



Reimagine

GROWTH

2021-22

ANNUAL REPORT

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Key numbers defining SSFB

Serving a unique customer base of

5+ Lakh customers

68:32

Customer profile Individual: Business

Network of **62 branches** in Uttar Pradesh and Madhya Pradesh; **116 touchpoints** through branches, ATMs and Banking Correspondents

₹ 2 Lakh

Average ticket size

Catering to the needs of

63,500 borrowers

780

Employee strength

₹ 1,593 Crore

Deposit base

₹ 1,126 Crore

Total advances

86%

Share of Priority Sector Lending

Reimagine GROWTH

With our banking experience of 24 years and now our transition into a Small Finance Bank, we continue to reach out to MSMEs and under-served retail customers of Bharat and impact their lives through our wide range of strategic partnerships in the financial services space. Being committed to meet the diverse needs of our customers, increase access to financial services and contribute to the economy, we are constantly developing new products and services and improvising our delivery approach.

By reinventing the general approach towards retail banking and re-engineering credit models, we are reinventing customer experiences, reimagining growth in the retail banking industry and become an active partner in revolutionising India's banking sector.

With an expanded bouquet of products and services, deep industry expertise, increased touchpoints, strengthened distribution network, digitised processes and advance analytics, we satiate our customers' needs and reimagine growth in customer base.

Today, as we stand at this vantage point, we remain true to our overarching mission of helping small and medium-sized businesses move forward and empowering them. By unlocking growth in these small and local businesses, we are contributing to the Indian economy and to nation building.

Reimagining and Reinventing Shivalik

By accelerating access of secure and affordable credit to our customers

One year of Small Finance Bank; 24 years of Shivalik

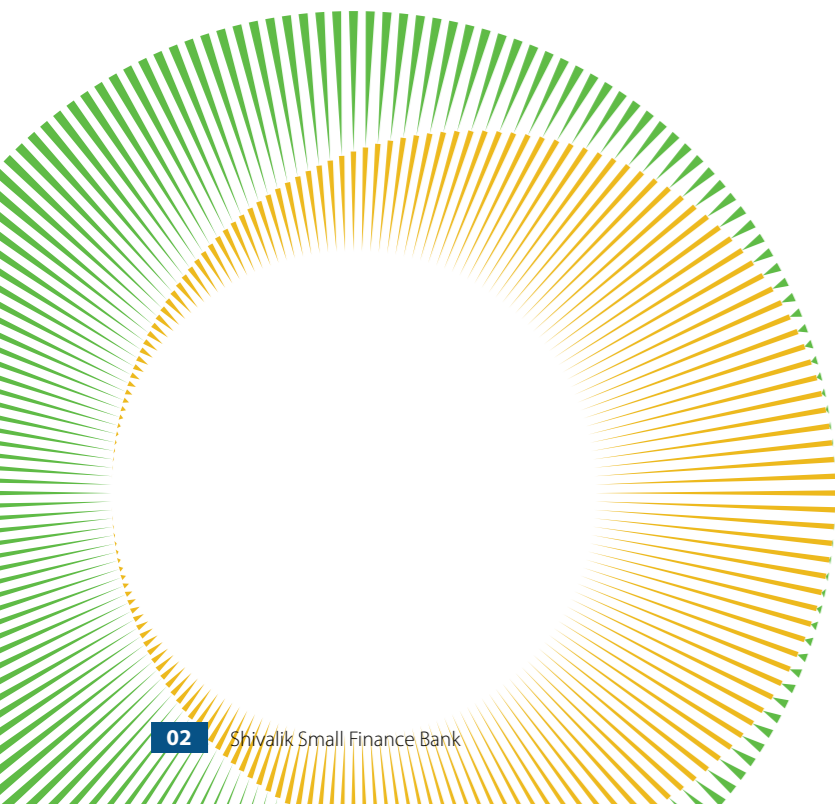
We commenced our operations as a Small Finance Bank and India's newest private sector commercial bank in April 2021. Our vision is to be a trusted financial services provider and model employer focussed on serving small and medium-sized businesses and the under-served segments of the society through affordable, yet digitally-focussed, products and differentiated customer experience. We continue to serve our unique base of 5+ lakh customers through 46 Branches and 16 Banking Agents

Envisioning retail banking. Reimagining growth.

Headquartered in Noida, Uttar Pradesh, Shivalik Small Finance Bank is the first urban co-operative bank to have received an approval from the Reserve Bank of India to transition into a Small Finance Bank – a testament to the strength of our business model and internal control systems.

Serving lifetime banking requirements

We aim to serve the lifetime banking requirements of small businessmen by providing 360-degree banking facilities to them and also to their customers, partners, suppliers and employees.



A Bank of many firsts

First to transition into a Small Finance Bank from an urban co-operative bank

First to host Core Banking Solutions (CBS), digital suite and Payments on Cloud in India

First and largest multi-state urban co-operative bank in Uttar Pradesh

Our Vision

To be a trusted financial services provider and model employer focussing on small and under-served segments through the delivery of digitally-focussed, affordable products and differentiated customer experience.

Our Values

- Strong Relationship
- Socially Responsible
- Focussed on Future Readiness
- Being Ethical and Moral

Serving the community

Focus on retail and financial inclusion

79%

Retail deposits

29%

CASA ratio

0.53 million

customer base

15%

Financial Inclusion customers

Small and priority sector lending

60%

of loans are below ₹ 25 Lakh

86%

of loans amount to Priority Sector Lending

95%

of the loan book is secured lending

Tech-enabled banking services

95%

Biometric-based account opening

91%

Digital transactions

67%

Digital penetration

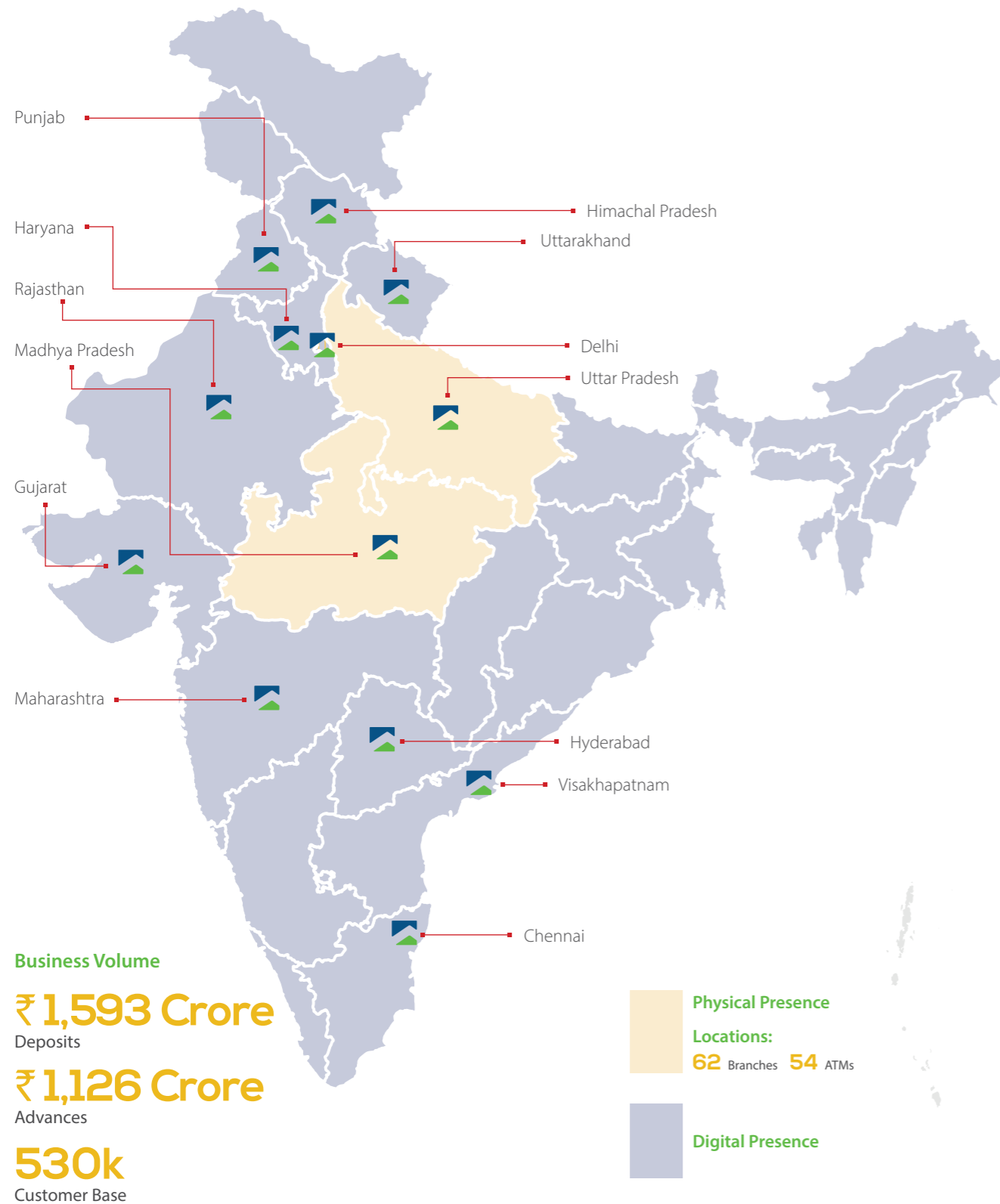
6%

IT Capex spend as share of total revenue

STRATEGY IS STRAIGHT-FORWARD
YOU PICK A GENERAL DIRECTION
IMPLEMENT LIKE HELL
-JACK WELCH



Reaching the far-ends of Bharat



An experienced and professional management

We have a strong and professional management team, with significant retail banking experience of 24 years.



