

# Directors' Report

## Dear Stakeholders,

On behalf of the Board of Directors (the "Board") of Ujjivan Small Finance Bank Limited (the "Bank or Ujjivan SFB"), it is our immense pleasure to present the 8th Annual Report of the Bank along with the Audited Financial Statements and Auditor's Report thereon for the FY 2023-24.

## OVERVIEW AND STATE OF AFFAIRS OF THE BANK

The Bank continued to progress in FY 2023-24 on the strong base laid in the previous fiscal. Bank focussed on improving book quality, build business volumes, customer acquisition and expand its geographical presence. Along with branch expansion, the Bank further developed on its digital offerings and strengthened its IT infrastructure making it more robust and proficient to effectively aid the growing business. Highlights of achievements during FY 2023-24 were:

- i. Disbursement: ₹ 23,389 Crores for the FY 2023-24;
- ii. Deposits: Crossed ₹ 31,000 Crores milestone and closed the year with total deposits of ₹ 31,462 Crores. Total deposit accretion during the year was at ₹ 5,924 Crores
- iii. Asset Quality: GNPA/NNPA at 2.1%/0.3% as on March 2024; PCR at 87% as on March 2024
- iv. Microbanking cashless collections: 43% in Q4; among the highest in industry
- v. Launched a nation-wide brand campaign, a prominent step towards establishing Ujjivan SFB as a mass market bank
- vi. Introduced digital TD & SA to provide seamless experience to our customers and help us to serve beyond brick-and-mortar branches
- vii. Net profit for the FY 2023-24 is ₹ 1,281 Crores, continuing the strong profitability trend picked up in last quarter.

Additionally, the Bank believes a robust IT infrastructure holds a competitive advantage and is greatly beneficial for serving its customers. Bank continued its investments in fortifying its digital landscape. These investment span across business aspects from technology and digital platforms to new products and verticals to human capital to infrastructure.

## Technology and Digital Platforms:

- Hello Ujjivan launched in FY 2022-23 has now crossed 7.8 Lakhs downloads as on March 2024 aiding in paperless disbursements, digital repayments and reducing TAT;
- DigiMitra launched in FY 2023-24, a dedicated support service aimed at helping customers navigate any technical issues they may encounter while accessing digital products and services

- CRM and Customer Deduplication systems have been upgraded, resulting in refined user interfaces and data reliability. A pilot for the CRM mobile application has been deployed enabling mobile user engagement
- In digital banking front, Bank has introduced several customer-centric innovations such as digital Fixed Deposit & Savings, which have been highly appreciated for their convenience and accessibility
- During the year, the Bank's IT facilitated launch of 11 new applications across business verticals with requisite environments created across various application stacks; Around 450+ projects and enhancements went live during the year covering regulatory, new product lines, services for revenue generation, enhancing customer experience, improving operational efficiency and cost savings
- On data analytics, the Bank has adopted state of the art "BI tool" (Both Web and Mobility channels) with interactive dashboards to empower its employees at every level to adopt data driven proactive decision and boost their productivity

## New Products & verticals:

- Introduced Semi-formal LAP & working capital facilities during the year to expand MSME product suite
- In vehicle finance introduced Trade advance facility for our dealers
- Introduced value added liability products, like Maxima CA & SA to augment our liability product offering and gain market share; Focussed to improve our digital offerings reintroduced Digital TD and Digital SA
- Launched 3-in-1 Demat Trading Services through strategic partnership
- Upgraded APY by revamping back-end process has helped in improved business flow

## Human Capital:

- Increase in staff count: field staff 15,857 from 13,077; others 6,709 from 4,793
- Extensive training programmes being conducted to enhance knowledge and productivity

## Infrastructure:

- Banking outlets: Expanding our physical presence adding 123 branches in FY 2023-24 with banking outlets reaching 752 as of March 2024
- Retail Asset Centres: Opened 15 new retail asset centres taking total count 18 as on March 2024 to optimise processes and improve efficiency
- Other premises: expanded our other regional and corporate offices to accommodate growing scale

This year's strong performance was led by increased business growth across verticals. Under our microfinance segment - Micro Group Loans/ Individual Loans gross loan book grew 13%/ 53% vs March 2022 with disbursement up 3%/41% as against FY 2022-23; disbursement growth in this segment was led by increased focus on Individual Loans as customers graduated from Micro group loans to Individual loans and customer acquisition. Housing segment continues to make newer highs growing by 45% vs March 2023 reaching ₹ 4,924 Crores gross loan book as on March 2024. Affordable Housing disbursements grew strong by 64% vs FY 2022-23 owing to strong demand in the segment and increased efficiency due to retail asset centres aiding in faster processing and quicker disbursals. During the year, MSME business put its renewed business strategy into action the verticals LAP business scaled up with Prime LAP and Elite LAP variants. Systems and processes were revamped. All these deemed to have a positive impact on various critical metrics like Productivity, Turn-Around Time and First-Time-Right (FTR). Additionally, new strategic partnerships were entered with fintechs to lend towards supply chain finance. In FY 2024-25 this business is expected to deliver strong growth. Our Institutional lending business grew 53% YoY to ₹ 1,731 Crores of gross loan book as of March 31, 2024 driven by 67% jump in disbursement vs FY 2022-23. Further the newer lines of businesses like Vehicle Finance and Gold Loan have seen decent traction in last few months of FY 2023-24. This is expected to scale up substantially in FY 2024-25. Overall, the secured book contribution has improved in-line with Banks Strategy, to 30.2% of the total gross loan book vs 27.20% in FY 2022-23

During FY 2023-24, Bank's deposit book grew by 23% to ₹ 31,462 Crores crossing the bench mark of ₹ 31,000 Crores. CASA grew by 24% y-o-y, closing at 26.5% of the total deposit book as of March 31, 2024. This year we undertook multiple initiatives to achieve this growth like:-

a) Undertook our first nationwide brand campaign

- b) Launched value added products to cater to customer demand
- c) Entered into partnership for 3-in-1 Demat Trading Services accounts
- d) launched digital TD & digital SA providing seamless onboarding experience

All these efforts combine have helped us achieve this in FY 2023-24, We will be building on this base in FY 2024-25.

**Margins:** During the year the Bank continued to have benefits from repricing of assets which helped us improve yield, and consequently our NIMs which was under pressure due to rising CoF. The repricing benefit will continue in H1FY25 supporting our margins. CoF however will remain elevated until interest rate cycle turns. With asset quality remaining strong the bank expects to sustain its margins in FY 2024-25.

**Collection strategy:** The bank continues to have strong and dynamic collection team which played a critical role in containing credit cost and ensured timely recovery of default loans. Our dedicated collections team employs strategic collection methodologies to mitigate credit risk and minimise delinquencies. The collections efforts would continue to be augmented with the intensified legal actions across various products. The fruit of Bank's efforts in last FYs are bearing fruit in the form of significant improvement in all the credit parameters. The Bank aims to proactively onboard quality borrowers and manage repayments that were well-tested during FY 2023-24 and the bank continues to monitor the portfolio quality with a focus on innovation, leveraging technology and customer-centric approach. The bank is well poised for the next level of banking growth in the aspiring middle-income segment. The Bank's Board comprised of 8 directors as at the end of FY 2023-24, with the MD & CEO being the Executive Director, 6 Independent Directors including 3 Women Independent Directors and 1 Non-Executive Non-Independent Director.

