amount	1,54,771.09	-	-	-	1,54,771.09

This table summarises the loss allowance as of the March-20 and March-19 by class of exposure/asset.

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Loss allowance by classes		
Loans and advances to customers at amortised cost (excl. ECL on Undrawn)	27,439.64	14,499.15
Debt investment securities at amortised cost	47.35	30.19
Loan commitments	14.29	923.08

35.6.8 The tables below analyse the movement of the loss allowance during the year per class of assets.

(₹ in Lakhs)

Loss allowance – Loans and advances to customers at amortised cost	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at March 31, 2020	12,81,604.50	12,039.28	1,94,914.05	3,547.04	18,894.23	11,867.62
Loss allowance as at March 31, 2019	11,62,198.63	8,560.55	2,773.65	37.28	10,741.30	6,824.39
Movement	1,19,405.87	3,478.73	1,92,140.40	3,509.76	8,152.93	5,043.23

(₹ in Lakhs)

Loss allowance – Loans and advances to customers at amortised cost	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at March 31, 2019	11,62,198.63	8,560.55	2,773.65	37.28	10,741.30	6,824.39
Loss allowance as at March 31, 2018	7,73,348.98	5,157.46	1,894.87	23.19	30,451.09	21,456.71
Movement	3,88,849.64	3,403.09	878.78	14.09	(19,709.79)	(14,632.32)

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(₹ in Lakhs)

Loss allowance – Loan commitments	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at March 31, 2020	804.87	7.15	346.85	5.58	2.86	1.57
Loss allowance as at March 31, 2019	13,803.34	922.56	-	-	-	-
Movement	(12,998.46)	(915.41)	346.85	5.58	2.86	1.57

(₹ in Lakhs)

Loss allowance – Loan commitments	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at March 31, 2019	13,803.34	922.56	-	-	-	-
Loss allowance as at March 31, 2018	2,065.92	6.73	-	-	-	-
Movement	11,737.42	915.83	-	-	-	-

(₹ in Lakhs)

Loss allowance – Debt investment securities at amortised cost	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at March 31, 2020	2,42,798.82	47.35	-	-	-	-
Loss allowance as at March 31, 2019	1,54,801.28	30.19	-	-	-	-
Movement	87,997.54	17.16	-	-	-	-

(₹ in Lakhs)

Loss allowance – Debt investment securities at amortised cost	Stage 1 EAD	Stage 1 12-month ECL	Stage 2 EAD	Stage 2 Lifetime ECL	Stage 3 EAD	Stage 3 Lifetime ECL
Loss allowance as at March 31, 2019	1,54,801.28	30.19	-	-	-	-
Loss allowance as at March 31, 2018	1,24,422.48	24.26	-	-	-	-
Movement	30,378.80	5.93	-	-	-	-

35.6.9 Write - offs

The contractual amount outstanding on financial assets that were written off during the FY 2019-20 was ₹ 6,516.00 (in Lakhs) and for FY 2018-19 was 17,786.00 (in Lakhs) and are still subject to enforcement activity.

A. The table below provides an analysis of the gross carrying amount of loans and advances to customers by past due status.

(₹ in Lakhs)

Particulars	March 31, 2020		March 31, 2019	
	Gross carrying	Loss allowance	Gross carrying	Loss allowance
Loans and advances to customers (Other than Corporate)				
0-30 days	12,36,944.22	11,950.88	11,62,198.63	8,560.55
31-90 days	1,83,568.33	3,372.91	2,773.65	37.28
More than 90 days	18,894.23	11,867.62	10,741.30	6,824.39
Total	14,39,406.78	27,191.41	11,75,713.58	15,422.22

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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	₹ in Lakhs	
	March 31, 2020	March 31, 2019
Financial assets (with loss allowance based on lifetime ECL) modified during the year		
Gross carrying amount before modification	3,802.41	200.01
Loss allowance before modification	46.57	1.38
Net amortised cost before modification	3,755.84	198.63
Net modification gain	2,765.61	111.25
Net amortised cost after modification	990.24	87.39

Particulars	₹ in Lakhs	
	March 31, 2020	March 31, 2019
Financial assets modified since initial recognition at a time when loss allowance was based on lifetime ECL		
Gross carrying amount of financial assets for which loss allowance has changed in the period from lifetime to 12-month ECL cost after modification	-	-
	-	-

C. Collateral held as security and other credit enhancements

The Bank holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Particulars	Type of Collateral held
In deposits account	Unsecured Loan
MSE Loans	Hypothecation of Stocks, Book Debt, Mortgage of the Land and Building
Personal Loans	Unsecured Loan
Home Loans	Mortgage of the Land/Building/Flat
Two Wheeler Loans	Hypothecation of the vehicle
Financial Institution Group	Book debts and Cash Collateral

Mortgage lending

The Bank holds residential properties as collateral for the affordable loans it grants to its customers. The Bank monitors its exposure to retail mortgage lending using the Loan-to-Value ratio ('LTV ratio'), which is calculated as the ratio of the gross amount of the loan or the amount committed for loan commitments to the value of the collateral. The table below shows the ECL bifurcation of secured assets on the basis of various LTV ranges.

Particulars	March 31, 2020		March 31, 2019	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Mortgage lending LTV ratio				
Upto 35%	76,920.00	1,792.00	39,470.98	358.58
35% to 50%	55,502.00	1,225.00	29,790.08	241.49
50% to 65%	62,394.00	1,660.00	30,316.68	290.15
>65%	54,936.00	1,629.00	32,148.39	324.26
Total	2,49,752.00	6,306.00	1,31,726.13	1,214.48

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(₹ in Lakhs)

Particulars	March 31, 2020		March 31, 2019	
	Amount committed	Loss allowance	Amount committed	Loss allowance
Loan commitments – Mortgage lending LTV ratio*				
Upto 35%	931.35	11.04	1,018.14	208.93
35% to 50%	155.61	2.00	1,426.94	294.60
50% to 65%	45.26	0.99	1,147.86	237.45
>65%	22.36	0.27	1,155.65	182.10
Total	1,154.58	14.30	4,748.59	923.08

*excluding Loan commitments in the form Loan against deposit/Overdraft Against Deposit as they are not in the nature of mortgage but merely a pledge.

(₹ in Lakhs)

Particulars	March 31, 2020		March 31, 2019	
	Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Credit impaired – mortgage lending LTV ratio				
Upto 35%	4,367.96	2,853.77	207.05	103.53
35% to 50%	813.95	447.67	93.39	46.69
50% to 65%	1,492.89	821.09	178.28	89.14
>65%	1,573.06	865.18	230.16	115.08
Total	8,247.86	4,987.71	708.88	354.44

Personal lending

The Bank's personal lending portfolio consists of unsecured loans.

Investment securities

The Bank holds investment securities measured at amortised cost. The investment securities held by the Bank are sovereign bonds, which are not collateralised.

Assets obtained by taking possession of collateral

The Bank currently has not obtained any assets by taking possession of any collateral however it has prompted its borrowers into repaying the loan along with the dues. Therefore the below table is not applicable.

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Property	-	-
Debt securities	-	-
Other	-	-
Total assets obtained by taking possession of collateral	-	-

The fair value of assets held as collateral

(₹ in Lakhs)

Asset type	March 31, 2020	March 31, 2019
Assets pledged as collateral under securities borrowing and reverse repo agreements	82,700.00	21,500.32
Customer deposits held as collateral for irrevocable commitments under import letters of credit (not requiring segregation/derecognition)	-	-
Derivative financial instruments	-	-
Total	82,700.00	21,500.32

D. Offsetting financial assets and financial liabilities

The Bank has not recognised any financial asset or liability on a net basis.