Enduring customer relationships

Maintaining strong relationships with retail customers drives granular deposit growth. Today, we have a strong retail deposits franchise comprising 80% of our total deposit base with CASA ratio of 29%.



A strong Digital-first approach

We are active on all payment channels including NEFT/RTGS, e-Commerce transactions, debit cards, Point of Sale machines, IMPS, Aadhaar-enabled payment system, UPI, NACH, bill payment. A strong technology platform with CBS and digital banking suite hosted on the cloud enables the Bank to introduce new products at will and partner with Fintechs.

Imagining improved Retail Banking with



Low cost of funds

Our cost of funds is currently at a low of 5.6%. Moving forward, we expect this to continue as we expand our retail franchise online & offline.



A diversified and fully-secured lending book

We have a secured lending book 95% of the portfolio being backed by property, gold assets and bank deposits. Due to our largely secured lending book, our asset quality did not face much impact even during the COVID-19 pandemic.



Strong compliance framework

We have a strong compliance framework and strengthened internal control processes to help mitigate the risks. InfoSec is also strongly embedded into the internal control processes.



Reimagining Our Tomorrow. Rebuilding Together.

“By combining our deep banking experience and the power of technology, we are improvising our delivery approach and developing new products and services to meet the diversified needs of our customers.”

- Anshul Swami



Dear Shareholders,

It is my privilege to present to you the Annual Report of Shivalik Small Finance Bank for the year ended 31st March 2022. The Bank has completed one year of banking operations as a Small Finance Bank (SFB). Shivalik is the first Small Finance Bank to receive RBI's approval to transition from a Urban Co-operative Bank (UCB).

Ever since we began our journey over two decades ago as Shivalik Mercantile Co-operative Bank in Saharanpur, Uttar Pradesh, we have been working consistently to serve small business and underserved customers. We acquired two UCBs in Dhar and Indore to expand our presence and successfully turned them around. With our solid foundation, deep understanding of the segment we serve, and our customer-centric digital-first business model, we are accelerating the access of secure and affordable credit to customers and promoting financial inclusion.

In our brief yet fulfilling journey, we have established ourselves as a customer-focussed bank with a comprehensive range of products and services. For several years now, we have been improving our systems, risk management practices, and working towards a strong technology infrastructure.

The team's resilience, digital banking offerings and business continuity procedures helped serve our customers well during the year where the impact of the pandemic continued.

Being a Small Finance Bank has opened up more areas of banking and newer avenues of raising capital for future growth. Access to low-cost refinancing, partnerships with Business Correspondents, access to equity markets were some of the advantages of the transition. During the year, we remained

focussed on our tech transformation journey, added key talent and opened 15 new rural unbanked branches.

We have maintained a favourable asset-liability maturity profile, supported by a short-tenor asset mix. As far as the customer-facing aspects are concerned, we continue to deliver our services with the same passion as earlier. Today, we have 46 branches with a business size of ₹ 2,719 crore comprising a deposit base of ₹ 1,593 crore and advances of ₹ 1,126 crore.

Financial metrics

Overall, the Bank witnessed a fairly satisfying year. After being operational as an SFB, business has grown at a healthy pace, considering the first quarter was impacted by COVID-19's third wave. The Bank recorded 40% growth in Advances from ₹ 804.9 crore to ₹ 1,126 crore, and 28% growth in Deposits from ₹ 1,245 crore to ₹ 1,593 crore, is the highest yearly growth achieved in the Bank's history of 24 years. The Bank has

been profitable since inception and has always focussed on providing returns to its shareholders.

Total Income was at ₹ 146 crore, recording a growth of 8% from FY 2020-21. Given the first year as Small Finance Bank, the Bank had to incur significant outlays to build technology, processes and talent to make the institution ready for larger scale in the next 3-5 years. The Bank's Profit After Tax (PAT) stood at ₹ 0.7 crore and Capital and Reserves stood at ₹ 105 crore. Further, Capital Adequacy Ratio during the year stood at 21% (CRAR at Mar'21 was 13.08%). As on 31st March 2022, the Bank's Gross NPA stood at 2.89%, which is by far the lowest among all SFBs. Driven by the second wave of COVID-19, lending growth in the first two quarters of FY2022 was relatively low with disbursements picked up pace mainly in Q3 and Q4. The total business size of the Bank stood at ₹ 2,719 crore as on 31st March 2022, and we are targeting to grow it to ₹ 6,000 crore in the next four years. With a strong track

We have maintained a favourable asset-liability maturity profile, supported by a short-tenor asset mix. As far as the customer-facing aspects are concerned, we continue to deliver our services with the same passion as earlier. Today, we have 46 branches with a business size of ₹ 2,719 crore comprising a deposit base of ₹ 1,593 crore and advances of ₹ 1,126 crore.

record, an exceptional CASA ratio and adequate business size, we are poised to scale further.

Operational highlights

Despite weathering COVID-19, we managed to keep credit cost low and asset quality remained stable. Our lending book grew significantly in the second half of the year. On the assets side, the Bank has a niche in providing secured lending to MSMEs with ticket sizes ranging from ₹ 10-25 lakh. On the liabilities side, the Bank has a granular deposit base with approximately 80% of deposits belonging to retail customers. Our customer base has exceeded half-a-million and cost of funds is 5.6%.

Moving forward, we will continue to focus on expanding our footprint by opening new branches, and a larger plan to increase our touchpoints through exclusive partner branches over the next five years. Our plan is to expand across states of Uttar Pradesh, Uttarakhand, Madhya Pradesh, Rajasthan, Haryana. Branch network will be expanded through a 'hub and spoke' model, with 1-2 full-scale branches in each district and served by multiple smaller partner branches in Tier 2, 3 and 4 towns.

Our digital-first approach

Our ethos remains to use the latest in technology to further the outreach of the Bank, improve operational efficiency, reduce risk and offer better banking experience to our customers. With a "Digital-First" mindset, we'll continue to invest in scaling up technology infrastructure to support the growth trajectory, with a strong focus on digitalisation and business process automation. At the same time, we will



keep pushing on strengthening the cyber/information security controls, safeguarding ourselves and our customers against growing threats.

We focussed our investments on strengthening the technology stack building the API infrastructure, which helped faster integrations with business partners. We leveraged Oracle Cloud Infrastructure to offer a superior experience to the customers.

Secured lending

The Bank has always focussed on secured lending with a conservative Loan-to-Value ratio and a robust collections mechanism. 95% portfolio of the Bank was secured for FY 2021-22, as against 90% in FY 2020-21. The Bank has entered into tie-ups with PayTM and Airtel Payments Bank to facilitate loan repayments for customers via PayTM App and at Airtel merchant outlets which has further improved collections.

Careful risk selection

The Bank has always been extremely disciplined in its credit underwriting focussing on cash flow analysis as a basis for lending with incremental comfort coming through collateral. This is well evident in our Gross and Net NPA numbers. We have rationalised our exposure to microfinance and enhanced sourcing using Gold as a collateral. We also tightened the underwriting standards and used a combination of partnerships and PTC transactions to grow the balance sheet.

Future outlook

Going forward, we remain on track to achieve a strong growth rate. We plan to add 50+ additional customer touchpoints including branches and partner branches. We look to expand our deposit base from TASC segment to grow CASA. We will access government refinancing schemes, especially since most of the portfolio is towards priority sector including MSMEs, micro credit and agri-business.

95%

portfolio of the Bank was secured for FY 2021-22, as against 90% in FY 2020-21.

we are investing in digital capabilities and partnerships with FinTechs to deepen financial inclusion.

Conclusion

There is much work to be done though, as your Bank continues its tireless efforts to improve returns for the shareholders, delivering better service for customers and taking inclusive banking to the next level. Before I conclude, I wish to thank the Reserve Bank of India, other regulatory authorities, Board Members, management team, colleagues and our larger stakeholder fraternity for their continued guidance and support.