## FINANCIAL PERFORMANCE

### Summary of Financial Performance

(₹ in Crores)

Particulars	FY 2023-24	FY 2022-23
Revenue from Operations	3,409.45	2,697.90
Other Income	786.75	589.19
Less: Operational Expenses	997.63	791.53
Personnel Expenses	1,183.18	920.25
<b>Profit/loss before Depreciation, Finance Costs, Exceptional items,</b>	<b>2,252.40</b>	<b>1,727.20</b>
<b>Provisions and Tax Expense</b>		
Less: Depreciation/ Amortisation/ Impairment	98.29	90.28
<b>Profit /loss before Finance Costs, Exceptional items, Provisions and Tax</b>	<b>2,154.11</b>	<b>1,636.92</b>
<b>Expense</b>		
Less: Finance Costs	237	151.89
<b>Profit /loss before Provisions, Exceptional items and Tax Expense</b>	<b>1,917.11</b>	<b>1,485.03</b>
Less: Provisions & Contingencies	214.94	17.79
Add/(less): Exceptional items	0	0
<b>Profit /loss before Tax Expense</b>	<b>1,702.17</b>	<b>1,467.24</b>
Less: Tax Expense (Current & Deferred)	420.67	367.32
<b>Profit /loss for the year (1)</b>	<b>1,281.50</b>	<b>1,099.92</b>
<b>Total Comprehensive Income/loss (2)</b>	<b>0</b>	<b>0</b>
<b>Total (1+2)</b>	<b>1,281.50</b>	<b>1,099.92</b>
<b>Balance of profit /loss for earlier years</b>	<b>506.87</b>	<b>(72.35)</b>
Less: Transfer to Debenture Redemption Reserve	0	0
Less: Transfer to Statutory Reserves	463.66	274.98
Less: Transfer to investment Fluctuation Reserve	4.37	46.79
Less: Transfer to Capital Reserves	0	0
Less: Dividend paid on Equity Shares	68.34	146.59
Less: Dividend paid on Preference Shares	0	22.00
Less: Dividend Distribution Tax	0	0
Less: Investment Reserve Account	0	0.34
Less: Transfer to Special Reserve U/S 36 (1)(viii) Income tax Act 1961	17	30.00
<b>Balance carried forward</b>	<b>1,378.27</b>	<b>506.87</b>

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

Particulars	FY 2023-24	FY 2022-23
Interest income as a percentage to working funds	15.38%	15.28%
Non-interest income as a percentage to working funds	2.13%	2.16%
Operating profit as a percentage to working funds	5.20%	5.45%
Business (deposits plus gross advances) per employee (₹ in thousands)	25,989	23,906
Profit per employee (₹ in thousands)	633.82	632.78
EPS (Basic) (₹)	6.65	5.82
EPS (Diluted) (₹)	6.54	5.81

### TRANSFER TO RESERVES

#### A. Statutory Reserve

The Bank has made an appropriation of ₹ 320.37 Crores to the statutory reserve for the year ended March 31, 2024 out of profits, to the Statutory Reserve, pursuant to the requirements of section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000. Also, the Bank has taken over the Statutory Reserves of ₹ 143.28 Crores in pursuant to the scheme of amalgamation as sanctioned by the National Company Law Tribunal.

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

During the year ended March 31, 2024, the Bank has made an appropriation of ₹ 4.37 Crores to IFR from the profit and loss account so as to reach the figure of 2% of its HFT and AFS Investment portfolio.

### DIVIDEND

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

### Equity Dividend

During the FY 2023-24, the final dividend of ₹ 97.74 Crores (before TDS) pertaining to FY 2022-23 was paid out to the equity shareholders on August 09, 2023.

For the FY 2023-24, the Board of Directors in its meeting held on May 18, 2024 has recommended a Final Dividend of 15% i.e. ₹ 1.5 per equity share, which on approval of the shareholders in the 8th AGM will be distributed in the FY 2024-25 within the stipulated time limit.

### CHANGE IN THE NATURE OF BUSINESS

There was no change in the nature of business of the Bank during FY 2023-24.

### MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments have occurred after the closure of the FY 2023-24 till the date of this report, which might have affected the financial position of the Bank.

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

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

Following are details of increase in the paid-up capital during the Financial Year 2023-24:

Sr	Particulars	Amount (in ₹)
1	Paid-up Capital at the beginning of the Financial Year	21,547,066,250
2	Equity Shares allotted under the ESOP Scheme 2019 during the FY 2023-24	40,566,510
3	Paid-up Capital at the end of the Financial Year (Pre-merger)	21,587,632,760
4	Paid-up Capital at the end of the Financial Year (Post-merger)*	19,314,285,090

\*Note: Pursuant to the effect of the Scheme of amalgamation, 1,440,036,800 equity shares and 200,000,000 preference shares of the Bank held by UFSL are extinguished. Consequent to the aforesaid, the paid-up equity capital of the Bank is revised to ₹ 19,314,285,090.

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

During the FY 2023-24, following equity shares were issued and allotted:

Sr	Particulars of Equity Shares allotted under the ESOP Scheme 2019 allotted on following dates:	No. of shares	Total Nominal Price (in ₹)	Total Issue Price including premium (in ₹)
1	April 12, 2023	21,974	219,740	412,844.25
2	May 08, 2023	22,332	223,320	445,523.40
3	June 09, 2023	25,444	254,440	515,539.15
4	July 03, 2023	79,285	792,850	1,852,891.60
5	August 04, 2023	195,990	1,959,900	5,598,565.35
6	September 15, 2023	539,651	5,396,510	16,148,840.95
7	October 09, 2023	283,989	2,839,890	8,293,461.45
8	November 16, 2023	364,321	3,643,210	11,522,327.25
9	December 12, 2023	303,243	3,032,430	9,313,374.49
10	January 09, 2024	366,450	3,664,500	11,160,328.20
11	February 09, 2024	1,019,002	10,190,020	25,936,742.65
12	March 12, 2024	834,970	8,349,700	22,342,167.15
<b>TOTAL</b>		<b>4,056,651</b>	<b>40,566,510</b>	<b>113,542,605.89</b>

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

During the FY 2023-24, the Bank has neither issued any equity shares with differential rights nor any sweat equity shares.

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

The Bank has formulated and implemented ESOP 2019 Scheme and ESPS 2019 Scheme to reward the employees of the Bank, and employees of its present or future subsidiary(ies) and/or holding company(ies), for their association and performance as well as to motivate them to contribute to the growth and profitability of the Bank.

**ESOP 2019 Scheme:**

The Bank, pursuant to the resolutions passed by the Board on January 22, 2019 and by the Members on March 29, 2019, adopted the ESOP 2019 Scheme. The Bank in its 4th Annual General Meeting held on September 02, 2020 has ratified the ESOP 2019 Scheme as required under the SEBI (Share Based Employee Benefits) Regulations, 2014. The Bank may grant an aggregate number of up to 144,000,000 stock options under the ESOP 2019 Scheme. Upon exercise and payment of the exercise price, the option holder will be entitled for allotment of one

equity share per stock option. Accordingly, the number of equity shares that may be issued under the ESOP 2019 Scheme shall not exceed 144,000,000 equity shares of face value ₹ 10 each.

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

The ESOP 2019 Scheme has been framed and implemented in compliance with provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014, now SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, Companies Act, 2013 and rules made thereunder and relevant guidance notes and accounting standards.

As on March 31, 2024, 149,009,776 stock options have been granted by the Bank under ESOP 2019 Scheme to eligible employees of the Bank and its Holding Company.