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35.7 Comparison Between Ind AS 109 Provision and IRCAP norms

(₹ in Lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRCAP norms	Difference between Ind AS 109 provisions and IRCAP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7)=(4)-(6)
Performing Assets						
Standard	Stage 1	12,81,604.50	12,039.28	12,69,565.22	12,032.83	6.45
	Stage 2	1,94,914.05	3,547.04	1,91,367.01	-	3,547.04
	Stage 3	3,087.91	1,796.08	1,291.83	-	1,796.08
Subtotal		14,79,606.46	17,382.40	14,62,224.06	12,032.83	5,349.57
Non-Performing Assets (NPA)						
Sub standard	Stage 3	15,240.61	9,737.93	5,502.69	9,793.01	(55.09)
Doubtful Assets	Stage 3	555.79	328.16	227.63	1,005.60	(677.44)
Loss	Stage 3	9.93	5.46	-	166.55	(161.09)
Subtotal for NPA		15,806.33	10,071.55	5,730.32	10,965.16	(893.62)
Other items such as guarantees, loan commitments, etc. which are in scope of Ind AS 109 but not covered under current Income Recognition, Assets Classification and Provisioning (IRACP) norms	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	12,81,604.50	12,039.28	12,69,565.22	12,032.83	6.45
	Stage 2	1,94,914.05	3,547.04	1,91,367.01	-	3,547.04
	Stage 3	18,894.23	11,867.62	7,022.15	10,965.16	902.46
	Total	14,95,412.78	27,453.94	14,67,954.38	22,997.99	4,455.95

35.8 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

35.8.1 Exposure to liquidity risk

The Group manages and measures liquidity risk as per its ALM policy and the ALCO (Asset Liability Management Committee of the Group) is responsible for managing the liquidity risk. The Group not only measures its current liquidity position on an ongoing basis but also forecasts how liquidity position may emerge under different assumptions. The liquidity position is tracked through maturity or cash flow mismatches across buckets spanning all maturities but the focus is on examining the short term gaps in the first four buckets with maturity up to 30 days.

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The table below shows the maturity pattern as on March 31, 2020, of the Bank's 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
Non-derivative financial liabilities												
Trade Payable	-	-	-	6,393.32	-	-	-	-	-	-	-	6,393.32
Lease Liability	-	-	-	1,100.48	1,100.48	1,100.48	3,312.40	6,640.37	24,015.31	22,262.41	19,029.35	78,561.28
Debt Securities	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	13,728.79	10,425.60	14,188.36	2,909.45	25,006.13	43,751.83	1,50,642.82	1,51,300.23	26,362.30	-	4,38,315.51
Deposits	3,689.09	22,354.61	15,126.63	28,537.76	41,475.22	1,07,570.66	1,85,738.78	3,33,106.68	4,10,318.09	2,200.25	428.41	11,50,546.18
Subordinated Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Other Financial Liabilities	28.87	191.28	296.25	461.92	721.70	577.36	1,732.08	914.14	0.01	-	150.94	5,074.55
Total	3,717.96	36,274.68	25,848.48	50,681.84	46,206.85	1,34,254.63	2,34,535.09	4,91,304.01	5,85,633.64	50,824.96	19,608.70	16,78,890.84

The table below shows the maturity pattern as on March 31, 2020, of the Bank's non-derivative financial assets:

	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												
Cash in Hand & Balance with RBI	21,627.15	93,153.19	199.42	501.02	353.34	2,785.00	2,095.89	6,261.59	6,860.36	64.63	8.49	1,33,910.08
Balances with Other Central Banks	-	-	-	-	-	-	-	-	-	-	-	-
Balances With Other Banks, Financial Institutions And Money At Call And Short Notice	-	-	-	-	-	-	-	-	456.66	-	-	456.66
Loans	1,185.49	2,994.28	3,441.23	4,118.77	11,589.69	1,55,389.86	3,19,734.51	5,16,449.17	4,94,883.30	89,658.14	2,37,110.60	18,36,555.04
Investments	-	1,499.79	5,994.51	30,863.66	13,908.21	4,316.60	8,198.93	41,152.67	14,780.74	34,225.08	1,52,706.24	3,07,646.43
Other Financial Assets	-	-	-	20.29	-	-	48.63	-	-	-	3,000.62	3,069.54
Total	22,812.64	97,647.26	9,635.16	35,503.74	25,851.24	1,62,491.46	3,30,077.96	5,63,863.43	5,16,981.06	1,23,947.85	3,92,825.95	22,81,637.75

The table below shows the maturity pattern as on March 31, 2020, of the Bank's undrawn loan commitments:

	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												
Undrawn Loan Commitments	-	-	-	-	-	-	-	-	-	-	-	-

The table below shows the maturity pattern as on March 31, 2019, of the Bank's 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
Non-derivative financial liabilities												
Trade Payable	-	-	-	4,414.10	17.45	-	-	-	-	-	-	4,431.55
Debt Securities	-	-	-	-	6,132.56	-	4,217.95	-	-	-	-	10,350.51
Borrowing	-	-	10,218.66	-	2,641.69	12,130.53	60,438.85	1,36,127.85	2,16,536.67	65,139.52	5,231.88	5,08,465.65
Deposits	1,436.83	9,338.07	9,428.45	34,850.91	45,950.62	1,20,657.08	81,693.66	2,19,304.21	2,54,689.19	1,305.20	608.34	7,79,262.56
Subordinated Liabilities	-	-	63.70	-	61.64	63.70	189.04	4,437.56	843.95	-	-	5,659.59
Other Financial Liabilities	8,740.43	-	938.05	-	-	-	-	-	-	-	164.64	9,843.12
Total	10,177.26	9,338.07	20,648.86	39,265.01	54,803.96	1,32,851.31	1,46,539.50	3,59,869.62	4,72,069.81	66,444.72	6,004.86	13,18,012.98

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The table below shows the maturity pattern as on March 31, 2019, of the Bank's non-derivative financial assets:

Non-derivative financial assets	Maturity Pattern (₹ in Lakhs)													Total
	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			
Cash in Hand & Balance with RBI	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		
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	-	-	65,207.79		
Loans	365.18	13,326.34	27,593.97	41,765.35	86,945.59	86,552.30	2,07,295.03	4,05,759.89	3,22,412.78	49,614.84	1,21,093.60	13,62,724.87		
Investments	-	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	56,864.60	2,03,900.31		
Other Financial Assets	-	-	-	-	-	-	-	-	-	-	2,461.88	2,461.88		
Total	10,343.23	1,04,127.74	37,699.09	53,886.46	1,20,164.63	2,27,499.41	4,23,759.22	3,51,897.59	52,649.39	1,80,438.72	16,78,953.10			

The table below shows the maturity pattern as on March 31, 2019, of the Bank's undrawn loan commitments:

Particulars	Maturity Pattern (₹ in Lakhs)						Total
	1D	2-7D	8-14D	15-30D	31D to 2M	2M to 3M	
Undrawn Loan Commitments	9,940.32	-	-	-	613.57	3,257.95	13,811.84

NOTE 36 - FAIR VALUE MEASUREMENTS

Financial Instruments by category

Particulars	March 31, 2020						March 31, 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial Assets									
Investments	-	10.00	2,42,910.30	-	-	10.00	-	10.00	1,54,771.09
Cash and Cash equivalents	-	-	1,34,442.48	-	-	-	-	-	1,09,725.40
Loans	-	-	13,93,373.30	-	-	-	-	-	10,93,053.07
Other Financial Assets	-	-	3,068.80	-	-	-	-	-	2,461.88
Total Financial Assets	-	10.00	17,73,794.88	-	-	10.00	-	10.00	13,60,011.44
Financial Liabilities									
Trade Payables	-	-	6,405.39	-	-	-	-	-	4,431.55
Debt Securities	-	-	-	-	-	-	-	-	10,000.00
Borrowings	-	-	3,95,261.60	-	-	-	-	-	4,43,300.49
Deposits	-	-	10,65,558.82	-	-	-	-	-	7,25,918.15
Lease Liability	-	-	59,547.99	-	-	-	-	-	-
Subordinated Liabilities	-	-	-	-	-	-	-	-	5,000.00
Others	-	-	19,267.66	-	-	-	-	-	20,062.58
Total Financial Liabilities	-	-	15,46,041.46	-	-	-	-	-	12,08,712.77