We also take this opportunity to thank our dedicated and hardworking staff, our loyal customer base, and all those who provided unflinching support to

the Bank during an inspiring journey. We assure you that as we grow, we will continue to live our purpose that Bank has been founded upon.

Warm Regards,
Anshul Swami
Managing Director & CEO

Going forward, we remain on track to achieve a strong growth rate. We plan to add 50+ additional customer touchpoints including branches and partner branches. We look to expand our deposit base from TASC segment to grow CASA.

Our customer base has exceeded half-a-million and cost of funds is 5.6%. We expect our cost of fund to stay stable driven by expansion of our retail franchise both offline & online.

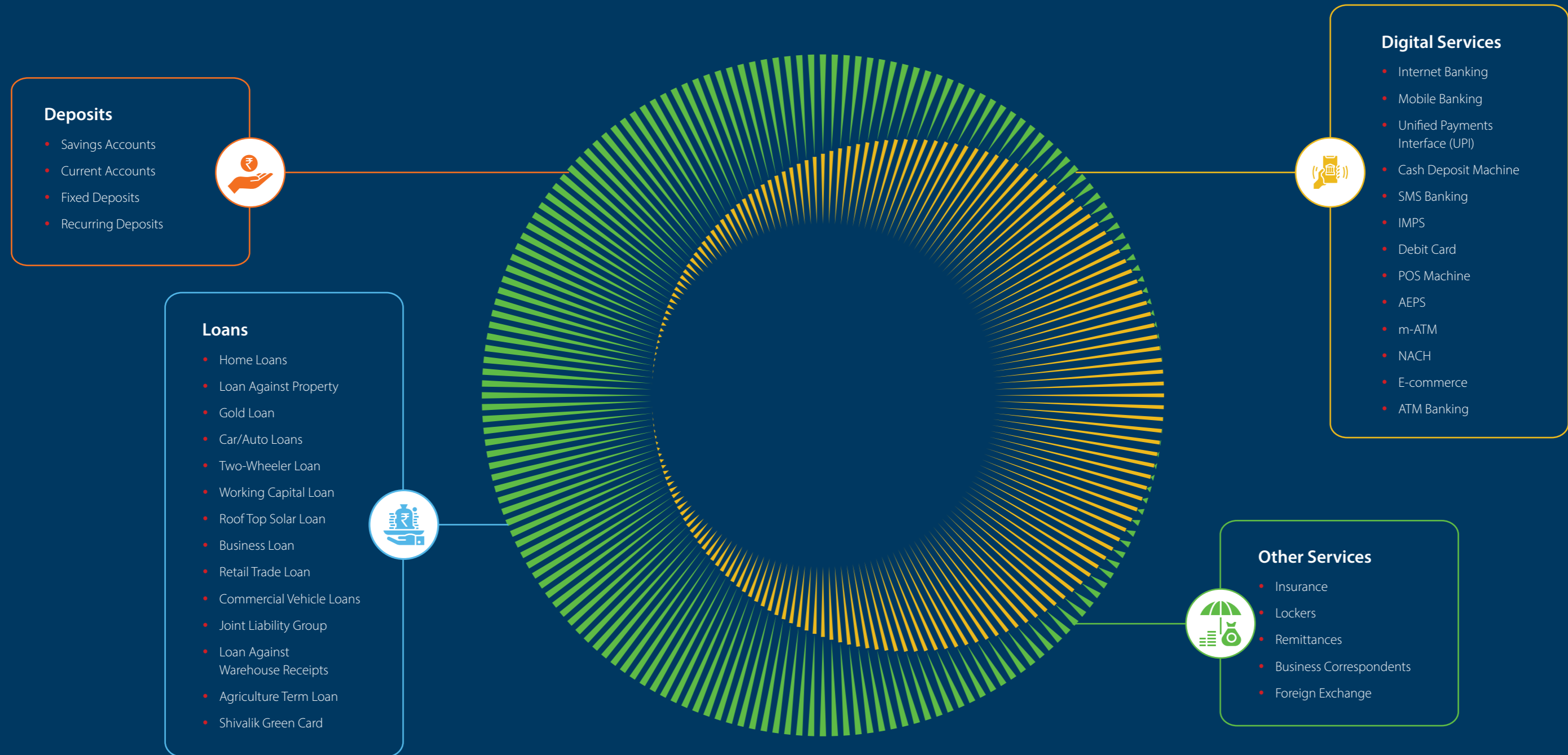
Taking Our 24-Year Legacy Forward

What started as a single-district bank soon expanded to the whole of Uttar Pradesh, further growing to be a multi-state bank by acquiring other banks. We greatly evolved during our 24-year pioneering journey of being an urban co-operative bank becoming a small finance bank in India.

Our 24-year Journey through key milestones



Delivering a Comprehensive Products Suite



Building Hyper-Growth Engines of Tomorrow

Our three-pronged approach for digital transformation

At Shivalik, we draw on the power of our flexible and scalable architecture to ensure our customers seamlessly avail different products and services offered by the Bank. We leverage our digital technologies and fintech ecosystem to optimise our reach and offer differentiated products and services to our customers.

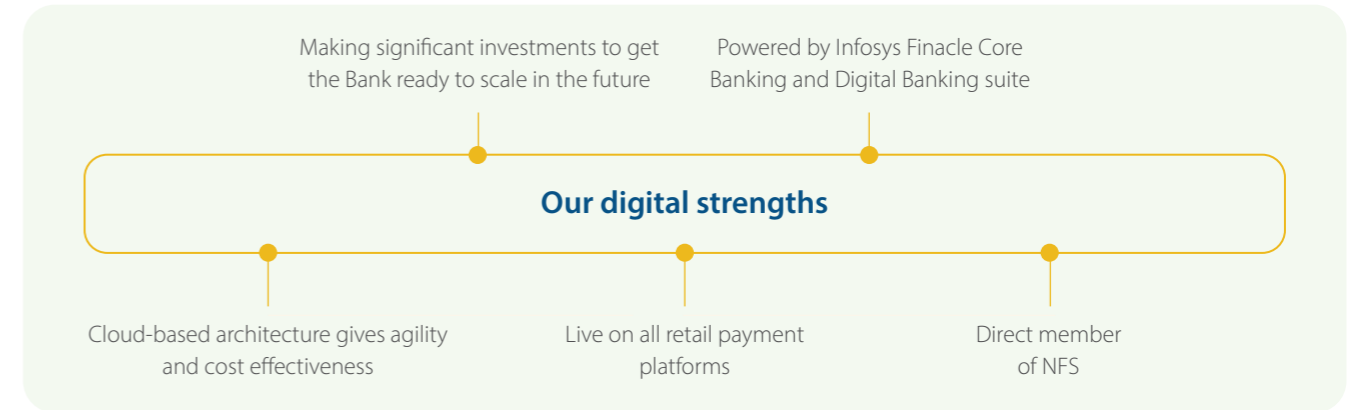
The future of banking will be defined by technology interfaces leveraging data to create new experiences for customers, redesign of operational processes. As changing demographics and customer preferences revolutionise the banking sector, we are leveraging technology for digital customer journeys.

We have been tech-focussed right from the start, given our Founder's strong engineering background. We began our tech transformation journey four years ago, besides having had several digital firsts to our credit. Our best-in-class technology platform shows our commitment to keep pace with modern advancements.

We are working on a three-pronged approach for digital expansion:

- Enhancement of customer-facing tech which includes reconceptualising our digital offerings such as Internet Banking, Mobile Banking, payment channels, assisted digital services including micro-ATM based banking services, offering a wider bokeh of segment-leading features, committing to delivering superlative customer experience which is a key differentiating factor
- Using more technology for all our internal processes such as paperless account opening, digitising the internal workflows in different departments using modern technologies such as AI/ML and RPA, cutting down on operational overheads and become more efficient and agile
- Strengthening our BaaS (Banking-as-a-service) offering to diversify our revenue streams, working with partners using API stack to seamlessly deliver better products and services to the customers, online, helping us further our outreach beyond our physical presence

Key objectives of digital banking approach

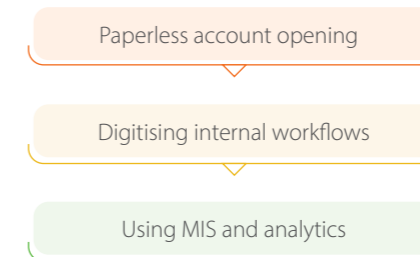


During FY2022, our focus had been on building a strong and scalable integration capabilities to enable the Bank to partner with Fintechs and other B2B players. We implemented Oracle Open API gateway along with Oracle Integration Cloud to allow the partners to consume our banking services – customer onboarding, account opening, payments, lending, enquiries etc. over APIs in a secure and controlled manner. We completed the basic implementation and rolled out standard APIs within 3 months which speaks for itself how nimble we have been. Bank has been supportive towards co-creating products and features to solve unconventional problem statements for its partners, more than 50% of our API stack of over 200 APIs are bespoke ones, catering to partner-specific use cases. We continue to evolve our API stack as we move forward in our integration journey and are also working towards improving the overall turnaround time to onboard a partner.