During the FY 2023-24, following grants have been made to the eligible employees with the approval of the Nomination and Remuneration Committee of the Bank:

Sr. No	Date of grant	Number of options	Price (₹)
1.	October 09, 2023	28,013,164	48.50
2.	October 27, 2023	1,024,751	51.46
<b>Total</b>		<b>29,037,915</b>	<b>-</b>

During the FY 2023-24, following grants have been made to the eligible employees with the approval of the Nomination and Remuneration Committee of the Bank:

Particulars	Details
Options granted and outstanding at the beginning of the year (A)	119,971,861
Options granted during the year (B)	29,037,915
Options vested during the year	10,447,702
Options exercised during the year (C)	4,401,954
The total number of shares arising as a result of exercise of options	4,056,651
Options forfeited / lapsed during the year (D)	10,658,473
Variation in terms of options	None
Money realised by exercise of options	122,780,079.27
Total number of options in force	133,949,349
= (A) + (B) – (C) – (D)	

**Details of options granted during the year to:**

Key Managerial Personnel

Mr. Ittira Davis, MD & CEO-

1,024,751 options granted at a price of ₹ 51.46 per option

Mr. Sanjeev Barnwal, Company Secretary – 135,838 options granted at a price of ₹ 48.50 per option

Particulars	Details
Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	Nil
Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	Nil

*\*21,974 options exercised in the month of March 2023 have been allotted on April 12, 2023.*

*366,608 options exercised in the month of March 2024 have been allotted on April 04, 2024.*

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

#### ESPS 2019 Scheme:

The Bank, pursuant to the resolutions passed by the Board on July 30, 2019 and by the Members on August 03, 2019, adopted the ESPS 2019 Scheme. The ESPS 2019 Scheme has been framed and implemented in compliance with provisions of the SEBI (Share Based Employee Benefits) Regulations, 2014 now, SEBI (Share Based Employee Benefits & Sweat Equity) Regulations 2021, Companies Act, 2013 and rules made thereunder and relevant guidance notes and accounting standards.

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

Pursuant to the ESPS 2019 Scheme, the Board is authorised to issue up to 72,001,840 fully paid up equity shares of the face value of ₹ 10 each with pari-passu voting rights, to the eligible employees (as defined under the ESPS 2019 Scheme), in accordance with the terms and conditions as may be decided by the Nomination and Remuneration Committee of the Bank.

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

The Nomination and Remuneration Committee has been entrusted with the responsibility of administering the ESPS 2019 Scheme. As of March 31, 2024, 14,075,166 shares were allotted at ₹ 35 per

share (including premium of ₹ 25 per share) pursuant to the exercise of options under ESPS 2019 Scheme. **However, no ESPS was granted or exercised during the FY 2023-24.**

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

Further as per Regulation 13 of the SEBI (Share Based Employee Benefit and Sweat Equity) Regulations, 2021, the Board of Directors have obtained the certificate from the Secretarial Auditor of the Bank, K Jayachandran, certifying that the schemes have been implemented in accordance with these regulations and in accordance with the resolution of the Bank in the general meeting. The same has been enclosed as "Annexure - 1" to this report.

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

During the FY 2023-24, the Bank has not issued any debentures, bonds or any non-convertible securities or warrants. However, the Bank has duly carried out monthly interest payments on the Non-Convertible Debentures (NCDs) having a face value of ₹ 100,000 (Indian Rupees One Lakh) aggregating to ₹ 3,000,000,000, issued during the FY 2022-23 as per the terms of the said issue.

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

Pursuant to the Guidelines for licensing of "Small Finance Banks" in the private sector issued by RBI on November 27, 2014 ("SFB Licensing Guidelines"), the Promoter of the Bank i.e. Ujjivan Financial Services Limited (UFSL) was required to reduce its shareholding in the Bank to 40% of the paid-up Equity Share capital of the Bank within a period of five years from the date of commencement of business operations by the Bank i.e. by January 31, 2022 and thereafter required to reduce its shareholding in the Bank to 30% and 26% of its paid-up Equity Share capital within a period of 10 years and 12 years, respectively, from the date of commencement of the business operations.

RBI vide its letter dated July 09, 2021 permitted the Bank to apply for the amalgamation of holding company with small finance bank, in terms of provisions of Master Direction on Amalgamation of Private Sector Banks, Directions, 2016 dated April 21, 2016, Three (3) months prior to completing five years from the date of commencement of business of small finance bank.

Further, recommendations of the Internal Working Group to Review Extant Ownership Guidelines and Corporate Structure for Indian Private Sector Banks, dated October 20, 2020 and November 20, 2020 that, no intermediate sub-targets between five to 15 years may be required and that promoters may submit a dilution schedule which may be examined and approved by the RBI, were accepted by RBI without any modification vide its circular dated November 26, 2021.

Accordingly, the Bank initiated necessary steps for the reverse merger of Ujjivan Financial Services Limited with the Bank in accordance with applicable laws and guidelines. Merger of the Promoter entity with the Bank will suffice the requirement of promoter shareholding dilution.

The Board of the Bank in its meeting held on October 14, 2022, considered and approved a Scheme of Amalgamation ("Scheme") between Ujjivan Financial Services Limited (UFSL, promoter of the Bank) and the Bank and their respective shareholders and creditors under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. The following table highlights the trajectory of the said Reverse Merger process:

<b>Sr</b>	<b>Process</b>	<b>Date</b>
1.	Approval of the Scheme of Amalgamation by the Board of Directors of Ujjivan SFB and UFSL	October 14, 2022
2.	Filing of the Scheme and applications with the Stock Exchanges	October 19, 2022
3.	Filing of the Scheme with the RBI for its No-Objection Certificate	October 19, 2022
4.	Receipt of No-Objection Certificate from RBI	February 01, 2023
5.	Receipt of No-Observation Letters from the Stock Exchanges	March 09, 2023
6.	Filing of Joint Application with the Hon'ble National Company Law Tribunal, Bengaluru Bench (NCLT)	March 29, 2023
7.	Receipt of the order from the Hon'ble NCLT to convene meetings of equity shareholders of both, UFSL & Ujjivan SFB for approval of the said scheme.	September 11, 2023
8.	Meeting of the equity shareholders of both, UFSL & Ujjivan SFB where the scheme was duly approved with requisite majority.	November 03, 2023
9.	Filing of Joint Petition with the Hon'ble NCLT post receipt of approval of the shareholders of both the Companies	November 10, 2023
10.	Receipt of the order pertaining to listing of the matter of the said scheme for hearing with the Hon'ble NCLT on January 30, 2024.	December 15, 2023
11.	Adjournment of the case by the Hon'ble NCLT to February 29, 2024.	January 30, 2024
12.	Reservation of the order for pronouncement by the Hon'ble NCLT.	February 29, 2024
13.	Receipt of final NCLT Sanction	April 19, 2024
14.	Filing of Forms INC-28 by both the Companies making the Scheme effective	April 30, 2024
15.	Allotment of 1,412,702,033 equity shares of the Bank to the eligible shareholders of UFSL as per the Share Exchange Ratio of 10:116	May 06, 2024
16.	Receipt on Listing approval for the aforesaid allotment	May 17, 2024
17.	Receipt of Trading approval for the aforesaid allotment	May 28, 2024

## CAPITAL ADEQUACY

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

CRAR of the Bank is calculated on the basis of RBI NCAF guidelines. The CRAR of the Bank as at March 31, 2024 using Risk Weighted Assets for credit risk related exposures only, as required under the operating guidelines of RBI for Small Finance Banks, was 24.69% against a minimum requirement of 15% and Tier I capital ratio was 22.68% against the minimum requirement of 7.5%.