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Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosure are required in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Lakhs)

Assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	-	2,42,920.30	-	2,42,920.30
Cash and Cash equivalents	-	-	1,34,442.48	1,34,442.48
Loans	-	-	13,93,373.30	13,93,373.30
Other Financial Assets	-	-	3,068.80	3,068.80
Total Financial Assets	-	2,42,920.30	15,30,884.58	17,73,804.88
Financial Liabilities				
Trade Payable	-	-	6,405.39	6,405.39
Debt Securities	-	-	-	-
Borrowings	-	-	3,95,261.60	3,95,261.60
Deposits	-	-	10,65,558.82	10,65,558.82
Lease Liability	-	-	59,547.99	59,547.99
Subordinated Liabilities	-	-	-	-
Others	-	-	19,267.66	19,267.66
Total Financial Liabilities	-	-	15,46,041.46	15,46,041.46

(₹ in Lakhs)

Assets and liabilities measured at amortised cost for which fair values are disclosed as at March 31, 2019	Level 1	Level 2	Level 3	Total
Financial Assets				
Investments	-	1,54,781.09	-	1,54,781.09
Cash and Cash equivalents	-	-	1,09,725.40	1,09,725.40
Loans	-	-	10,93,053.07	10,93,053.07
Other Financial Assets	-	-	2,461.88	2,461.88
Total Financial Assets	-	1,54,781.09	12,05,240.35	13,60,021.44
Financial Liabilities				
Trade Payables	-	-	4,431.55	4,431.55
Debt Securities	-	-	10,000.00	10,000.00
Borrowings	-	-	4,43,300.49	4,43,300.49
Deposits	-	-	7,25,918.15	7,25,918.15
Subordinated Liabilities	-	-	5,000.00	5,000.00
Others	-	-	20,062.58	20,062.58
Total Financial Liabilities	-	-	12,08,712.77	12,08,712.77

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.

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Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

The management believes that the amortised cost represents the fair values except for loans under financing activity. Since these loans are long term and mature over a period more than one year, the cash flow on such loans have been discounted using the current rate of interest.

(iii) Fair value of the financial assets and liabilities measured at amortised cost

(₹ in Lakhs)

Particulars	March 31, 2020		March 31, 2019	
	Carrying Amount	Fair value	Carrying Amount	Fair value
Financial assets				
Investments	2,42,910.30	2,41,952.69	1,54,771.09	1,50,765.76
Cash and Cash equivalents	1,34,442.48	1,34,442.48	1,09,725.40	1,09,654.38
Loans	13,93,373.30	13,83,495.32	10,93,053.07	11,15,946.64
Other Financial Assets	3,068.80	3,068.80	2,461.88	2,461.88
Total Financial assets	17,73,794.88	17,62,959.29	13,60,011.44	13,78,828.66
Financial Liabilities				
Trade Payables	6,405.39	6,405.39	4,431.55	4,431.55
Debt Securities	-	-	10,000.00	10,000.00
Borrowings	3,95,261.60	3,95,261.60	4,43,300.49	4,43,300.49
Deposits	10,65,558.82	10,65,558.82	7,25,918.15	7,37,988.15
Lease Liability	59,547.99	59,547.99	-	-
Subordinated Liabilities	-	-	5,000.00	5,000.00
Others	19,267.66	19,267.66	20,062.58	23,457.41
Total Financial Liabilities	15,46,041.46	15,46,041.46	12,08,712.77	12,24,177.60

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.

36A CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Financial liabilities arising from financing activities include debt securities, borrowings, deposits and subordinated liabilities. The movement in these liabilities during the year is given below:

(₹ in Lakhs)

Particulars	April 1, 2019	Cash Flows	Fair Value Changes	March 31, 2020
Debt Securities	10,000.00	(10,000.00)	-	-
Borrowings (Other than Debt Securities)	4,43,300.49	(47,973.91)	(64.98)	3,95,261.60
Deposits	7,25,918.15	3,39,575.22	65.45	10,65,558.82
Subordinated Liabilities	5,000.00	(5,000.00)	-	-
Total Liabilities from Financing Activities	11,84,218.64	2,76,601.31	0.47	14,60,820.42

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(₹ 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)	3,20,284.40	1,23,016.09	-	4,43,300.49
Deposits	3,77,263.95	3,48,622.74	31.46	7,25,918.15
Subordinated Liabilities	5,000.00	-	-	5,000.00
Total Liabilities from Financing Activities	7,62,548.35	4,21,638.83	31.46	11,84,218.64

NOTE 37 - SHARE-BASED PAYMENTS

37.1 Employee share option plan of Ujjivan Financial Services Limited

37.1.1 Details of the employee share option plan

The Ujjivan Financial Services Limited, holding company has share option scheme for employees of the Group, being ESOP 2007, ESOP 2008, ESOP 2010, MD-ESOP 2010 and ESOP 2015.

ESOP 2007

The ESOP 2007 was for a total of 1,89,440 Equity Shares for all the eligible employees of the Group. As on March 31, 2020, out of the 1,89,400 options granted, 1,44,940 options has been exercised and 44,500 options lapsed. 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 3,96,680 Equity Shares for all the eligible employees of the Group. As on March 31, 2020, out of the 3,96,680 options granted, 2,42,550 options has been exercised and 1,54,130 options lapsed. 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 33,85,810 Equity shares for all the eligible employees of the Group. As on March 31, 2020, out of the 33,85,810 options granted, 17,62,273 options has been exercised and 16,23,537 options lapsed. Out of the 16,23,537 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 12,49,172 options. As on March 31, 2020, all the 12,49,172 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 scheme pool was for a total of 55,61,188 options after considering options lapsed under earlier schemes. 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, additional 10,18,711 options lapsed under ESOP 2006, ESOP 2007, ESOP 2008 and ESOP 2010 were added to the pool of ESOP 2015.

Out of pool total 55,15,880 options granted under ESOP 2015 scheme and as on March 31, 2020, out of 55,15,880 options granted, 7,53,314 options has been exercised, 13,56,718 options are lapsed and 21,40,503 vested options are left to be exercised. Further, 12,65,345 options are yet to be vested. Out of the 13,56,718 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.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

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

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

The following share-based payment arrangements were in existence during the current and prior years:

Options series	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
ESOP 2007	1,89,440	21-07-2007	09-05-2019	12.50	-
ESOP 2008	3,96,680	18-08-2008	09-05-2019	28.00	-
MD ESOP 2010	12,49,172	12-07-2010	09-05-2019	40.00	-
ESOP 2010	17,38,290	12-07-2010	09-05-2019	40.00	-
ESOP 2010 for FY 11-12	16,46,010	12-09-2012	9/5/2019 for first 3 vests	57.00	-
		12-09-2012	9/9/2019 for 4th vests	57.00	-
ESOP 2015	14,69,800	03-11-2015	03-11-2019	146.35	-
		03-11-2015	03-11-2020	146.35	84.00
		03-11-2015	03-11-2021	146.35	95.00
ESOP 2015 (Additional Grant Scheme 1)	16,96,850	14-09-2016	14-09-2020	417.15	109.00
		14-09-2016	14-09-2021	417.15	134.00
		14-09-2016	14-09-2022	417.15	161.00
ESOP 2015 (Additional Grant Scheme 2)	23,37,670	27-06-2018	27-06-2022	385.05	110.00
		27-06-2018	27-06-2023	385.05	132.00
		27-06-2018	27-06-2024	385.05	155.00
ESOP 2015 (Additional Grant Scheme 3)	11,560	23-01-2019	23-01-2022	290.60	83.00
		23-01-2019	23-01-2023	290.60	100.00
		23-01-2019	23-01-2024	290.60	117.00

37.1.2 Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is ₹ Nil (FY 2018-19: ₹ 132.18). 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