Digitalise banking services

- Loan EMI collection over multiple online channels including - Bank website, UPI and Cash Recycler
- Debit Card PIN (Green PIN) Generation
- Cash Drop facility (Airtel Payments Bank touchpoints)
- IVR (Interactive Voice Response System) for customer self-service

Using more tech for internal processes



Delivering superlative experiences

We have partnered with some leading Fintechs in the Gold, Agri loan and JLG lending space. The complete customer journey is supported over APIs with minimal manual interventions, co-creating and delivering for some of the industry-first use cases.

Our partnership with Infosys continues to remain significant owing to the fact that the Finacle CBS stays at the centre of any tech roll-out that happens for the Bank and we continue to work closely in terms of scaling up the infrastructure and the application to support the growing business loads. Further, our association with Oracle on Open API gateway and Integration Cloud helped us deliver on business integration/partnership, which has proved to be a game-changer for us.

The performance and uptimes on Oracle Cloud Infrastructure (OCI), which hosts

Open API gateway and Integration Cloud, has been exceptional. Additionally, Talos Globalsourcing, our Oracle implementation partner, supported us well in this journey by offering quick turnaround times on API development, accommodating frequent/last minute changes and staying on-top of any issue being reported for a quick closure.

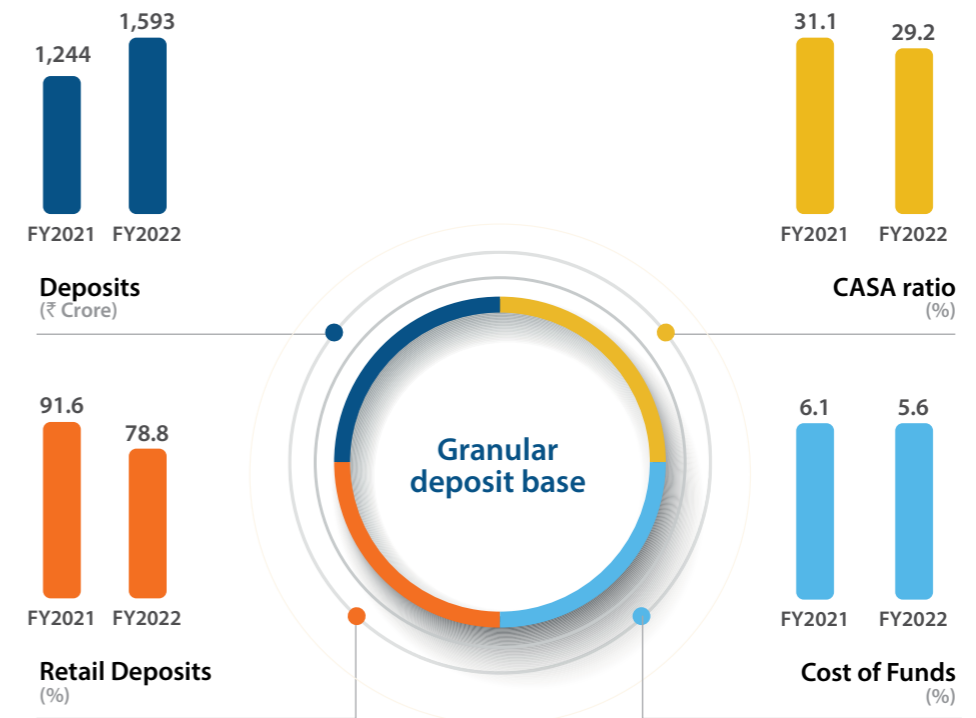
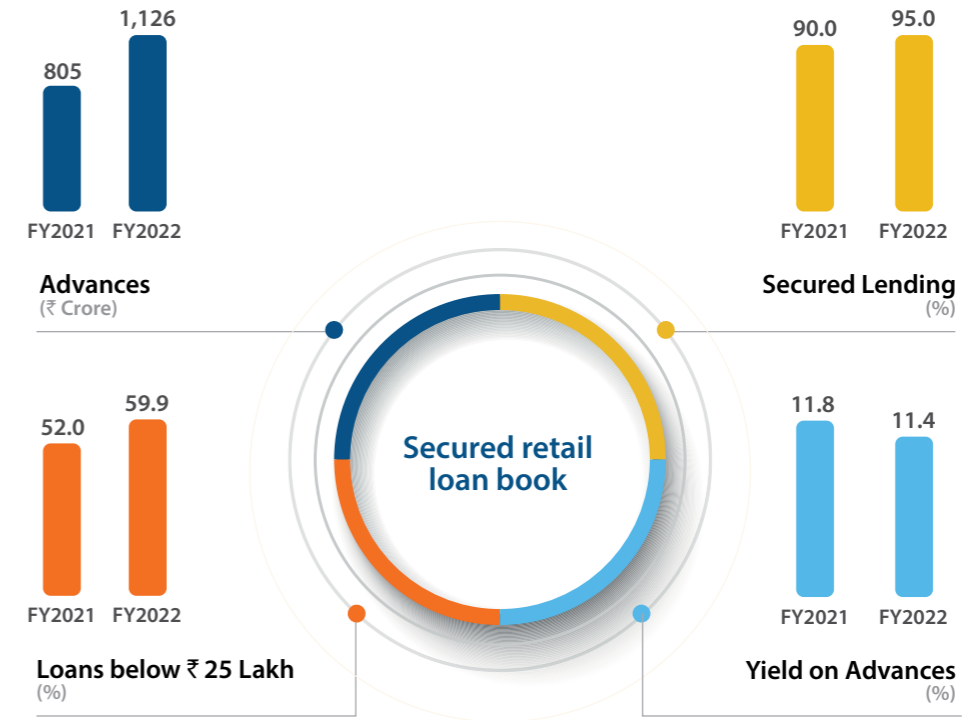
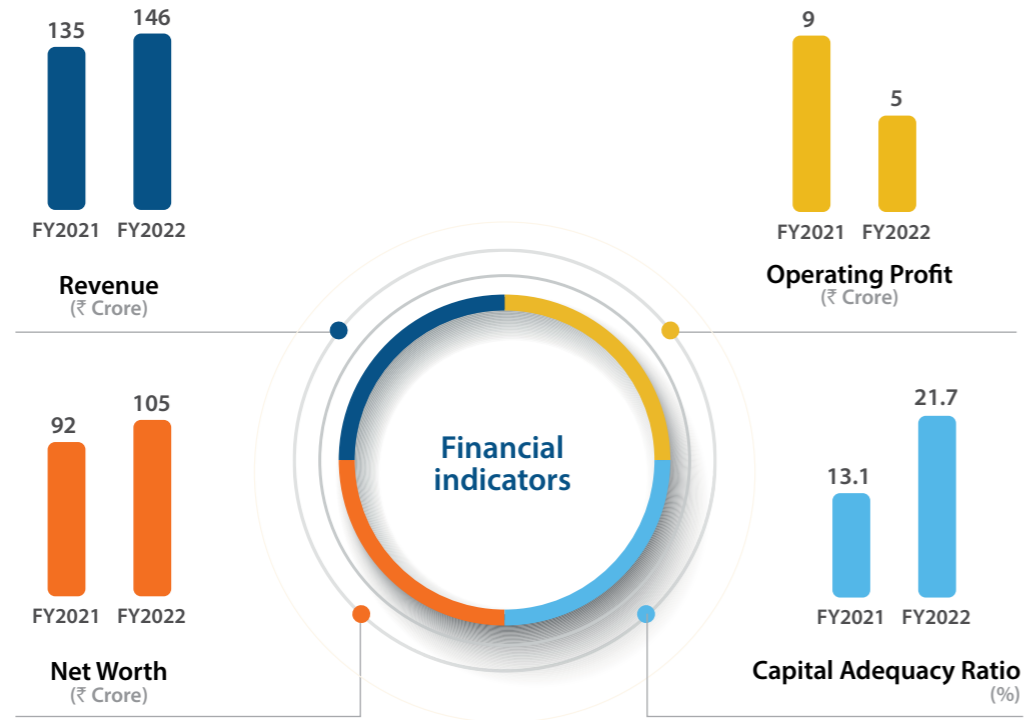
Empowering the assisted-digital channel – Tab Banking

With a focus on bringing banking to customer's doorstep, Bank has a large team of field agents who have been actively involved in offering banking services to our customers in the comfort of their homes via our nearest BC centre (Business Correspondent), especially in the semi-urban and rural areas, far off from a physical branch through a tablet or mobile phone. While standard banking services like customer onboarding, account opening, fund transfer, deposit account opening, cash deposit/withdrawal etc. has been made available already. Bank is working on bringing facilities such as bill payments, direct money transfer, insurance, mutual funds, debit card issuance and activation, service requests, etc.