## CREDIT RATING

Credit ratings assigned to Long Term Bank Facilities, Subordinated Non-Convertible Debentures and Certificate of Deposit Programme of the Bank as on March 31, 2024 with details of changes as on date:

Instrument Name	Name of Credit Rating Agency	Amount (₹ In Crores)	Rating	Date of Credit Rating	Revision in the Credit Rating
Certificate of Deposit Programme	CRISIL Ratings Limited	2,500.00	CRISIL A1+	February 26, 2018	Reaffirmed on February 16, 2023
Long Term Bank Facilities	CARE Ratings Limited	500.00	CARE AA-; Stable	September 06, 2017	<ul style="list-style-type: none"> <li>• <b>August 03, 2023</b> Rating reaffirmed and outlook changed from "stable" to "positive"</li> <li>• <b>December 28, 2023</b> Rating upgraded from CARE A+; Positive to CARE AA-; Stable</li> <li>• <b>May 23, 2024</b> Rating reaffirmed</li> </ul>
Subordinated Non-Convertible Debentures	CARE Ratings Limited	500.00	CARE AA-; Stable	November 24, 2022	<ul style="list-style-type: none"> <li>• <b>August 03, 2023</b> Rating reaffirmed and outlook changed from "stable" to "positive"</li> <li>• <b>December 28, 2023</b> Rating upgraded from CARE A+; Positive to CARE AA-; Stable</li> <li>• <b>May 23, 2024</b> Rating reaffirmed</li> </ul>
Fixed Deposit	CARE Ratings Limited	10,000.00	CARE AA-; Stable	May 23, 2024	Rating assigned

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

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

As on March 31, 2024, the unclaimed dividend declared by Ujjivan Financial Services Limited (merged with Ujjivan Small Finance Bank Limited) for the below years is as under:

Sr.	Financial Year	Dividend Type	Unclaimed Dividend (in ₹)
1.	FY 2016-17	Final	156,920
2.	FY 2017-18	Final	143,215
3.	FY 2018-19	Interim	221,776.05
4.	FY 2018-19	Final	71,163.45
5.	FY 2019-20	Final	149,906.3
6.	FY 2022-23	Interim	421,858
7.	FY 2023-24	Interim	334,005.50

During the FY 2023-24 unclaimed dividend of ₹ 40,189 for the FY 2015-16, towards 2,634 equity shares of UFSL has been transferred to Investor Education and Protection Fund (IEPF) Authority. Subsequent to the merger, 30,551 shares of the Bank in lieu of the aforesaid 2,634 shares of UFSL (as per the share exchange ratio) have been transferred to IEPF.



## BOARD AND KEY MANAGERIAL PERSONNEL

Following changes took place in the Board Composition during the FY 2023-24:

Sr.	Name of the Director	Type of change	Effective Date	Remarks
1	Mr. P N Raghunath (Nominee Director – RBI) DIN: 09428287	Cessation	May 29, 2023	The Reserve Bank of India (RBI) vide its letter dated November 29, 2021, had appointed Mr. P.N. Raghunath, then General Manager, RBI, Bengaluru, Regional Office as an Additional Director on the Board of the Bank for a period of 2 (Two) years with effect from November 29, 2021 to November 28, 2023 or till further orders, whichever is earlier.  Further the RBI vide its letter dated, May 29, 2023 withdrew the nomination of Mr. P N Raghunath with immediate effect.
2.	Mr. Satyaki Rastogi (Nominee Director – SIDBI) DIN: 02189494	Cessation	July 17, 2023	The Small Industries Development Bank of India (SIDBI) vide its letter dated, July 17, 2023 withdrew the nomination of their nominee director, Mr. Satyaki Rastogi with immediate effect.
3.	Ms. Rajni Mishra (Independent Director) DIN: 08386001	Re-appointment	December 16, 2023	Re-appointment as an Independent Director for the second term of 5 (five) years.
4.	Mr. Rajesh Jogi (Independent Director) DIN: 03341036	Re-appointment	March 25, 2024	Re-appointment as an Independent Director for the second term of 5 (five) years.

*Note: During the current FY, following appointments have taken place in the Board:*

Sr	Name	Position	Effective Date
1.	Mr. Sanjeev Nautiyal	MD & CEO	July 01, 2024
2.	Ms. Carol Kripanayana Furtado	Whole-Time Director	May 01, 2024
3.	Ms. Mona Kachhwaha	Independent Director	May 18, 2024

*The Board in its meeting held on May 18, 2024 has also accepted early retirement request from Mr. Ittira Davis from his position of MD & CEO, w.e.f. June 30, 2024 due to personal reasons.*

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

### KEY MANAGERIAL PERSONNEL

As on March 31, 2024, pursuant to Section 203 of the Companies Act, 2013, Mr. Ittira Davis, Managing Director and CEO, Mr. M D Ramesh Murthy, Chief Financial Officer and Mr. Sanjeev Barnwal, Company Secretary and Compliance Officer are the Key Managerial Personnel (“KMP”) of the Bank.

There were no changes in the Key Managerial Personnel during the FY 2023-24.

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

Further, basis the recommendation of the Board of the Bank at their meeting held on January 11, 2024, the RBI, in terms of section 35B of the Banking Regulation Act, 1949, vide its letter dated March 21, 2024, approved the appointment of Ms. Carol Kripanayana Furtado (DIN: 07587305) as a Whole-Time Director (WTD) of the Bank for

a period of 3 (three) years with effect from May 01, 2024. Accordingly, Ms. Carol has assumed the office as a KMP w.e.f. from May 01, 2024 as well.

Furthermore, basis the recommendation of the Board of the Bank, the RBI, in terms of section 35B of the Banking Regulation Act, 1949, vide its letter dated April 15, 2024, approved the appointment of Mr. Sanjeev Nautiyal (DIN: 08075972) as the MD & CEO of the Bank for a period of 3 (three) years with effect from July 01, 2024. The Board on recommendation of the NRC approved the aforesaid appointment on May 18, 2024. Accordingly, Mr. Sanjeev shall assume the office as a KMP w.e.f. from July 01, 2024 as well.

The Board in the same meeting has also accepted the early retirement request of Mr. Ittira Davis from the position of MD & CEO w.e.f. June 30, 2024.

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

The Bank has received declarations from all its Independent Directors confirming that they meet the criteria of independence as prescribed under Section 149(6) of the

Companies Act, 2013 and Regulation 16(1)(b) of SEBI Listing Regulations and that they have complied with the code of conduct for independent directors as prescribed under Schedule IV of the Companies Act, 2013.

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

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

\*All Independent Directors of the Bank have registered themselves in the data bank as specified under Section 150 of the Companies Act, 2013 read with Rule 6 of Companies (Appointment and Qualifications of Directors) Rules, 2014. Few Independent Directors have qualified the prescribed proficiency test. The Independent Directors (not exempted under the Companies (Appointment and Qualification of Directors) Fifth Amendment Rules, 2020 as notified on December 18, 2020) are committed to qualify the online proficiency self-assessment as required under aforesaid Rule within the prescribed timeline.

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

#### DIRECTOR E-KYC

MCA has vide amendments to the Companies (Appointment and Qualification of Directors) Rules, 2014, mandated

registration of KYC of all Directors. All the Directors of the Bank have complied with said requirement in FY 2023-24.

#### DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY

The Bank has a Directors and Officers Liability Insurance Policy which protects Directors and Officers of the Bank for any breach of fiduciary duty.

#### NUMBER OF MEETINGS OF THE BOARD

The Board met 09 (Nine) times during the FY 2023-24. The meetings of the Board of Directors were convened in accordance with applicable laws and standards and the intervening gap between the said meetings was not exceeding 120 days. The details of Board Meetings are available in the Corporate Governance Report which forms a part of the Annual Report of the Bank for the FY 2023-24.

#### BOARD COMMITTEES

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

As on March 31, 2024, the Bank had 12 (Twelve) Board Committees which are given below:

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

\*The Corporate Social Responsibility Committee has been renamed as the CSR & Sustainability Committee w.e.f. April 01, 2024 in order to bring the ESG related facets under the purview of the said Board Committee.