Year	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%

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Inputs into the model

Year	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%

37.1.3 Movements in share options

During the year 2019-20

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2007	3,550	-	3,550	-	-
ESOP 2008	4,190	-	4,190	-	-
ESOP 2010	92,854	-	76,052	(16,802)	-
ESOP 2010 For FY 11-12	1,20,090	-	82,328	(37,762)	-
MD ESOP 2010	-	-	-	-	-
ESOP 2015	6,97,777	-	2,70,408	(98,840)	3,28,529
ESOP 2015 (Additional Grant Scheme 1)	13,04,680	-	-	(1,44,360)	11,60,320
ESOP 2015 (Additional Grant Scheme 2)	21,57,160	-	1	(2,51,720)	19,05,439
ESOP 2015 (Additional Grant Scheme 3)	11,560	-	-	-	11,560
Total	43,91,861	-	4,36,529	(5,49,484)	34,05,848
Weighted average exercise price	339.51	-	108.75	317.45	372.64

During the year FY 2018-19

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2007	6,280	-	2,730	-	3,550
ESOP 2008	8,380	-	4,190	-	4,190
ESOP 2010	1,26,105	-	33,251	-	92,854
ESOP 2010 For FY 11-12	2,04,755	-	79,461	(5,204)	1,20,090
MD ESOP 2010	-	-	-	-	-
ESOP 2015	9,37,826	-	1,84,549	(55,500)	6,97,777
ESOP 2015 (Additional Grant Scheme 1)	14,75,640	-	560	(1,70,400)	13,04,680
ESOP 2015 (Additional Grant Scheme 2)	-	23,37,670	-	(1,80,510)	21,57,160
ESOP 2015 (Additional Grant Scheme 3)	-	11,560	-	-	11,560
Total	27,58,986	23,49,230	3,04,741	(4,11,614)	43,91,861
Weighted average exercise price	279.03	384.59	109.12	362.01	338.74

37.1.4 Share options exercised during the year

For the share options exercised during the year ended March 31, 2020 weighted average share price is ₹307.25 (For the year ending March 31, 2019: ₹317.28).

37.1.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 372.64 (as at March 31, 2019: ₹ 339.51) and a weighted average remaining contractual life of 1.35 year (as at March 31, 2019: 3.09 years).

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

37.2 Details of the employee share option plan of Ujjivan Small Finance Bank Limited

37.2.1 Details of the employee share option plan

The Ujjivan Small Finance Bank Limited has share option scheme for employees of the Group, being ESOP 2019.

ESOP 2019

The ESOP 2019 is the scheme under which the Bank has issued options to the employees (which includes the employees of the Holding Company). The Bank has approved its ESOP Plan, 2019 in the Shareholders meeting held on March 29, 2019. On August 08, 2019, the Nomination & Remuneration Committee of the Bank has granted 3,70,00,403 ESOPs at ₹ 35 per shares to eligible employees of the Bank (which includes the employees of the Holding Company). Further, pursuant to the resolution passed by Nomination & Remuneration

Committee on December 4, 2019, 37,98,697 additional options were granted under ESOP 2019 scheme.

As on March 31, 2020, the Bank ESOP 2019 pool comprises of 4,07,99,100 options (including the original pool of 3,70,00,403 options plus 37,98,697 options added on December 4, 2019).

The Bank has granted 4,07,99,100 options under the ESOP 2019 to eligible employees (which includes the employees of the Holding Company) during the year ended March 31, 2020.

As on March 31, 2020, out of the 4,07,99,100 options granted, Nil options has been exercised and 27,23,243 options are lapsed. Further, 3,80,75,857 options are yet to be vested.

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

Year	Options Granted	Year 1	Year 2	Year 3	Year 4	Year 5
ESOP 2019 - Original	3,70,00,403	20%	20%	20%	20%	20%
ESOP 2019 - Additional	37,98,697	52%	48%			
Total	4,07,99,100					

The following share-based payment arrangements were in existence during the current year:

Options Series	Number	Grant Date	Date of Vesting	Expiry Date	Exercise Price	Fair value at Grant Date
ESOP 2019 - Original	3,70,00,403	08-08-2019	07-08-2020	06-08-2025	35	17
		08-08-2019	07-08-2021	06-08-2026	35	19
		08-08-2019	07-08-2022	06-08-2027	35	21
		08-08-2019	07-08-2023	05-08-2028	35	23
		08-08-2019	06-08-2024	05-08-2029	35	24
ESOP 2019 - Additional	37,98,697	04-12-2019	03-12-2020	02-12-2025	35	17
		04-12-2019	03-12-2021	02-12-2026	35	19

37.2.2 Fair value of share options granted in the year

The weighted average fair value of the share options granted during the financial year is ₹ 20.69 (No options were granted in FY 2018-19). Options were priced using Black and Scholes Model. Vested ESOPs can be exercised within five years from their corresponding dates of vesting. ESOPs vested can be exercised between date of vesting and on or before option expiry date. The term of the option is assumed to be the sum of a) duration till vesting; and b) the midpoint of the remaining exercise period from date of vesting, in absence of historical exercise pattern. Volatility of comparable Banks have been considered for the purposes of valuation.

Inputs into the model

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

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

37.2.3 Movements in share options issued

During the year ended March 31, 2020

Particulars (Nos.)	Options granted and outstanding as at beginning of the year	Granted during the year	Exercised during the year	Forfeited/ Expired during the year	Option exercisable at the year end
ESOP 2019 - Original	-	3,70,00,403	-	(27,23,243)	3,42,77,160
ESOP 2019 - Additional	-	37,98,697	-	-	37,98,697
Total	-	4,07,99,100	-	(27,23,243)	3,80,75,857
Weighted average exercise price	-	35.00	-	35.00	35.00

37.2.4 Share options exercised during the year

The ESOPs granted under the ESOP Plan 2019 has not been vested yet, therefore not exercised.

37.2.5 Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 35 and a weighted average remaining contractual life of 7.24 Years.

37.3 Expense arising from share based payment transaction recognised in Statement of profit or loss as employee benefit expense are as follows:

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Employee benefit expense	3,168.06	1,468.24

37.4 Employee Stock Purchase Scheme 2019 (ESPS):

Pursuant to the resolutions passed by the Board on July 30, 2019 and approved by Shareholders on August 3, 2019, Ujjivan Small Finance Bank Limited ('USFB') has adopted the ESPS. The ESPS has been framed in compliance with the provisions of the SEBI Regulations. The objective of the ESPS is inter-alia to reward the employees of the Group for their association and performance as well as to motivate them to contribute to the growth and profitability of USFB.

Pursuant to the ESPS, the Board is authorized to issue up to 7,20,01,840 fully paid up Equity Shares of face value of ₹ 10 each with pari passu voting rights, to the eligible employees of the Group, in accordance with the terms and conditions as may be decided. The Nomination and Remuneration Committee has been entrusted with the responsibility of administering the ESPS and the said Committee of USFB has pursuant to its resolution dated August 8, 2019 authorised the opening of the subscription of the ESPS for the eligible employees of the Group at ₹ 35 per share and applicable perquisite tax. The ESPS Scheme was approved by the Shareholders in the Extra-Ordinary General Meeting held on August 03, 2019. Under the ESPS 2019 scheme the employees of the Group subscribed to 1,40,55,097 number of equity shares at a price of ₹ 35 per equity share. Further, under ESPS 2019 scheme, employees of the Group have the option to subscribe for equity shares under a monthly scheme where they open a recurring deposit and pay the complete subscription amount at the end of 12 months.