Bank continues to invest into building the next generation of the Tab Banking app to offer better performance, high availability and better security.

Growth Reimagined. Future Projected.

Despite the challenges in the environment, we continued to stay on track and remained committed to deliver value to our shareholders. We saw strong momentum in our total deposits, while retail advances grew 8% year-on-year. CASA growth was strong at 19.7% year-on-year and CASA ratio improved from 31% in FY2021 to 29% in FY2022.



Key Performance Indicators

Parameter	2020-21	2021-22
Capital		
Share capital (₹ Crore)	72	90
Capital adequacy ratio (%)	13.0	21.6
Reserves (₹ Crore)	18	15
Net worth (₹ Crore)	92	105
Deposits & Advances		
Deposits (₹ Crore)	1244	1592
CASA (₹ Crore)	389	465
Cost of Deposits (%)	6.1	5.5
Advances (₹ Crore)	805	1126
Yield on advances (%)	11.8	11.4
CD ratio (%)	64.6	71
Investment		
Total investments (₹ Crore)	279	425
Yield on investments (%)	8.6	7.9
Interest Income & Expenses		
Interest income (₹ Crore)	120	131
Interest expense (₹ Crore)	71	75
Net interest income (₹ Crore)	50	56
Non-Interest Income		
Non-interest income (₹ Crore)	15	15
Profitability		
Total business (₹ Crore)	2049	2719
Operating profit (₹ Crore)	9	5
Net profit after tax & provisions (₹ Crore)	3	1
Net interest margin (%)	4.1	4.1

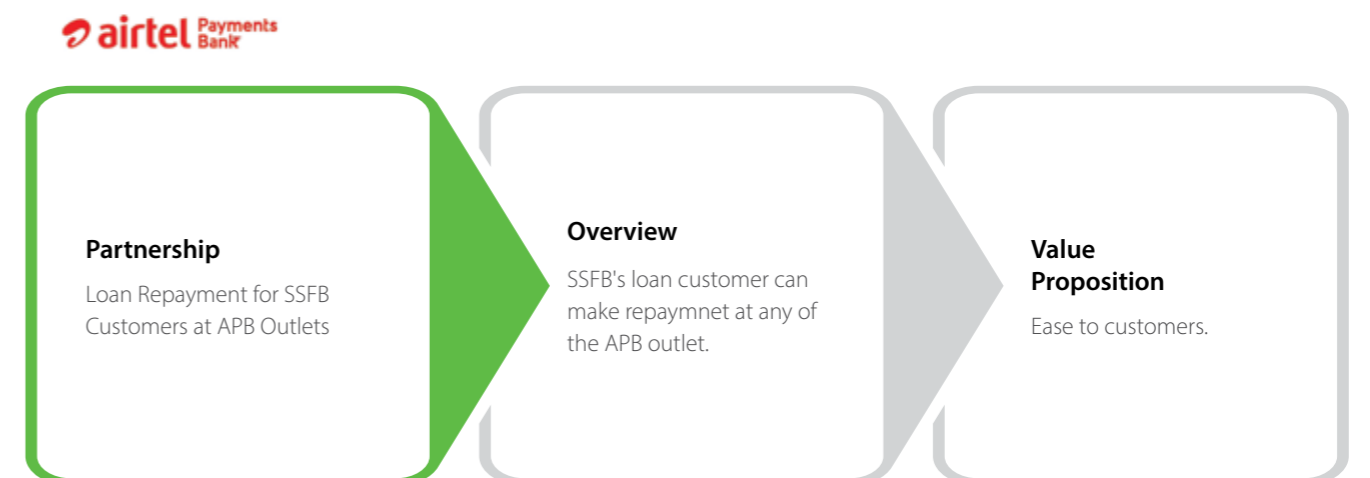
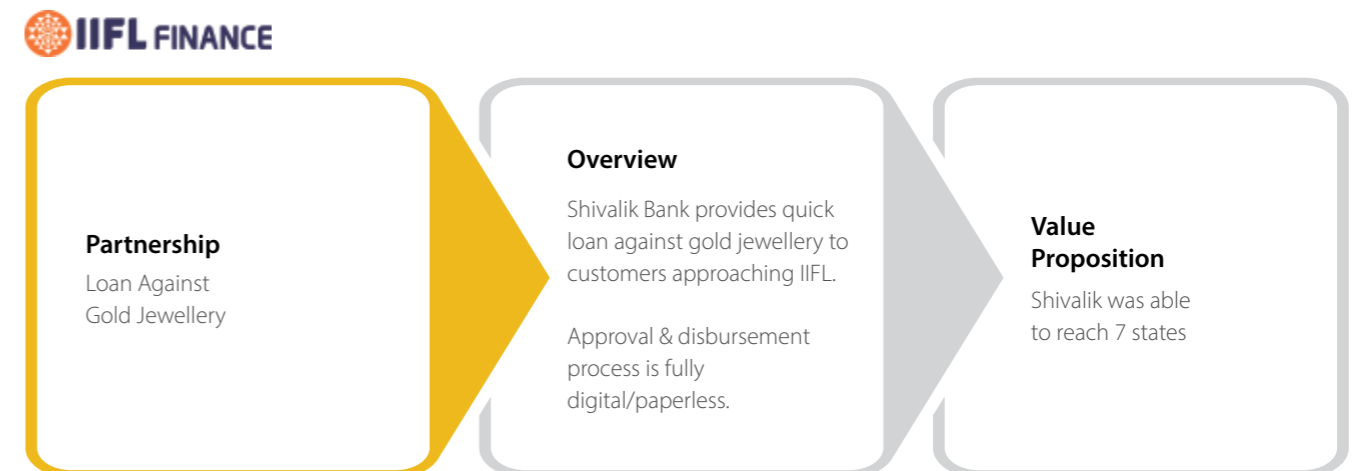
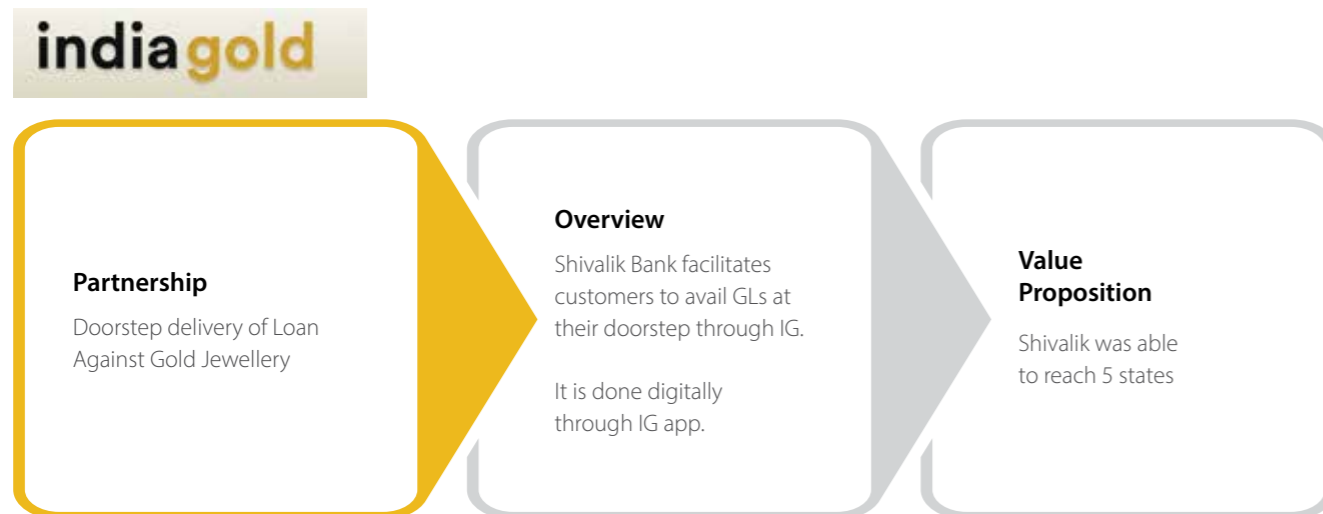
Parameter	2020-21	2021-22
Average assets (₹ Crore)	1281	1593
Dividend (%)	Nil	Nil
Non-Performing Assets (NPA)		
Gross NPA (%)	3.9	2.8
Net NPA (%)	2.4	1.3
Employee Productivity		
Number of employees	470	617
Business per employee (₹ Lakh)	436	441
Operating profit per employee (₹ Lakh)	2	1

Reimagining Partnerships. Seeding Innovation.