\*\*On accomplishment of the Reverse Merger, this Committee was dissolved w.e.f. May 18, 2024.

The details of composition, number of meetings held and date thereof and terms of reference of the above Committees are available in the Corporate Governance Report which forms a part of the Annual Report of the Bank for the FY 2023-24.

### RECOMMENDATIONS OF AUDIT COMMITTEE

During the FY 2023-24, there was no incidence, where the Board has not accepted any recommendations of the Audit Committee.

### BOARD EVALUATION

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

The performance evaluation was carried out by the Nomination and Remuneration Committee and by the Board in their meetings held on March 23, 2024.

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

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

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

The performance of the Board and Board Committees was evaluated after seeking inputs from all the directors.

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

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

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

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

### REMUNERATION OF DIRECTORS AND EMPLOYEES

The remuneration being paid to the MD & CEO is in conformity with the RBI approval.

The remuneration of Non-Executive Directors was paid only by way of sitting fees which is within the limit prescribed under Section 197(5) of the Companies Act, 2013 and RBI Guidelines on Review of Fixed Remuneration granted to Non-Executive Directors (NEDs) dated February 09, 2024.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this Report as **Annexure-2**. In terms of Section 136(1) of the Companies Act, 2013, the annual report and the financial statements are being sent to the Members excluding the disclosures in terms of Rule 5(2) and (3) as mentioned above. The same is available for inspection and any Member interested in obtaining a copy of the Annexure may write to the Company Secretary of the Bank at corporatesecretarial@ujjivan.com

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

During the FY 2023-24, the MD & CEO, has not received any remuneration or commission from Ujjivan Financial Services Limited, Holding Company of the Bank.

The Bank had no subsidiary Company during the FY 2023-24.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

Complying with Regulation 25(7) of SEBI Listing Regulations and RBI guidelines, no introductory familiarisation programmes were conducted during the FY 2023-24 as there were no new Independent Directors

appointed on the Board during this period. However, the Bank has conducted various training programmes for its Directors including the Independent Directors during the FY 2023-24.

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

### DIRECTORS' RESPONSIBILITY STATEMENT

Based on the framework of internal financial controls established and maintained by the Bank, work performed by the internal, statutory and secretarial auditors, reviews performed by the Management and the relevant Board Committees, the Board, in concurrence with the Audit Committee, is of the opinion that the Bank's internal financial controls were adequate and effective as on March 31, 2024.

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

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

### NOMINATION AND REMUNERATION POLICY

The Bank pursuant to the provisions of Section 178(3) of the Companies Act, 2013, Regulation 19 of SEBI Listing Regulations and RBI Requirements has formulated and adopted a Nomination and Remuneration Policy on directors' appointment and remuneration and the criteria for determining qualification, positive attributes

and independence of directors, which is available on the website of the Bank at [www.ujjivansfb.in/corporate-governance-policies](http://www.ujjivansfb.in/corporate-governance-policies).

### RISK MANAGEMENT

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

The RMC fulfils its roles and duties through various management level risk committees. Risk-specific management level committees have also been constituted such as the Credit Risk Management Committee (CRMC), Operational Risk Management Committee (ORMC), Asset Liability and Market Risk Committee (ALCO), Enterprise Risk Management Committee (ERMC), Information Security Committee and Business Continuity Management Committee. These committees are entrusted with the task to identify, measure, mitigate and monitor various risks on a day to day basis. There is also a National Controls and Compliance Committee (NCCC) comprising of control function heads which meets at monthly intervals to deliberate on common risks identified across the Bank.

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

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

- Credit Risk
- Operational Risk
- Market Risk

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

- Liquidity Risk
- Interest Rate Risk in Banking Book
- Concentration Risk
- Outsourcing Risk
- Strategic Risk
- Reputational Risk

- Underestimation of credit risk
- Compliance risk
- People Risk
- IT and Information Security risks
- Emerging Risks such as Climate Risk, ESG risk, Model risk and Fintech risks.

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

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

From a governance perspective, the Bank has in place an effective risk management policy(s) which is duly approved by the Board, that highlights the functions, implementation and role of the Risk Management Committee of the Board and the Board of Directors. The Chief Risk Officer of the Bank is the highest ranking person overseeing the Risk Management function of the Bank and reports to the MD & CEO with direct dotted line reporting to the Risk Management Committee of the Board.

In compliance to the Pillar-III requirements, the Bank has in place a Board approved policy on Disclosures that addresses its approach for determining what disclosures it will make and the internal controls over the disclosure process.

### WHISTLE BLOWER POLICY/VIGIL MECHANISM

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

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

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

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

#### Ms. Chandrekha Chaudhuri

Ujjivan Small Finance Bank Limited

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

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

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

### Name and Address of MD & CEO of the Bank

Mr. Ittira Davis

Ujjivan Small Finance Bank Limited

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

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

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

Ms. Sudha Suresh,

C1, Farvella Apartments, 92/1 Lavelle Road 3rd Cross, Bangalore – 560001

Email: [sudha.suresh@ujjivan.com](mailto:sudha.suresh@ujjivan.com)

During the FY 2023-24, no one has been denied access to the Chairperson of the Audit Committee.

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

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

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

Particulars for FY 2023-24	Number of Complaints
Number of Whistle Blower Complaint at the beginning	1
Number of Whistle Blower Complaint received during the year	15
Number of Whistle Blower Complaint resolved during the year	16
Number of Whistle Blower Complaint at the end	0

### ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Bank has laid down certain guidelines, policies, processes and structures to enable the implementation of appropriate internal financial controls across the Bank.

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

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

The Bank has, in all material respects, an adequate internal financial controls system which was considerably enhanced during the FY 2023-24 and such internal financial controls were operating effectively based on the internal control criteria established by the Bank considering the essential components of internal control stated in the guidance note on audit of internal control over financial reporting issued by the Institute of Chartered Accountants of India.

#### FRAUDS REPORTED BY THE AUDITORS

During the FY 2023-24, neither the Statutory Auditors nor the Secretarial Auditor has reported to the Audit Committee/Board or Central Government any instances of material fraud in the Bank by its officers or employees under Section 143(12) of the Companies Act, 2013.

However, the Bank identified and intimated the Statutory Auditors about the instance of high value fraud (in excess of ₹ 1 Crore) through misuse of office GL sundry accounts at Peenya Branch. This matter was also duly reviewed by the Special Committee for Monitoring High Value Frauds, Risk Management Committee and Audit Committee.

The Statutory Auditors sought queries/information on the aforesaid case and detailed management response was duly submitted to them, further necessary regulatory reporting to RBI has also been done by the Bank.

#### DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

#### JOINT VENTURES

There were no Subsidiary Company, Associate Company and Joint Venture of the Bank during the FY 2023-24.

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

No Company became or ceased to be Subsidiary Company, Associate Company and Joint Venture of the Bank during FY 2023-24.

#### DEPOSITS

The Chapter V of the Companies Act, 2013 does not apply to the Bank. During the FY 2023-24, the Bank has accepted deposits from the public in the ordinary course of its banking business. The details of the deposits are enumerated in the Financial Statement for the FY 2023-24.

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

#### PARTICULARS OF LOANS, GUARANTEES AND/OR INVESTMENTS

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

#### RELATED PARTY TRANSACTIONS AND CONTRACTS/ ARRANGEMENTS

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

All the contracts/arrangements/transactions entered by the Bank with the related parties during the FY 2023-24 were on arm's length basis; accordingly, the disclosure of particulars of contracts/ arrangements entered into by the Bank with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 in Form AOC-2 is not applicable.