37.4.1 The Scheme is issued in three phases timelines of which are detailed below:

Phase	Subscription Start Date	Subscription End Date
I	09-08-2019	09-09-2019
II	10-09-2019	26-09-2019
III	07-10-2019	16-10-2019

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for the year ended March 31, 2020

37.4.2 Expense arising from share based payment transaction recognised in Statement of profit or loss as employee benefit expense are as follows:

Particulars	₹ in Lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Expense on ESPS	809.57	-

NOTE 38 - RELATED PARTY DISCLOSURE

A. List of Related Parties are Given below:

Key Management Personnel ('KMP') 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. Deepak Khaitan (Chief Financial Officer) (up to August 02, 2019)
 Mr. Barun Kumar Agarwal (Chief Financial Officer) (From August 03, 2019)
 Mr. Sanjeev Barnwal (Company Secretary)
 Mr. Abhijit Sen, Director
 Mr. Kuttalam Rajagopalan Ramamoorthy, Director
 Mr. Jayanta Kumar Basu, Director
 Mr. Amit Gupta, Director (up to August 02, 2019)
 Ms. Vandana Viswanathan, Director (up to September 22, 2019)
 Mr. Narayan Anand (From May 01, 2019)
 Ms. Mona Kachhwaha (From September 22, 2019)

KMP of wholly owned Subsidiary Company:

Mr. Nitin Chugh (Managing Director and CEO) (From December 1, 2019)
 Mr. Samit Kumar Ghosh (Ex- Managing Director and CEO) (up to November 30, 2019)
 Ms. Upma Goel (Chief Financial Officer)
 Mr. Chanchal Kumar (Company Secretary)
 Mr. Sunil Vinayak Patel (Part-time Chairman -Independent Director)*
 Mr. Jayanta Kumar Basu (Non- Executive Director)
 Mrs. Mona Kachhwaha (Non-Executive Director)
 Mr. Prabal Kumar Sen (Independent Director)
 Mrs. Vandana Viswanathan (Independent Director)
 Mr. Biswamohan Mahapatra (Part-time Chairman -Independent Director)
 Ms. Chitra K Alai (Nominee Director)
 Mr. Mahadev Lakshminarayanan (Independent Director)
 Mr. Nandlal Laxminarayan Sarda (Independent Director)
 Mr. Luis Miranda (Independent Director)**
 Mr. Sachin Bansal (Independent Director)***
 Mr. Sanjay Jain (Nominee Director)****

* Retired from the office of Part-Time Chairmanship of the Bank on January 31, 2020 and resigned as Independent Director w.e.f February 01, 2020

**Resigned as Independent Director w.e.f March 22, 2020

***Appointed as Independent Director of the Bank w.e.f June 01, 2019 and resigned w.e.f January 27, 2020

****Ceased to be as Nominee Director of the Bank w.e.f May 09, 2019

Subsidiary of Company	:	Ujjivan Small Finance Bank Limited (with effect from July 4, 2016)
Enterprises in which KMPs are members	:	Ujjivan Welfare and Relief Trust USFB Employee's Gratuity Fund Trust UFSL Employee's Gratuity Trust
Enterprise in which relative of Key Management Personnel are Members	:	Parinaam Foundation

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for the year ended March 31, 2020

B. Transactions with Related Parties during the year

(₹ in Lakhs)

Particulars	March 31, 2020	March 31, 2019
Remuneration:		
Holding Company's KMP	218.58	187.33
Subsidiary's KMP	564.05	203.13
Sitting Fees paid to Directors:		
Holding Company	42.89	32.26
Subsidiary	128.38	74.60
Interest on Deposits:		
Enterprises in which KMP are members	2.53	1.32
KMP	57.30	27.42
Enterprise in which relatives of KMP are Members	72.13	30.83
Deposits:		
Enterprises in which KMP are members	74.27	42.45
KMP	1,482.42	308.42
Enterprise in which relatives of KMP are Members	840.79	800.66
Donation:		
Enterprise in which relative of KMP are Members	50.00	-
Enterprises in which KMP are members (Refer note 1)	52.73	6.86
Inter company Transfer (Paid)		
Enterprises in which KMPs are members (Refer note 1 below)	24.86	34.18
Rendering of Services		
Enterprise in which relative of KMP are Members	50.72	29.89
Reimbursement of Expenses (Received)		
Enterprise in which relative of KMP are Members	0.57	7.48

Note 1: Employee Contribution to Ujjivan Welfare and Relief Trust through Payroll recovery of ₹ 24.86 Lakhs (March 31, 2019: ₹ 34.18 Lakhs) and Amount of Donation by Material Subsidiary is restricted to 1% of PY Net Profit as per RBI Regulation - ₹ 52.73 Lakhs (March 31, 2019: ₹ 6.86 Lakhs).

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Outstanding Balance with related parties		
Enterprises in which KMPs are members	75.35	42.10
Outstanding Balance with enterprise in which relative of Key Management Personnel are Members	856.26	801.00

Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

(₹ in Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Short-term benefits	594.96	369.28
Post-employment benefits	-	20.08
Other long-term benefits	20.04	16.14
Share Based Payment	174.38	14.07
Total	789.38	419.57

Notes to the Consolidated Financial Statements

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NOTE 39 - INTEREST IN SUBSIDIARY

Particulars	Principal Activity	Place of Incorporation and Place of Operation	Proportion of Ownership Interest and Voting power held by the Group	
			March 31, 2020	March 31, 2019
Ujjivan Small Finance Bank Limited (USFB)	Small Finance Bank	India	83.32% (However, the voting power is restricted to 26%. Refer note below)	100% (However, the voting power is restricted to 26%. Refer note below)

*As per the Banking Regulations Act read with gazette notification dated DBR.PSBD.No.1084/16.13.100/2016-17 dated July 21, 2016, no shareholder in a Bank can exercise voting rights on poll in excess of 26% of total voting rights of all the shareholders of the Bank.

NOTE 40 - ADDITIONAL INFORMATION AS REQUIRED FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III

(i)

Particulars	As at March 31, 2020		As at March 31, 2019	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated net assets	Amount ₹ in Lakhs
Parent - Ujjivan Financial Services Limited	37.26%	1,80,590.02	50.45%	1,78,776.80
Subsidiary - Ujjivan Small Finance Bank Limited	62.74%	3,04,122.99	49.55%	1,75,609.88
	100%	4,84,713.01	100%	3,54,386.68
Adjustments arising out of consolidation		(2,00,750.58)		(1,66,618.46)
Total		2,83,962.43		1,87,768.22

(ii)

Particulars	For the year ended March 31, 2020					
	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	2.85%	882.07	0.32%	(0.90)	2.87%	881.17
Subsidiary - Ujjivan Small Finance Bank Limited	97.15%	30,083.56	99.68%	(280.29)	97.13%	29,803.27
	100.00%	30,965.63	100.00%	(281.19)	100.00%	30,684.44
Adjustment for arising out of consolidation		(1,099.76)		-		(1,099.76)
Total		29,865.87		(281.19)		29,584.68

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(iii)

Particulars	For the year ended March 31, 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	99.22%	(61.26)	87.44%	15,024.86
	100.00%	17,244.42	100.00%	(61.74)	100.00%	17,182.68
Adjustment for arising out of consolidation		(2,200.02)		(0.00)		(2,200.02)
Total		15,044.40		(61.74)		14,982.66

41 Pursuant to compliance with the listing condition specified in the banking license issued by the Reserve Bank of India ("RBI"), during the year ended March 31, 2020, 'Ujjivan Small Finance Bank Limited' ("USFB"), the subsidiary of 'Ujjivan Financial Services Limited' ("UFSL") got listed. USFB has successfully raised equity capital of ₹ 995.94 Crores through Initial Public Offer (IPO) by issuing 27,41,31,272 equity shares of ₹ 10 each including pre IPO private placement of ₹ 250 Crores by issuing 7,14,28,570 equity shares of ₹ 10 each at premium ranging from ₹ 25 to ₹ 27. The equity shares of USFB got listed on December 12, 2019 on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE). After the aforesaid equity raised by USFB, the shareholding of UFSL in USFB is diluted to 83.32% as on March 31, 2020.

42 The Company is an "Originator" of a securitisation trust ("Trust") where certain business loans have been securitised into Pass-through certificates (PTC) issued to investors. The Management has assessed the terms of the securitisation 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 Company. Other transactions of the Trust (being sundry expenses/ income and not material) are included in the accounts of the Company.