At Shivalik, we remain fortified and well-positioned for growth by leveraging the power of partnerships, providing best-in-class products and resulting in customer delight.

The Bank is creating and nurturing enduring relationships and partnerships to expand our reach and access and meet the innovative requirements of our customers. We remain committed to constantly innovate and add new products and services to expand our offerings to the underbanked masses.

Few of our partnerships



paytm



digit



bharti AXA



Awards



Shivalik Bank is certified as Great Place to Work (2022)



Shivalik Bank is recognised for initiative – 'Technology-led Transition to Small Finance Bank'. The Bank emerged as Runner-up in the Transformation Excellence category by Infosys Finacle (2021)



The Bank was accredited with the 'Client Innovation Award for Customer Journey Reimagination and Modern Technology led Innovation' by Infosys Finacle (2020)



The Bank was bestowed with the 'Banking Services Excellence Award for Technology' by the Karnataka State Co-operative Urban Banks Federation Limited (2017)



Shivalik Bank was accredited with the Best IT Head FCBA Award (2016)



The Bank also received the 'Certificate of Excellence' by BitStreamMediaworks (2015)



Shivalik Bank received the 'Young Achiever's Award' by Hindustan Media Ventures

Board of Directors



Shankar Aggarwal
Part-Time Chairman and
Independent Director



Arundhati Mech
Non-Executive
Independent Director



Dinesh Kumar Mittal
Non-Executive Director
(w.e.f. 6th August, 2022)



K. Narasimha Murthy
Non-Executive
Independent Director



Malay Mukherjee
Non-Executive
Independent Director
(w.e.f. 31st May, 2022)



Shalini Lal
Non-Executive
Independent Director



Arun Kumar Gupta
Non-Executive
Independent Director



Sudhakar Agarwal
Non-Executive Director



Veena Hingarh
Non-Executive
Independent Director



Suveer Kumar Gupta
MD & CEO
(till 25th April, 2022)



Anshul Swami
MD & CEO
(w.e.f. 26th April, 2022)

Senior Management Team



Gaurav Mittal
Chief Operating Officer



Gaurav Seth
Chief Financial Officer



Navleen Kundra
Chief Risk Officer



Suwendu Ghoshal
Chief Human Resource Officer



Ankit Khare
Chief Technology Officer



Pradeep Kumar Shukla
Chief Compliance Officer



Divya Sethi
Liabilities & Branch Banking



Ravi Ratnaker Singh
Operations



Gyanendra Kumar Bajpai
Credit



Harish Bhatia
Treasury



S K Sharma
Risk Management



Gaurav Kumar Gupta
Finance



Sarul Chaudhary
Insurance



Rohit Shadeja
Legal & Corporate Secretariat



Gaurav Arora
Audit



Manish Vadhera
Collections and Recovery



Fauzia Siddiqui
Human Resource



Ektaa Katyal
Brand and Marketing



Atanu Chakraborty
Administration



Shruti Pandey
Company Secretary

STATUTORY REPORTS

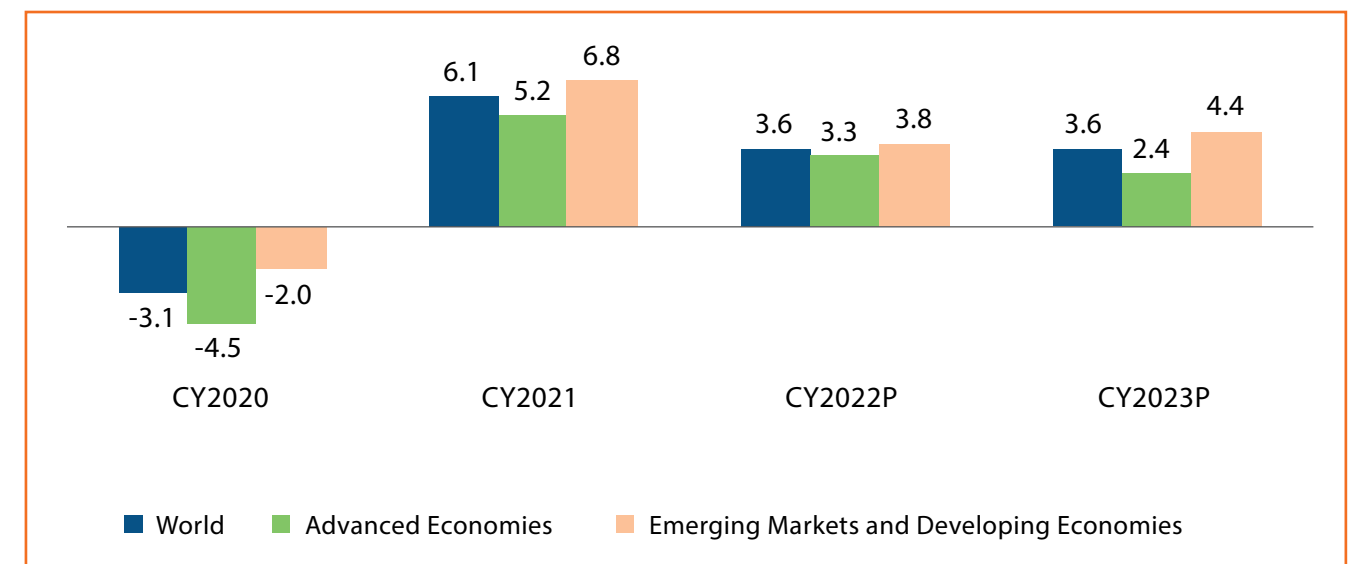
Management Discussion & Analysis

ECONOMY OVERVIEW

Global Economy

The persistent hurdles created by the pandemic, which caused supply chain interruptions, shattered hopes for quick economy recovery in 2021. Although vaccination efforts were swift and effective in the majority of developed economies, immunisation was slow in many emerging markets and developing nations, leading to a slow economic recovery. Further in early 2022, the implications from the Russia-Ukraine war is expected to lead to decreased global growth rate from 6.1% in 2021 to 3.6% in 2022 and 2023 respectively, as per the International Monetary Fund (IMF) Report of April 2022. These events have caused widespread inflationary pressure and supply chain disruptions. Higher, broader, and more persistent pricing pressures also led to a tightening of monetary policy in many nations. Overall economic risks have risen sharply, and policy trade-offs have become more difficult.

WORLD ECONOMIC OUTPUT (%)



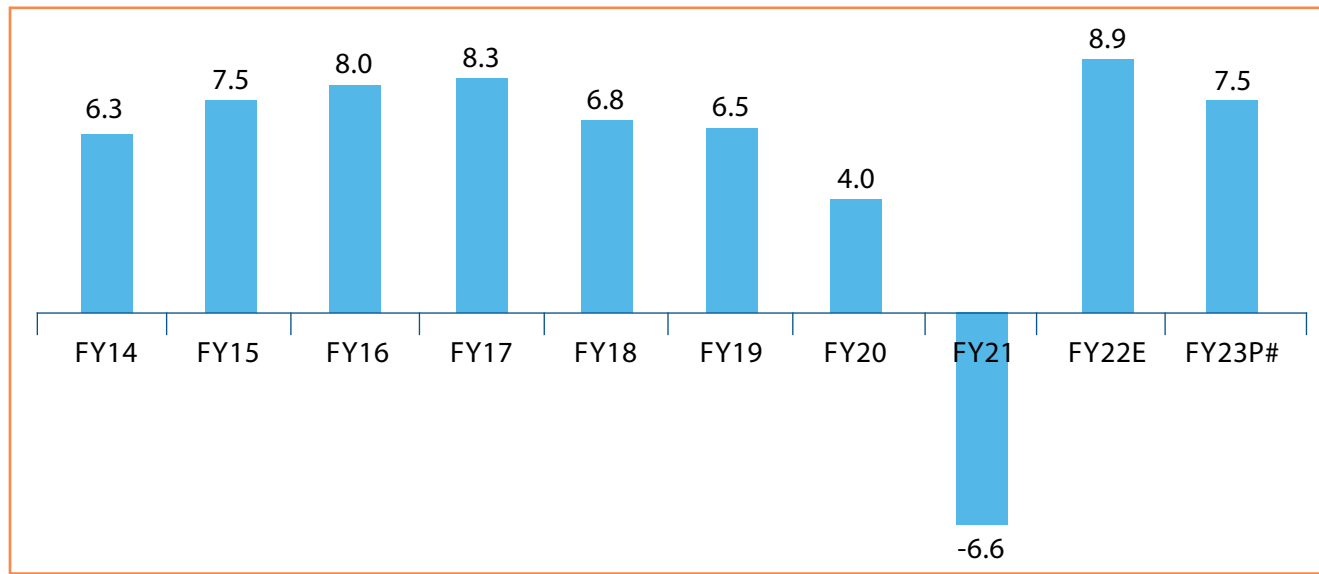
Source: IMF World Economic Outlook April 2022

Indian Economy

In India, the economic damage caused by the second wave has already been reversed, and output has effectively returned to pre-pandemic levels as COVID-19 cases and restrictions have decreased due to the successful vaccination programme. As India continues on its high-growth track, it will continue to have the world's fastest growing economy. According to the National Statistics Office's (NSO), the GDP growth rate for FY 2021-22 was estimated at 8.9%.