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

#### CORPORATE SOCIAL RESPONSIBILITY ("CSR")

As per Section 135 (1) of the Companies Act, 2013 "Every company having net worth of rupees five hundred Crores or more, or turnover of rupees one thousand Crores or

more or a net profit of rupees five Crores or more during the immediately preceding financial year shall constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director”.

Pursuant to the above, as on March 31, 2024 the Bank had duly constituted CSR Committee with 5 (Five) Directors out of which 4 (Four) are Independent Directors. The details of the changes in the composition of the CSR Committee during the FY 2023-24 have been provided in the Corporate Governance Report which forms part of the Annual Report for the FY 2023-24.

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

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

The detailed Annual Report on the CSR activities for the FY 2023-24 is annexed to this Report as **Annexure-3**.

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

### A. CONSERVATION OF ENERGY

With our foray into ESG initiatives, the bank has made deliberate efforts and implemented sufficient measures to gauge and reduce energy consumption. Alongside fostering continual awareness among employees about the importance of energy conservation through email campaigns, ESG training, and posters, the bank has replaced conventional bulbs with energy-efficient LEDs, upgraded outdated appliances, and integrated 5-star rated appliances into new infrastructure wherever feasible. Furthermore, in pursuit of introducing alternative energy solutions, the bank has installed solar panel in a URC branch and 2 more branches are underway.

### B. TECHNOLOGY ABSORPTION

In FY 2023-24, we have automated 15 new processes and enhanced 6 existing processes. The results have been remarkable- increased efficiency, reduced errors and significant time and cost saving.

With the help of RPA, we have saved ₹ 8.2 Crores cost and 51000+ Man hours. Operations, Micro Banking, Vigilance, Finance, Credit, IT, Risk, HR departments are actively using RPA to increase operational efficiency and reduce operating cost.

Below are few critical projects done which have significant impact.

- 1) RPA implementation of UPI lite reconciliation has been successfully achieved from the day one of the product launch, addressing data storage challenges and enhancing operational efficiency seamlessly.
- 2) RPA implementation for TDS computation significantly enhanced accuracy in tax calculation while managing vast customer data effortlessly.
- 3) Creation of ID's across different applications using RPA has significantly reduced manual efforts and ensures ID's are created without any delay.
- 4) RPA automation of sending mails to FIO's saves manual efforts and enables FIO to focus on acquiring more business opportunities.
- 5) Agent model reconciliation automation is extended for Fintech partner "Paynearby" reduced efforts employed manually.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the FY 2023-24, 314 transactions (Inward & Outward) were processed adding upto USD 44.53 Lakhs during the period. It resulted in an exchange income of ₹ 29.48 Lakhs for the Bank. Total Foreign Exchange Outward was USD 40.30 Lakhs during the FY 2023-24.

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

During the FY 2023-24, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status of the Bank and its operations in future.

However, basis the joint petition filed by the Bank and UFSL with the Hon'ble NCLT, Bengaluru Bench on March 29, 2023, for Scheme of Amalgamation, the Hon'ble NCLT vide its order dated September 08, 2023 directed to both the companies to convene general meetings for shareholders' approval on the Scheme. Accordingly, the Extra-Ordinary General Meetings by both the companies were held on November 03, 2023 and the Scheme was approved by requisite majority in both the meetings. Basis the said approval a second motion petition was filed with the Hon'ble NCLT for final sanction of the Scheme. Further, the Hon'ble NCLT, Bengaluru Bench granted its final sanction vide its order dated **April 19, 2024**.

## AUDITORS

### A. STATUTORY AUDITORS

The Members of the Bank, in the 5th Annual General Meeting held on September 27, 2021, appointed M/s. Mukund M Chitale & Co., Chartered Accountants (FRN 106655W) and M/s. B. K. Ramadhyani & Co. LLP,

Chartered Accountants (FRN 002878S/ S200021), as the Joint Statutory Auditors of the Bank for a period of 3 (three) consecutive financial years until the conclusion of 8th AGM of the Bank to be held in the FY 2024-25, subject to approval of RBI on an annual basis, pursuant to the RBI Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs).

The policy of the Bank on "Appointment of Statutory Auditors" is available on the website of the Bank at [www.ujjivansfb.in/corporate-governance-policies](http://www.ujjivansfb.in/corporate-governance-policies)

Further, as the term of the Joint Statutory Auditors shall conclude in the upcoming 8th Annual General Meeting of the Bank, the Board of Directors of the Bank had shortlisted four Chartered Accountants Firms and the Bank had made an application to RBI for the appointment of Joint Statutory Auditors.

RBI, vide its letter dated April 12, 2024 approved the appointment of M/s Deloitte Haskins & Sells, Chartered Accountants (FRN 117365W) and M/s Abarna & Ananthan, Chartered Accountants (FRN 000003S) as the Joint Statutory Auditors of the Bank for the FY 2024-25 for their first year. Basis the said approval the Board in its meeting held on May 18, 2024 has approved the aforesaid appointment, furthermore, the said appointment is being placed for approval of members in the ensuing 8th Annual General Meeting of the Bank (please refer item no.3 of the AGM Notice, for further details).

#### Report of the Statutory Auditors

The Statutory Audit of the Bank for the FY 2023-24 was conducted jointly by M/s. Mukund M Chitale & Co., Chartered Accountants and M/s. B. K. Ramadhyani & Co. LLP, Chartered Accountants. The Auditor's Report on the financial Statements of the Bank for the FY 2023-24 does not contain any qualification, reservation or adverse remark. The Auditor's Report, enclosed with the financial statement, forms part of the Annual Report for the FY 2023-24.

#### SECRETARIAL AUDITOR

Mr. K. Jayachandran, Practicing Company Secretary (ACS No.: 11309 and Certificate of Practice No.: 4031) was appointed as the Secretarial Auditor of the Bank in the meeting of the Board held on July 27, 2023 to conduct Secretarial Audit of the Bank for the FY 2023-24 as required under Section 204 of the Companies Act, 2013 and the rules made thereunder and Regulation 24A of SEBI Listing Regulations. The Bank provided all assistance and facilities to the Secretarial Auditor for conducting the audit.

The Secretarial Audit Report is annexed to this Report as **Annexure - 4.**

#### ANNUAL RETURN

In accordance with Section 134(3) and Section 92(3) of the Companies Act, 2013 and pursuant to Companies (Amendment) Act, 2017, a copy of the Annual Return for the FY 2023-24 is available on the Bank's website at [www.ujjivansfb.in/annual-return](http://www.ujjivansfb.in/annual-return)

#### DESPATCH OF ANNUAL REPORT

Pursuant to the latest applicable circulars issued by the MCA and SEBI, in relation to 'Relaxation from compliance with certain provisions of the SEBI Listing Regulations' relaxing the requirement of dispatching physical copies of the Annual Report and the Notice convening the AGM to Shareholders. Members who wish to have physical copy may write to the Company Secretary of the Bank at [corporatesecretarial@ujjivan.com](mailto:corporatesecretarial@ujjivan.com) or submit a written request to the Registered Office of the Bank. In accordance with the aforesaid circulars, the weblink of the Annual Report and the Notice convening the AGM of the Bank is being sent in electronic mode only to members whose e-mail address is registered with the Bank or the Depository Participant(s). Those members, whose email address is not registered with the Bank or with their respective Depository Participant(s) and who wish to receive the Notice of the AGM and the Annual Report for the financial year ended March 31, 2024, can get their email address registered by following the steps as detailed in the Notice convening the AGM. The Annual Report of your Bank shall be available on the Bank's website viz., <https://www.ujjivansfb.in/annual-report>

#### COMPLIANCE WITH SECRETARIAL STANDARDS

The Bank has complied with the provisions of Secretarial Standards specified by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs under Section 118(10) of the Companies Act, 2013. The Bank has also complied with the provisions of Secretarial Standard-4 on voluntary basis.