43 The SARS- CoV-2 virus responsible for COVID-19 continues to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. On March 11, 2020, the COVID-19

outbreak was declared a global pandemic by the World Health Organization. On March 24, 2020, the Indian government announced a strict 21-day lockdown which was further extended by 46 days up till May 31, 2020 across the country to contain the spread of the virus. Numerous government and companies, including our subsidiary, Ujjivan Small Finance Bank Limited ('the Bank'), have introduced a variety of measures to contain the spread of virus. Further, in accordance with the RBI guidelines relating to 'COVID-19 Regulatory Package' dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, to all eligible borrowers. This will be further extended based on the latest RBI guidelines of May 22, 2020. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e., the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Asset Classification and Provisioning Norms). The Bank's results were declared on May 19, 2020 and has made total provision of ₹ 7,000.00 Lakhs for COVID-19 as on March 31, 2020 out of which ₹ 4,897.00 Lakhs is in respect of accounts in default but standard against the potential impact of COVID-19. The provisions held by Bank are in excess of the RBI norms. The extent to which the COVID-19 pandemic will impact the subsidiary's results will depend on future developments and which the Group is unable to assess currently, including among other things, any new information concerning the severity of the COVID-19 pandemic and any action to contain its spread or mitigate its impact whether government-mandated or elected by the subsidiary.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

44 The Group has made provision as at March 31, 2020, 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, 2020 and as at March 31, 2019.

45 OTHER EVENTS AFTER BALANCE SHEET DATE

The Board of Directors has proposed a final dividend at the rate of ₹ 0.80 per share (8.00%) for the FY 2019-20. The final dividend will be subject to the approval by the members at the ensuing Annual General Meeting ("AGM").

46 Previous year figures have been reclassified / re-grouped, wherever necessary, to confirm with current year classification / grouping.

As per our report of even date

For MSKA & Associates

Chartered Accountants
Firm Registration No: 105047W

Deepak Rao

Partner
Membership No. 113292

Place: Bengaluru

Dated: May 27, 2020

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

K.R. Ramamoorthy

Chairman
DIN:00058467

Barun Kumar Agarwal

Chief Financial Officer

Ittira Davis

Managing Director & CEO
DIN: 06442816

Sanjeev Barnwal

Company Secretary

UJJIVAN FINANCIAL SERVICES LIMITED

Corporate Identity Number: L65999KA2004PLC035329
Registered Office: Grape Garden, No. 27, 3rd A Cross, 18th Main, 6th Block,
Koramangala, Bengaluru – 560 095, Karnataka, India.

Notice for the 16th Annual General Meeting

Notice is hereby given that the **16th Annual General Meeting (AGM)** of the members of **Ujjivan Financial Services Limited** ('the Company') will be held on **Friday, September 11, 2020 at 03:00 p.m.** through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") in compliance with applicable provisions of the Companies Act, 2013 and in accordance with relevant circulars issued by Ministry of Corporate Affairs ("MCA") and Securities and Exchange Board of India ("SEBI") to transact the following business:

ORDINARY BUSINESS:

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

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

"RESOLVED THAT the Standalone and the Consolidated Audited Balance Sheet, Profit and Loss Account and the Cash Flow Statement for the Financial Year ended March 31, 2020 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 – Declaration of Final Dividend for the FY 2019-20

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

"RESOLVED THAT a dividend of 8.0% i.e. ₹ 0.80 per equity share as recommended by the Board of Directors of the Company at their meeting held on May 27, 2020, be and is hereby approved and declared for the year ended March 31, 2020."

Item No. 3 – To appoint a director in place of Mr. Jayanta Basu (DIN: 01268046), who retires by rotation and being eligible, offers himself for re-appointment

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

"RESOLVED THAT Mr. Jayanta Basu (DIN: 01268046), who retire by rotation and being eligible offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation."

SPECIAL BUSINESS:

Item No. 4 – Appointment of Ms. Mona Kachhwaha (DIN: 01856801) as the Independent 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 Ms. Mona Kachhwaha (DIN: 01856801) who pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board in their respective meetings held on August 02, 2019 was appointed as an additional director (Non-Executive, Independent Category) for a term of five (5) years with effect from September 22, 2019 in accordance and pursuant to the provisions of Sections 149, 152 and 161 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, read with Schedule IV of the Companies Act, 2013, Articles of Association of the Company and in compliance to Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and in respect of whom the Company has received a notice in writing from a member as required under Section 160(1) of the Companies Act, 2013 proposing her candidature for the office of Director of the Company be and is hereby appointed as an Independent Director of the Company for a term of five (5) consecutive years from September 22, 2019 to September 21, 2024 and whose office shall not be liable to retire by rotation.

Item No. 5 – Appointment of Mr. Samit Ghosh (DIN: 00185369) 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. Samit Ghosh (DIN: 00185369) who pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board in their respective meetings held on February 03, 2020 was appointed as an additional director of the Company with effect from April 01, 2020 and who holds office up to the date of this 16th 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 respect of whom the Company has received a notice in writing from a member as required under Section 160(1) of the Companies Act, 2013 proposing his candidature for the office of Director of the Company, be and is hereby appointed by the members of the Company as a 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

Place: Bengaluru
Date: May 27, 2020

Company Secretary and Compliance Officer
Membership No.: A19180

Notes for the e-AGM Notice:

1. In view of the prevailing lockdown situation across the country due to outbreak of the COVID-19 pandemic and restrictions on the movements apart from social distancing, MCA (Ministry of Corporate Affairs) vide Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 05, 2020, companies are permitted to hold their AGM through VC / OVAM for the calendar year 2020.
2. In compliance with applicable provisions of the Companies Act, 2013 read with aforesaid MCA circulars the 16th Annual General Meeting of the Company being conducted through Video Conferencing (VC) herein after called as "e-AGM". The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed venue of the e-AGM.
3. e-AGM: The Company has appointed M/s. KFin Technologies Private Limited, Registrars and Transfer Agents, to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM.
4. Pursuant to the provisions of the circulars of MCA on the VC / OVAM (e-AGM):
 - (a) Members can attend the meeting through log in credentials provided to them to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required.
 - (b) Appointment of proxy to attend and cast vote on behalf of the member is not available.
 - (c) Body Corporates are entitled to appoint authorised representatives to attend the e-AGM through VC / OAVM and participate thereat and cast their votes through e-voting.
5. The Members can join the e-AGM 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
6. Up to 1,000 members will be able to join on a FIFO basis to the e-AGM.
7. No restrictions on account of FIFO entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
8. The attendance of the Members (members logins) attending the e-AGM will be counted for the

purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

9. Remote e-voting: Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its members through e-voting agency M/s. KFin Technologies Private Limited.
10. Voting at the e-AGM: Members who could not vote through remote e-voting may avail the e-voting system provided at the venue by M/s. KFin Technologies Private Limited.
11. In line with the MCA Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.ujjivan.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and is also available on the website of e-voting agency M/s KFin Technologies Private Limited at the website address <https://evoting.karvy.com/>

PROCEDURE FOR OBTAINING THE ANNUAL REPORT, E-AGM NOTICE AND E-VOTING INSTRUCTIONS BY THE SHAREHOLDERS WHOSE E-MAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES OR WITH RTA ON PHYSICAL FOLIOS:

On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, the Company has sent the Annual Report, Notice of e-AGM and e-voting instructions only in electronic form to the registered E-mail addresses of the shareholders. Therefore, those shareholders who have not yet registered their e-mail address are requested to get their email addresses registered by following the procedure given below:

1. Those shareholders who have registered/not registered their mail address and mobile no. including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited in case the shares held in physical form.
2. Shareholders who have not registered their mail address and in consequence the Annual Report, Notice of e-AGM and e-voting notice could not be serviced may temporarily get their email address and mobile number provided with the

Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited, by clicking the link: <https://karisma.kfintech.com/emailreg> for sending the same. Shareholders are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to einward.ris@kfintech.com.

- Shareholders are also requested to visit the website of the Company www.ujjivan.com or the website of the Registrar and Transfer Agent www.kfintech.com for downloading the Annual Report and Notice of the e-AGM.
- Alternatively member may send an e-mail request at the E-mail ID einward.ris@kfintech.com along with scanned copy of the signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of e-AGM and the e-voting instructions.

