

Annexure-4

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

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

To,

The Members,

UJJIVAN SMALL FINANCE BANK LIMITED

Grape Garden, No. 27, 3rd "A" Cross, 18th Main,

6th Block, Koramangala, Bengaluru – 560095, Karnataka.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by UJJIVAN SMALL FINANCE BANK LIMITED having CIN: L65110KA2016PLC142162 (hereinafter called "the Bank"/"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 Bank's Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Bank and also the information provided by the Bank, its Officers, Agents and Authorised Representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Bank has, during the Audit Period covering the Financial Year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Bank has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Bank for the Financial Year ended on March 31, 2024 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment. There was no Overseas Direct Investment and External Commercial Borrowings by the Bank during the period under review;
- (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 and Sweat Equity) Regulations, 2021;
 - (d) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable to the Bank during the review period);
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Bank during the review period); and
 - (i) The Securities and Exchange Board of India (Buyback of Securities), Regulations, 2018 (Not applicable to the Bank during the review period).
- (vi) Following laws, Norms and Directions as applicable specifically to Small Finance Banks in the Private Sector (SFB):

- (a) The Reserve Bank of India Act, 1934;
- (b) The Banking Regulation Act, 1949 and notifications and circulars issued by the Reserve Bank of India from time to time;
- (c) The Guidelines for Licensing of Small Finance Banks in the Private Sector;
- (d) Operating Guidelines and for Small Finance Banks;
- (e) The Rules, Regulations, Directions, Guidelines, Licenses and Circulars issued by RBI for compliance by Small Finance Bank;
- (f) The Payment and Settlement Systems Act, 2007;
- (g) The Credit Information Companies (Regulation) Act, 2005;
- (h) The Deposit Insurance and Credit Guarantee Corporation Act, 1961;
- (i) Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions) Rules, 2005;
- (j) Negotiable Instruments Act, 1881;
- (k) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002; and
- (l) Insurance Regulatory and Development Authority of India Act, 1999 read with the Rules, Regulations and notifications thereon.

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

- (i) The Listing Agreements entered into by the Bank with BSE Limited and National Stock Exchange of India Limited; and
- (ii) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India;

During the period under review the Bank has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and with respect to compliance of labour laws there were few instances of delay in remittance of Provident Fund and Professional Tax in few cases due to UAN error and pending of KYC linking and online registration issues.

I further report that:

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

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

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

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act read with Rules made there under, Banking Regulation Act 1949, the Guidelines for Licensing of Small Finance Banks in the Private Sector and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

There were adequate systems and processes in the Bank which is commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

I further report that during the audit period:

1. The Ujjivan Financial Services Limited (CIN: L65999KA2004PLC035329), ("the Holding Company"/ "the Transferor Company") and the Bank ("Transferee Company") had made joint application before Hon'ble National Company Law Tribunal (NCLT), Bengaluru Bench under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for seeking sanction of Scheme of Amalgamation between Ujjivan Financial Services Limited and the Bank and the Hon'ble NCLT, had sanctioned this Scheme of Amalgamation vide its order "C.P. (CAA)No.44/BB/2023" ("the Order") on April 19, 2024. The scheme became effective on April 30, 2024, and effective from the appointed date as defined in the scheme i.e. from April 01, 2023.
2. During the period under review, there were three instances of violation of the "Code of Conduct for

Prevention of Insider Trading of Ujjivan Small Finance Bank Limited" ("Code"), wherein the designated Persons (DP) inadvertently carried on trading of Shares of the listed entity during the trading window closure period, which resulted in violation of the Code and para 4 of Schedule B of Regulations 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The listed entity has obtained explanations from the designated Persons, cautioned and warned them through a written letter not to repeat such violation in future and has given necessary instructions to them. Such an instance of violation was brought to the notice of the Audit Committee and also timely reported to the concerned authorities in terms of applicable provisions the SEBI Insider Trading Regulations and circulars issued thereunder.

Date: May 18, 2024

Place: Bengaluru

(The aforesaid instances occurred prior to the implementation of freezing of PAN of Designated Persons which for the Bank started w.e.f. October 01, 2023.)

3. The Bank has issued and allotted 40,56,651 (Forty Lakh Fifty Six Thousand Six Hundred and Fifty One) Equity shares under its ESOP Schemes.
4. The Bank has entered into related party transactions with its related parties on arm's length basis in the ordinary course of business and the Bank has obtained necessary approvals from the Audit Committee and Board of Directors wherever required.

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

K. Jayachandran

Company Secretary

ACS No.: 11309/CP No.: 4031

UDIN: A011309F000378643

Peer Review No: 784/2020

Annexure A

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

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

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

Date: May 18, 2024

Place: Bengaluru

K. Jayachandran
Company Secretary
ACS No.: 11309/CP No.: 4031
UDIN: A011309F000378643
Peer Review No: 784/2020