#### HUMAN RESOURCES

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

Ujjivan SFB has been recognised as one of India's TOP 25 best places to work in the BFSI sector for 2024 as per the study conducted by Great Place To Work® Institute

In the calendar year 2023 the bank was placed in the 45th Rank within the TOP 100 Great Place to Work in India as per the study conducted by Great Place To Work®



Institute. The bank in FY 2023-24 continued to focus on the employee engagement activities like employee family day engagements, milestones celebrations, branch representative meetings, chai pe charcha (corporate employee connect) and town halls, has kept the employees positively motivated. Additionally, to ensure real time employee feedback and identifying high risk employees, an AI chatbot called Amber that was launched in February 2023 has been well received across the organisation with an engagement score of 85% as on March 31, 2024.

Wellbeing of employees has been another important area for the Bank, where physical and emotional wellness of employees were emphasised. Annual health checkups at branch levels for staff and discounted rates for checkups for their families that was initiated in FY 2022-23 was completed with 100% branch coverage in FY 2023-24. The annual health check-ups were also followed up by partner organisations to telephonically connect and inform the employees on high risk matters and provide medical advice. The launch of "Emotional Wellness Advisors" a confidential connect for emotional wellness related concerns that was addressed by professional guidance to employees and their families in FY 2022-23 also saw a considerable engagement in FY 2023-24 as confirmed by our partner Connect & Heal.

## **CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT**

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

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

In pursuing the mission "to provide financial services to the unserved and underserved customers as a responsible mass market bank focussed on building a sustainable tomorrow", the Bank has been balancing its dual objectives of "social" and "financial goals since its inception. "Responsible financing", "ethical values" and "transparency" in all its dealings with its customers, lenders, investors and employees have been the cornerstone of its operations. Transparency in the decision-making process has been providing comfort to all stakeholders, particularly the customers, lenders and investors.

The Report on Corporate Governance for FY 2023-24 as per Regulation 34(3) read with Schedule V of the SEBI

Listing Regulations forms part of the Annual Report for FY 2023-24. The disclosure as required under Section II of Part II of Schedule V of the Companies Act, 2013 have been provided under the heading of Remuneration of Directors in the aforesaid Corporate Governance Report.

A Business Responsibility and Sustainability Report containing the requisite details as per Regulation 34 (2) of the SEBI Listing Regulations forms part of the Annual Report for the FY 2023-24 and is also disclosed on the Bank's website at [www.ujjivansfb.in](http://www.ujjivansfb.in).

Further, as a responsible bank, Ujjivan SFB believes in creating a sustainable environment and making a positive social impact. The Bank understands the importance of integrating environmental, social, and governance (ESG) factors into its operations and decision-making processes. Thus, the bank disclosed its maiden voluntary report to disclose its sustainability performance which is a testament to transparency and accountability for FY 2022-23. The report for the FY 2023-24 will be published shortly and the same will be made available at the website of the Bank at <https://www.ujjivansfb.in/sustainability-initiatives>.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

As required under Regulation 34 and Schedule V of SEBI Listing Regulations, the Management Discussion and Analysis Report forms part of the Annual Report for the FY 2023-24.

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

The Bank has a strict Prevention of Sexual Harassment ("POSH") Policy in accordance with the statutory requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This Policy applies to all categories of employees of the Organisation, including permanent employees, permanent management, workmen, temporary employees, trainees (interns), consultants, advisers, ad hoc employees, daily wage earners, probationers, apprentices, contract employees, etc., at its workplace or visits to partner organisations. This Policy recognises the right of privacy of every individual and will strive to protect the privacy of the individuals involved and ensure that the complainant and the respondent are treated fairly. The Policy ensures that the career interest of the parties involved in any proceedings under this Policy will not be adversely affected merely on account of the complaint made to the Internal Committee or any evidence provided in connection with any enquiry; however strict action will be taken against the Respondent if proven guilty post the enquiry process.

The Status on the Complaints received and resolved by Internal Committee during the FY 2023-24:

Number of Complaints	Number of Complaints Resolved	Number of Complaints Pending for Resolution
14	12	2

### Composition of Internal Committees

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

- **Presiding Officer:** who shall be a woman employed at a senior level in the region.
- **Secretary:** who shall be the Regional HR Manager.
- **2 Members:** From amongst Employees in the region, preferably committed to the cause of women/having legal knowledge/experience in social work.
- **1 Independent Member:** Nominated from amongst NGOs/associations committed to the cause of women or a person familiar with the issues relating to Sexual Harassment.

**Other Members:** Additional members may be co-opted, if required, from amongst Employees working in senior positions in the region, especially from business, operations and control functions

### Functions of IC

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

### POLICIES

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

A brief description of below mentioned policies/code have been given in **Annexure-5** of this Report.

1. Policy for Determination of Materiality of Event/ Information for Disclosures
2. Code of Conduct for Prevention of Insider Trading and Code of Fair Disclosure and Conduct
3. Corporate Social Responsibility Policy

4. Nomination and Remuneration Policy
5. Policy on Board Diversity
6. Policy on Code of Conduct
7. Related Party Transactions Policy
8. Dividend Distribution Policy
9. Familiarisation Programme
10. Policy on Archival of Documents
11. Record Retention Policy
12. Whistle Blower Policy
13. Terms and Conditions of Appointment of Independent Directors
14. Policy on Appointment of Statutory Auditors

### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

The Bank has obtained a certificate from K. Jayachandran, Practicing Company Secretary, certifying that the Bank has complied with the conditions of the Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and other applicable regulations of Chapter IV pertaining to Corporate Governance and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations for the FY 2023-24.

The certificate is annexed to this Report as **Annexure-6**.

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

While key initiatives on customer relationship and health and safety have been detailed below. Information on initiatives concerning stakeholders' relationship, environment and sustainability, have been elaborated in the Business Responsibility and Sustainability Report of the Bank which forms part of the Annual Report for the FY 2023-24.

We believe that excellence in customer service has paramount importance, the Bank's commitment to delivering exceptional customer experience remains unwavering. We believe in responding to every evolving need of the customers to make ourselves a most customer centric organisation, by continuously nurturing our people, process and technology basis customer feedback and competitive landscape. To put this intent into practice, the Bank has established a dedicated Service Quality department which has been instrumental in enhancing customer experience, addressing grievances efficiently, maintaining rigorous service standards and ensuring customer service compliance.

**Improved Customer Service Standards:** The focus on delivering superior service standards for our customers has enabled us to maintain high level of quality and consistency

across all offerings. The Bank has demarcated, established and re-defined the Service Index, both for external and internal customer service i.e., for each business verticals and key support functions. The Service Index programme incorporates key parameters which impacts customer service delivery standards and customer satisfaction. The programme has advanced over last 6 years and unique in the industry. A strong governance structure for customer service has been established which includes a commitment to targets for improving Service Index scores by each function and at Bank level. These targets form part of key performance metrics for MD & CEO, Heads of Business/ functions, frontline managers, sales and service staffs.

- The various cross-functional initiatives at people, process and technology level have helped in achieving substantial improvements in Bank Level Service Index, from 66 points in March 2022 (out of a 100 points scale) to 85 points in March 2023 and to 89 points in March 2024.
- The number of complaints in FY 2023-24 had decreased by 14% when compared to previous FY 2022-23.
- Resolution of customer service requests within standard turn-around-time has improved from 88% in FY 2021-22 to 90% in FY 2022-23 and to 94% in FY 2023-24.
- The resolution of customer complaints within standard turn-around time has improved from 90% in FY 2021-22 to 96% in FY 2022-23 and to 98% in FY 2023-24.