INSTRUCTIONS FOR THE MEMBERS FOR ATTENDING THE E-AGM THROUGH VIDEO CONFERENCE:

- Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by M/s KFin Technologies Private Limited. Members may access the same at <https://emeetings.kfintech.com> and click on the "video conference" and access the shareholders/members login by using the remote e-voting credentials. The link for e-AGM will be available in shareholder/members login where the EVENT and the name of the Company can be selected. Please note that the members who do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in the notice.
- Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.
- Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- AGM Questions prior to e-AGM:** Shareholders who would like to express their views/ask

questions during the meeting may log into <https://emeetings.kfintech.com/> and click on "Post your Questions" and then may post their queries/ views/ questions in the window provided by mentioning the name, demat account number/ folio number, email id, mobile number. Please note that, questions by the members will be answered only if the shareholder continues to hold the shares as of cut-off date **benpos**.

- The Members may register themselves as speakers for the e-AGM to express their views by visiting <https://emeetings.kfintech.com> and click on 'Speaker Registration' during the remote e-voting period commencing from September 07, 2020 to September 10, 2020. Members shall be provided a 'queue number' before the e-AGM. The Company reserves the right to restrict the speakers at the e-AGM to only those Members who have registered themselves, depending on the availability of time for the e-AGM.

INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE E-AGM SESSION:

- The e-voting "Thumb sign" on the left hand corner of the video screen shall be activated upon instructions of the chairman during the e-AGM proceedings. Shareholders shall click on the same to take them to the "instapoll" page.
- Members need to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
- Only those Members/shareholders, who will be present in the e-AGM through Video Conference facility and have not casted their vote through remote e-voting are eligible to vote through e-voting available during the e-AGM. However, members who have voted through remote e-voting are eligible to attend the e-AGM.

INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING:

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, September 04, 2020, 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:

Member whose email IDs are registered with the Company/Depository Participant(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:

i) Open your web browser during the voting period and navigate to <https://evoting.karvy.com>.

ii) Enter the login credentials (i.e. user-id & password)

User-ID for Members holding shares in demat form:

a) For NSDL: 8-character DP ID followed by 8-digit Client ID

b) 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, September 07, 2020 (10:00 A.M.) and ends on Thursday, September 10, 2020 (5:00 P.M.).** Members, holding shares either in dematerialised form or physical form as on cut-off date, Friday, September 04, 2020, may cast their vote electronically during this period. The remote e-voting module shall be disabled at 5.00 p.m. on Thursday, September 10, 2020. 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 KFin Technologies 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 (Corporates/ FIs/ FLLs/ Trusts/ Mutual Funds/ Banks, etc.) are required to send scan (PDF format) of the relevant board resolution to the Scrutiniser through e-mail to kannans@kannancs.in with a copy to evoting@karvy.com and compliance@ujjivanfin.com. They may also upload the same in the e-voting module in their login. 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 KFin Technologies 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).

Please contact Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Pvt. Ltd., Karvy Selenium Tower B, Plot number 31 & 32, Financial District, Gachibowli, Hyderabad – 500 032, mohd@kfintech.com, Phone: +91 040 6716 1562, toll-free number 1800 345 4001 for any further clarifications.

Other Important Notes:

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. The register of members and share transfer books of the Company would remain closed from **Saturday, September 05, 2020 to September 11, 2020** (both days inclusive).
3. **Dividend on equity shares as recommended by the Board of Directors for the year ended March 31, 2020, if approved at the Meeting, will be payable to those Members who hold shares:**
 - (a) In dematerialised 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, September 04, 2020**.
 - (b) In physical mode, if their names appear in the Company's Register of Members on or before **Friday, September 04, 2020**.
4. 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.
5. 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 this facility may send their nomination in the prescribed Form No. SH-13 duly filled, to KFin Technologies Private Limited ("KFin"), Registrar and Transfer Agent (**RTA**) of the Company. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.
6. Brief profile and other required information about the Directors proposed to be appointed/ re-appointed, as required under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Notice.

In support of the Green Initiative, the Company hereby request Members who have not updated their E-mail IDs to update the same with their respective Depository Participant(s) or with our RTA for receiving communications from the Company electronically. Further, Members holding shares

in electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members holding shares in physical mode are also requested to update their email addresses by writing to the RTA of the Company quoting their folio number(s).

7. The members to note that the Board has recommended a dividend of 8% i.e. ₹ 0.80 per equity share. Once the dividend is approved by the shareholders at the 16th AGM, the Company will use electronic mode of payment for making dividend payment to the shareholders. Shareholders who are holding shares in Electronic Form are requested to contact their respective Depository Participants (DP) 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.**
8. For members who have not updated their bank account details, dividend warrants/ demand drafts/ cheques will be sent out to their registered addresses once the postal facility is available. To avoid delay in receiving the dividend, members are requested to update their KYC with their depositories (where shares are held in dematerialised mode) and with the Company's Registrar and Transfer Agent (RTA) (where shares are held in physical mode) to receive the dividend directly into their bank account on the payout date.
9. For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Members having valid PAN	7.5% or as notified by the Government of India
Members not having PAN/valid PAN	20% or as notified by the Government of India

However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during Financial Year 2020-21 does not exceed ₹ 5,000 and also in cases where members provide Form 15G/Form 15H (applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower/Nil withholding tax. Registered members may also submit any other document as prescribed under the IT Act to claim a lower/Nil withholding tax. PAN is mandatory for members providing Form 15G/15H or any other document as mentioned above. A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly

declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by accessing <https://ris.kfintech.com/form15/default.aspx> or sending an email to einward.ris@kfintech.com. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement (DTAA) between India and the country of tax residence of the member, if they are more beneficial to them.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, self-declaration and any other document which may be required to avail the tax treaty benefits by accessing <https://ris.kfintech.com/form15/default.aspx> or sending an email to einward.ris@kfintech.com and compliance@ujjivanfin.com.

The aforementioned declarations and documents need to be submitted by the shareholders latest by September 10, 2020. No communication would be accepted from members after September 10, 2020 regarding the tax withholding matters.

10. As required under Regulation 40(1) of SEBI Listing Regulations, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository except in case of transmission or transposition of securities.
11. The Board of Directors has appointed Mr. S. Kannan of M/s. S. Kannan and Associates, bearing Firm No. S2017KR473100 (FCS 6261, holding CP No. 13016), as

Scrutiniser to scrutinise the voting through Remote e-voting at e-AGM in a fair and transparent manner.

12. The Results on above resolutions shall be declared not later than 48 hours from the conclusion of the e-AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions.
13. The Results of voting declared along with Scrutiniser's Report(s) will be published on the website of the Company (www.ujjivan.com) and on Service Provider's website (<https://evoting.karvy.com>) within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to BSE Limited and the National Stock Exchange of India Limited.
14. Since the AGM is being held through VC in accordance with the MCA Circulars, the route map, proxy form and attendance slips are not being attached to this notice.
15. 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, September 04, 2020** may obtain the login ID and password by sending a request to Mr. Mohd Mohsin Uddin, Senior Manager, KFin Technologies Pvt. Ltd., Karvy Selenium, Tower B, Plot Number 31 & 32, Financial District, Gachibowli, Hyderabad – 500 032, mohsin.mohd@kfintech.com, Phone: +91 040 6716 1562 toll-free number 1-800-34-54-001.

By Order of the Board of Directors



Sanjeev Barnwal

Place: Bengaluru
Date: May 27, 2020
Company Secretary and Compliance Officer
Membership No.: A19180

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

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 Ms. Mona Kachhwaha (DIN: 01856801) as an Additional Director (Non-Executive, Independent Category) with effect from September 22, 2019.

The Nomination Committee while considering her appointment as an additional director has verified that she is not debarred from holding the office of director pursuant to any SEBI order and the Board hereby affirms that Ms. Mona Kachhwaha is not debarred from holding the office of director by virtue of any SEBI order or any other such authority. Further, Ms. Mona Kachhwaha is not related to any other Director of the Company.

Pursuant to the provisions of Section 161(1) of the Act, Ms. Mona Kachhwaha holds office up to the date of this 16th AGM of the Company and is eligible to be appointed as Director and whose office shall not 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 her candidature for the office of Director.

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

The Company has received a declaration from Ms. Mona Kachhwaha that she meets the criteria of independence as prescribed under Section 149(6) of the Act and under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Ms. Mona Kachhwaha fulfils the criteria of independence as specified and is independent of the Management. Accordingly, The Board having regard to her background and experience which will be beneficial to the Company, recommends the resolution for the appointment of Ms. Mona Kachhwaha as a Non-Executive, Independent Director for approval by the shareholders of the Company.

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 Ms. Mona Kachhwaha and her relatives are, in any way, concerned or interested in the said resolution except to the extent of their shareholding, if any.

In respect of Resolution set out at Item No. 5

The Board based on the recommendation of the Nomination and Remuneration Committee of the Board, has unanimously approved the appointment of Mr. Samit Ghosh (DIN: 00185369) as an additional director (non-executive, non-independent) with effect from April 01, 2020.

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 and the Board hereby affirms that Mr. Samit Ghosh is not debarred from holding the office of director by virtue of any SEBI order or any other such authority. Further, Mr. Samit Ghosh is not related to any other Director of the Company.

Pursuant to the provisions of Section 161(1) of the Act, Mr. Samit Ghosh holds office upto the date of this 16th 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. Samit Ghosh was the founder of the Company having founded in 2004 and served as its MD & CEO until January 31, 2017. With the approval of the Reserve Bank of India, Mr. Samit Ghosh was designated and took charge as the MD & CEO of Ujjivan Small Finance Bank Limited (the listed subsidiary of the Company) effective from February 01, 2017 and he retired on November 30, 2019 from this position on attaining the age of 70 years. Prior to founding Ujjivan, Mr. Samit Ghosh was a career banker with over 30 years of experience in India & overseas with a specialisation in retail banking. He was part of the management team which launched retail banking with Citibank in 1985, Standard Chartered Bank in 1993 and HDFC bank in 1996 and his last employment prior to founding Ujjivan was in Bank Muscat. Mr. Samit Ghosh holds a master of business administration degree from the Wharton School of Business at the University of Pennsylvania.

The Board acknowledged the significant contribution of Mr. Samit Ghosh, who not only conceptualised and founded Ujjivan, but built Ujjivan as a financially sustainable entity serving the cause of unserved and underserved. His contribution in achieving comprehensive financial inclusion across the country was commendable. The Board therefore commends his induction on the Board of the Company and recommends the resolution proposed for his appointment as Non-Executive Non-Independent Director.

As part of Board succession plan, Mr. K. R. Ramamoorthy, the present Chairman of the Board and the Company has expressed his desire to step down from the position of Non-Executive Chairman of the Board and the Company at the conclusion of this 16th AGM, paving way for appointment of his successor to the Board and Company Chairmanship. The Board in its meeting held on May 27, 2020 has unanimously approved the appointment of Mr. Samit Ghosh as the Non-Executive Chairman of the Board and the Company, effective from the conclusion of

this 16th AGM, subject to the approval of the shareholders for his appointment as non-executive director. Mr. Ramamoorthy will continue as Non-Executive Independent Director on the Board for the remainder of his tenure.

Accordingly, the Board recommends the resolution for the appointment of Mr. Samit Ghosh as a Non-Executive Director and designated Non-Executive Chairman of the Company for the approval by the shareholders of the Company.

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. Samit Ghosh and his relatives are, in any way, concerned or interested in the said resolution except to the extent of their shareholding.

Additional information on Directors being appointed/re-appointed as required under Regulation 26(4) and Regulation 36 the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard-2 by ICSI:

Name of the Director	Mr. Jayanta Basu	Ms. Mona Kachhwaha	Mr. Samit Ghosh
DIN	01268046	01856801	0185369
Date of Birth and Age	November 09, 1965; 54 Years	January 02, 1972; 48 years	December 01, 1949; 70 years
Date of First Appointment on the Board	March 25, 2015	August 08, 2012	December 28, 2004
Brief Resume, Qualification, Experience and Nature of Expertise in specific functional areas	Mr. Jayanta Basu is a Non-Executive Director of our Company. 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. He has over 22 years of experience in the fields of investments. He is currently the Managing Partner at CX Advisors LLP. He has previously worked with Citibank India. He serves as a director in Ujjivan Small Finance Bank Limited and Imperativ Hospitality Private Limited and is a designated partner of CX Advisors LLP.	Ms. Mona Kachhwaha has over 25 years of financial services industry experience, which includes 12 years with Caspian Impact Investment Advisers (2007-2019) and 13 years with Citibank N.A. (1994-2007). At Caspian, she managed the India Financial Inclusion Fund, a USD 89 million impact fund with a focus on financial inclusion. She has also been a part of investment and credit committees of other funds managed by Caspian. She is currently on the board of Ujjivan Small Finance Bank Limited. She has graduated in Mathematics (Hons.) from Delhi University (1992) and holds an MBA from XLRI, Jamshedpur (1994). She completed an executive programme in Private Equity from Said Business School, Oxford University in 2010.	Mr. Samit Ghosh was the founder of the Company having founded in 2004 and served as its MD & CEO until January 31, 2017. With the approval of the Reserve Bank of India, Mr. Samit Ghosh was designated and took charge as the MD & CEO of Ujjivan Small Finance Bank Limited (the listed subsidiary of the Company) effective from February 01, 2017 and he retired on November 30, 2019 from this position on attaining the age of 70 years. Prior to founding Ujjivan, Mr. Samit Ghosh was a career banker with over 30 years of experience in India & overseas with a specialisation in retail banking. He was part of the management team which launched retail banking with Citibank in 1985, Standard Chartered Bank in 1993 and HDFC bank in 1996 and his last employment prior to founding Ujjivan was in Bank Muscat. Mr. Samit Ghosh holds a master of business administration degree from the Wharton School of Business at the University of Pennsylvania.

Name of the Director	Mr. Jayanta Basu	Ms. Mona Kachhwaha	Mr. Samit Ghosh
No. of Board Meetings attended during the year as a Director	5	2	None
Directorships held in other Companies	Public Companies - Ujjivan Small Finance Bank Limited Private/Section 8 Companies - Imperativ Hospitality Private Limited - CX Advisors LLP (designated partner)	Public Companies - Ujjivan Small Finance Bank Limited - Aptus Value Housing Finance India Limited	None
Memberships/Chairmanships of Committees of other Boards	Ujjivan Small Finance Bank Limited – Member of the following Committees: 1. Audit Committee 2. Risk Management Committee 3. Nomination and Remuneration Committee 4. Stakeholders Relationship Committee 5. Business Strategy Committee 6. Promoter Shareholding Dilution Committee 7. Business Continuity Monitoring Committee	Ujjivan Small Finance Bank Limited – Member of the following Committees: 1. IT Strategy Committee 2. Customer Service Committee 3. Review Committee of Wilful Defaulters 4. Business Strategy Committee 5. Business Continuity Monitoring Committee	None
Remuneration last drawn	₹ 6.98 Lakhs as sitting fees	₹ 4.91 Lakhs as sitting fees	Nil
Remuneration sought to be paid	Sitting fees as approved by the Board of Directors within the limits of the applicable laws.	Sitting fees as approved by the Board of Directors within the limits of the applicable laws.	Sitting fees as approved by the Board of Directors within the limits of the applicable laws.
Shareholding in the Company	Nil	Nil	36,076 equity shares (0.03%)
Relationship with other Directors and Key Managerial Personnel of the Company	Nil	Nil	Nil

By Order of the Board of Directors

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

Place: Bengaluru
Date: May 27, 2020



Ujjivan Financial Services Limited

Registered Office

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