**Aajeevan Services – A life events-based banking services with Empathy:** Ujjivan SFB believes the customer needs empathy, handholding and assurance the most when they come across various life events, be it good or bad. A specially designed and unique programme, in the banking industry, called “Aajeevan” was implemented since the inception of the Bank. These are life events based banking services, enabling customers navigate good and bad events of life with ease. Services include nomination facilities, joint accounts, settlement of claims of deceased account holders, settlement of insurance claims, priority & doorstep services to senior citizens and specially abled customers, use of special services like adding mandate holder or power of attorney etc. The programme provides financial well-being with empathy and compassion, and thus building a long term-relationship with our customers. This is also a programme around simplifying processes and staff training, by keeping empathy and efficiency as focal points. A specially designed one-day workshop on Aajeevan Services was conducted for customer handling staffs and sales staffs. A total of 1,521 staffs were trained in 72 batches during the year.

- Over the years, the promotion of Aajeevan services has helped in improvement of resolution of Aajeevan service requests from 86% in the FY 2021-22 to 94%

in FY 2022-23 and to 99% in the FY 2023-24.

- Deposits opened with nomination has improved from 82% in FY 2021-22 to 92% in FY 2022-23 and to 94% in FY 2023-24.
- The claims of deposits pertaining to deceased account holders were settled at 100% within standard turn-around-time.

**New initiatives undertaken to provide seamless customer service and safety of digital transactions:**

- Launch of UPI Lite to enable user friendly, low value transactions faster and real time with minimum technical declines.
- New Customers can be on boarded Digitally to open a Savings & Fixed Deposit Account without any restrictions and fulfil their KYC online through Video KYC.
- Existing customers can open Digital Savings and Fixed Deposit Account seamlessly through the Digital Platform and also fund their FDs from Non Ujjivan SFB bank accounts.
- Educational Videos about Digital products were uploaded on social media platforms like YouTube in English & other regional languages to help customers understand the process in simple / easy steps.
- DigiKaksha initiative was launched during Q4 FY 2023-24, to foster digital learning and empowerment within Ujjivan SFB to enable staff assist and handhold customers in using digital channels better.
- The IB, MB & Hello Ujjivan platforms were modified to redirect to Customer Grievance Redressal mechanism on Ujjivan SFB website, to enable customers to easily access and understand the Customer Grievance Redressal mechanism.
- Same day disbursements were introduced, to reduce turnaround time for disbursement of individual and group loans under micro lending programme.
- The limits for financial transactions to be provided through doorstep services to senior citizens has been increased to ₹ 25,000 per request from ₹ 5,000. Further, to popularise the same, SMSs were broadcasted to the senior citizen customers of the Bank.
- Enabled auto triggering of SMS to customer at 4 Stages to collect the mortgage documents after closure of the loan.
- Fraudulent Transaction reporting option is now implemented on BNB, this will help customers in prompt reporting of such transactions without searching for customer care contact points.
- Successfully piloted Video Banking platform as a service delivery channel, to be launched for all customers in FY 2024-25.

- Success of 'DigiMitra' initiative at Ujjivan SFB Phone Banking:
  - o The DigiMitra programme launched in August 2023 has proven very successful in handling all customer service requests and complaints related to digital channels like Internet Banking, Mobile Banking, Business Net-banking, UPI services and other digital channels of the bank.
  - o This has delivered a better digital experience to customers, by enabling proactive connect with the customer before, after the issue is raised and resolved with a quality resolution of their issues related to digital channels.
  - o The team not only resolves the customers' issues but also educate the customer and the Internal Bank employees wherever required.
  - o The DigiMitra Team handles end-to-end resolution of technical issues, by liaising with internal departments, to ensure timely and complete resolution for customers.
  - o 6,029 cases are handled by DigiMitra team during the year.

#### Customer awareness:

- A significant increase in spam calls were reported across the country for paying EMI and receiving a gift voucher delivered to their doorstep. To address this concern and ensure our customers beware of such incidents, A customer awareness campaign was conducted through SMSs to 30 Lakh customers.
- As a continuous learning from day-to-day practical situations through "Service Quality Friday School" campaign, the branches receive a training content as snippets, and the Branch Managers delivers the training to staffs on same day for efficient customer service/ handling customer requests and complaints/ life events related services and case studies.
- As per directives from Indian Cyber Crime Coordination Centre (I4C), in the field of Cyber Hygiene and Promoting 1930 as well as National Cybercrime Reporting Portal (NCRP), an awareness campaign was conducted to customers through various channels.
  - o Safe banking tips on OTP fraud - in all languages.
  - o Safer internet day - on browser security and Safe Tips on UPI security.
  - o Display of Cyber security helpline number on bank's website.

#### Health and Safety

The Bank considers Health and Safety of its employees very important and various initiatives have been taken with this objection over the years. Following are a few highlights of the same:

- Fire extinguishers are in place as per the defined protocols in all the offices & branches across PAN India with half yearly fire drill conducted only in RO and HO. The same is carried out only in regional offices and the awareness is created among the branch employees To ascertain adequacy and quality of the safety measures, an audit has been conducted by third party every quarter.
- Towards providing better work environment to the employees and customers, all the URCs are installed with Air conditioners & preventive maintenance of all the electric equipment's across branches conducted periodically – 95% of the URCs are equipped with ACs.
- For the specially-abled customers & employees, 29 ramps have been constructed across PAN India branches. – 125 ramps are available across the country.
- Deep cleaning & Pest control services were rendered at the branches that were older than 5 years. – Deep cleaning & Pest control services are being done once in a quarter.

Considering the health of the employees, 20+ branches in the North have been installed with RO water purifiers for drinking water – It is 30+ branches.

#### Employees Safety Measures

As an employee first organisation, Ujjivan SFB conducts annual health check-up for all its employees once in two years. This annual health check-up is followed up by the Partner by providing free consultation on the reports and also advising employees with high risk reports.

To support its employees, Ujjivan SFB also has a facility of 24x7 "Doctor on Call" teleconsultation This facility has been made available for employees and their dependents to consult doctors during emergencies. While the services were available for physical ailments. In FY 2023-24, Ujjivan SFB also launched of the emotional wellness programme, where employees and their family members could teleconsult specialists with "emotional wellness' expertise to get help where required.

Apart from that the QRT (Quick Response Team) which was activated during the start of the pandemic still monitors the environment & health related concerns across regions and issues guidelines to employees as and when required.

#### OTHER DISCLOSURES

- A. The Bank is not required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013.
- B. Disclosure as required under Rule 8(5)(xi) and 8(5)(xii) of the Companies (Accounts) Rules, 2014 does not apply to the Bank for FY 2023-24.

- C. None of the directors of the Bank are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. The directors have made necessary disclosures, as required under various provisions of the Companies Act, 2013, SEBI Listing Regulations and RBI guidelines.

### ACKNOWLEDGEMENT

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

We would like to thank all our customers, vendors, bankers, investors, auditors, media and other business associates

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

Sd/-

**B.A. Prabhakar**

Part-Time Chairman and Independent Director

**DIN:** 02101808

**Date:** May 18, 2024

**Place:** Bengaluru

for their continued support and encouragement during the year.

We also thank the Government of India, the Government of Karnataka and Delhi, the Ministry of Commerce and Industry, the Ministry of Finance, Ministry of Corporate Affairs, the Securities and Exchange Board of India, Hon'ble NCLT, Bengaluru Bench and Registrar of Companies, Bengaluru, the Stock Exchanges, the Central Board of Indirect Taxes and Customs, the RBI, the Central Board of Direct Taxes and all other government agencies for their support during the FY 2023-24 and look forward to their continued support in future.

Sd/-

**Ittira Davis**

MD & CEO

**DIN:** 06442816