In March 2022, the annual inflation rate in India increased to 6.95%, the highest level since October 2020. Consequently, the RBI lifted the policy repo rate by 40 basis points to 4.40%. The essential fiscal measures have stimulated all three of the following: consumption, investment, and liquidity. The RBI estimates that conflict-related inflation will decrease India's GDP growth to 7.5% in FY 2022-23. The prognosis for private sector investment remains positive, and the financial system is in a strong position to support the economic recovery. It is expected that a favourable equity market will contribute to credit growth in the coming year by helping

INDIAN ECONOMIC OUTLOOK (%)



Source: National Statistics Office 2nd Advance Estimates dated 28th February, 2022.

#RBI SPF report as on 8th April

corporations leverage capital/equity for balance sheet expansion. National Infrastructure Pipeline (NIP) and PM Gati Shakti, a transformative method for economic growth and sustainable development, will deliver more holistic and integrated planning to speed up project execution. The strategy is propelled by seven engines: roads, railroads, airports, ports, public transportation, waterways, and logistical infrastructure. Basic Chemicals, including Petrochemicals (Hydrocarbon), Electronics, Automobiles, Textiles, Power Distribution, Storage & Distribution, Pipelines, etc. are some of the major industries that could drive the need for loans. As corporate investment produces employability, retail demand for credit such as housing vehicles and personal loans increases. SBI forecasts double-digit credit growth throughout FY 2022-23 to FY 2024-25.

INDUSTRY OVERVIEW

Indian Banking Industry

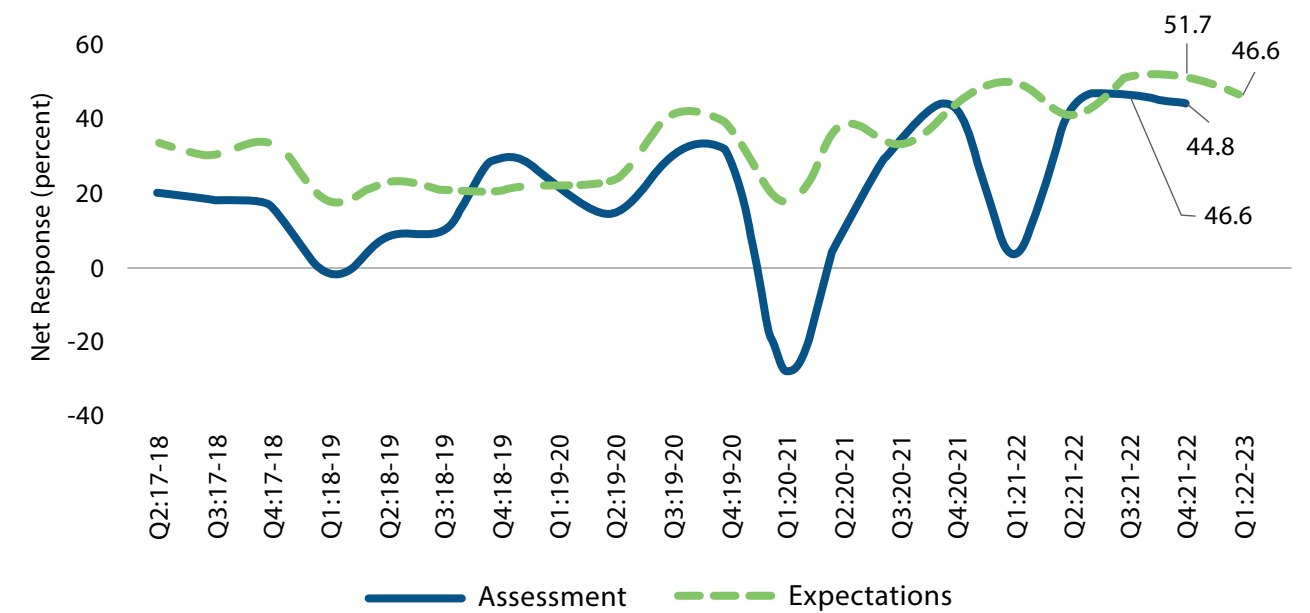
The banking industry is essential for the mobilisation of capital and promotion of economic progress. Industry expansion is driven by policy backing, commercial fundamentals, product and service innovation, and under-penetrated markets. In the past ten years, credit demand has increased as a result of robust economic development, higher disposable incomes, rising consumption, and greater loan availability. Infrastructure expenditures, project completion, and reforms have stimulated banking sector growth. During fiscal years 2015-16 through 2021-22, Bank credit grew at a CAGR of 0.62%. Comparing March 2022 to March 2021, credit to agricultural and allied activities increased by 9.9%, as compared to 10.5% last year. As on March 2022, total Bank credit stood at

₹ 123 lakh crore as compared to ₹ 113 lakh crore recorded in March 2021. Credit growth to industry increased to 7.1% in March 2022, compared to a decline of 0.4% in March 2021. In March 2022, credit extended to medium-sized businesses increased by 71.4% compared to 34.5% the year before. In FY 2021-22, total Bank deposits increased by 10%, compared to 10.3% in FY 2020-21. The expansion of credit extended by scheduled commercial banks (SCBs) to the business sector surpassed double digits for the first time since August 2019 and accelerated to 11.1% on 22nd April, 2022, compared to 5.7% a year earlier. As on March 2022, total Bank deposits stood at ₹ 169 lakh crore as compared to ₹ 155 lakh crore recorded in March 2021. As in recent quarters, the expansion of advances is anticipated to be driven by the retail and SME industries. However, corporate loans, which formerly acted as a negative drag on the total growth of industry credit, have begun to trend in a positive direction. With the resurgence of economic activity, retail and SME-focussed lenders (banks, NBFCs) as well as the MFI market should witness improved collections. The RBI reports that the loan demand grew by 51.7% in Q4 FY 2021-22 and is expected to grow by 46.6% in Q1 FY 2022-23. While the loan demand for the assessment period stood at 46.6% and 44.8% for the third and fourth quarter of FY 2021-22.

Source: IBEF

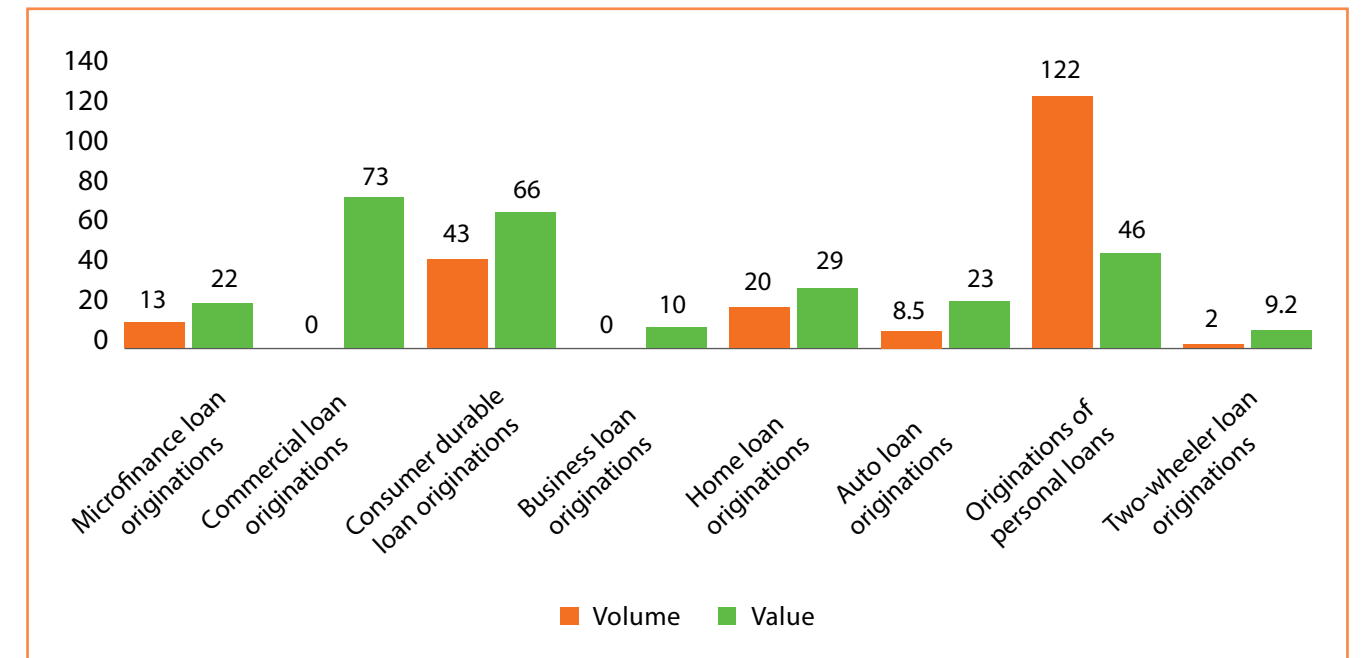
Retail Lending: According to the CRIF Highmark report, the total lending market in India stood at ₹ 174.3 lakh crore in March 2022, representing an 11.1% increase over March 2021. Commercial, Retail, and Microfinance Lending portfolios contributed 49.5%, 48.9%, and 1.6%, respectively, as of March 2022. Various retail lending segments have recorded strong foothold in FY 2021-22, some of which are as follows:

LOAN DEMAND - ALL SECTORS (IN %)



Source: RBI

YEAR-ON-YEAR GROWTH IN RETAIL LENDING SEGMENTS IN 2021-22 (%)



Source: CRIF Highmark, September 2022 Press release

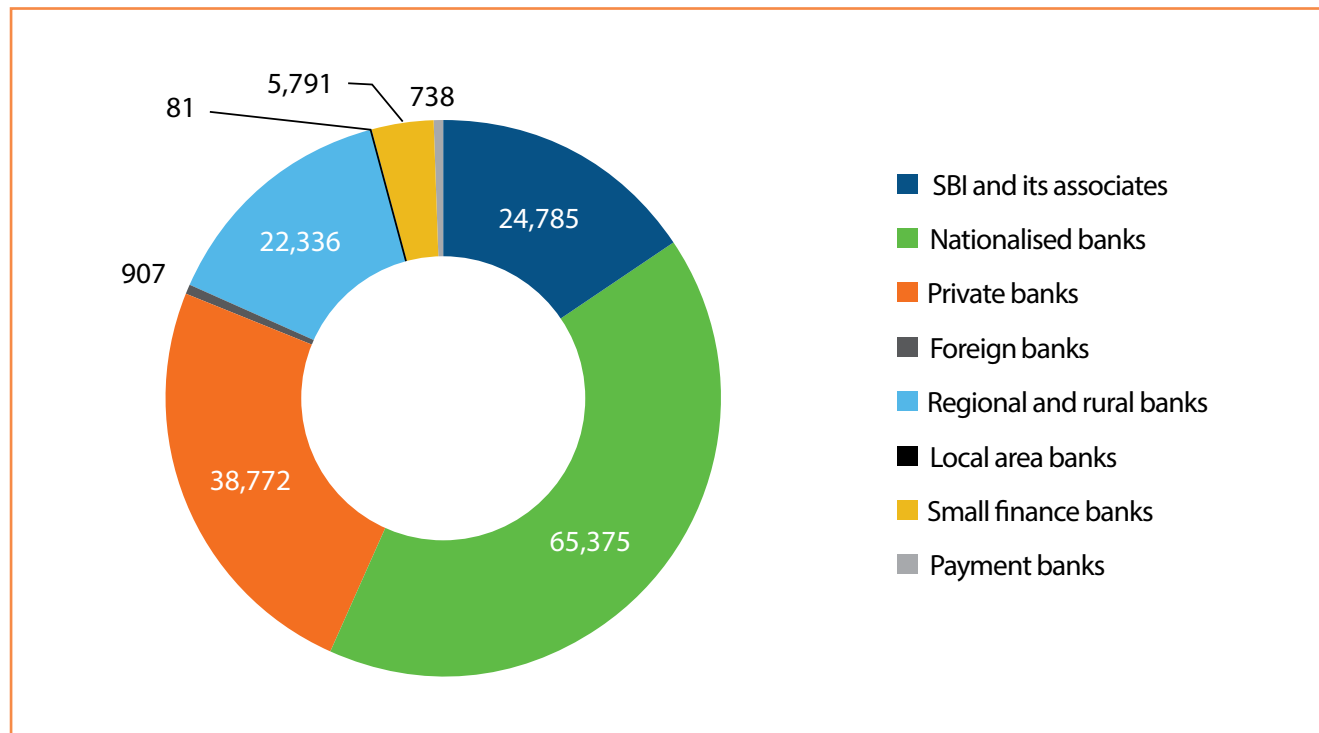
The new Sectoral Deployment of Bank Credit guideline of the Reserve Bank of India (RBI) may help boost the domestic banking sector's transformation. The market structure, ownership patterns, and areas of operation of institutions have changed as a result of different RBI guidelines and reforms, which have also increased competition in the financial industry. The gradual liberalisation over the past few years has facilitated foreign banks' entry and enabled private participation in the sector.

Small Finance Banks (SFB): Small Finance Banks are a recent addition to the Indian banking sector, with a focus on financial inclusion. SFBs' branch network and asset base have expanded rapidly, while maintaining a strong asset quality and delivering a high return on assets. These banks have achieved a respectable degree of success in reaching out to underserved sectors, such as Micro, Small, and Medium-Sized Enterprises (MSMEs), and have an exceptional coverage of customers with modest credit requirements. In barely few years of operation, the newly founded small finance banks (SFBs) have achieved more than 1% of the total banking market share as per the SBI Ecowrap report. Till date, there are total 12 SFBs in India licensed by RBI

to provide financial aid to the MSMEs. On back of SFBs, Bank credit to micro, small, and medium-sized companies (MSMEs) in India reached ₹ 20.22 lakh crore in FY 2021-22 from ₹ 17.84 lakh crore in FY 2020-21. In May 2021, the RBI announced a special three-year long-term repo operation (SLTRO) of ₹ 10,000 crore at the repo rate for small finance banks (SFBs) to give additional support for small business units, micro and small enterprises, and other unorganised sector organisations. The aggregate deposits of SFBs grew by 37.3% in FY 2021-22 as compared to 40.3% growth rate in FY 2020-21. While the Bank credit grew by 25.6% in FY 2021-22 as compared to 19.7% in FY 2020-21.

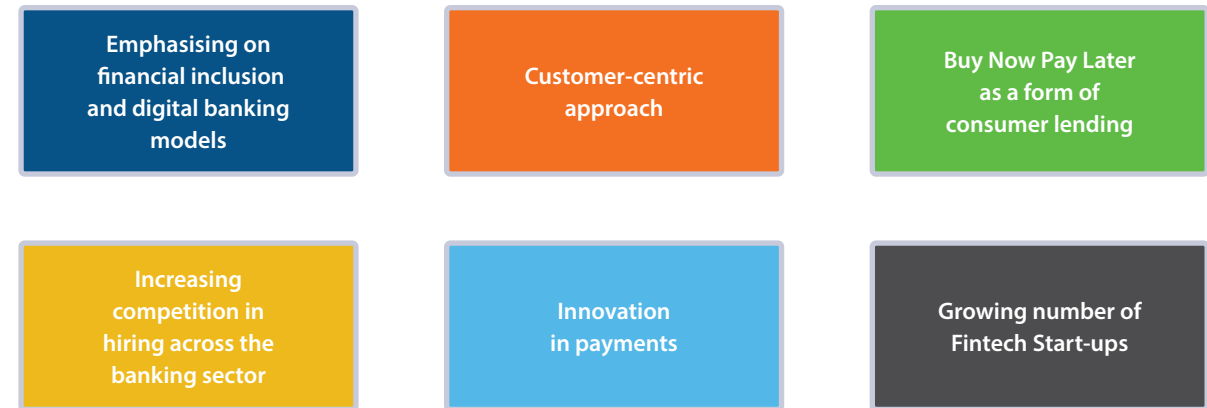
As India moves toward becoming a cashless economy, rural customers, who make up a significant chunk of that country's economy, are gaining confidence in adopting new digital technology and payment systems. The SFBs are technologically driven to lower operational costs and expedite the penetration of new markets. To reach the untapped market, SFBs would need to further innovate in terms of producing customised and adaptable products. The outlook of the banking sector is seen improving and is projected to gain further paced growth in FY 2022-23. Key financial measures are forecast to increase in FY 2022-23, driven by

TOTAL NUMBER OF FUNCTIONING OFFICES OF COMMERCIAL BANKS AS ON MARCH 2022

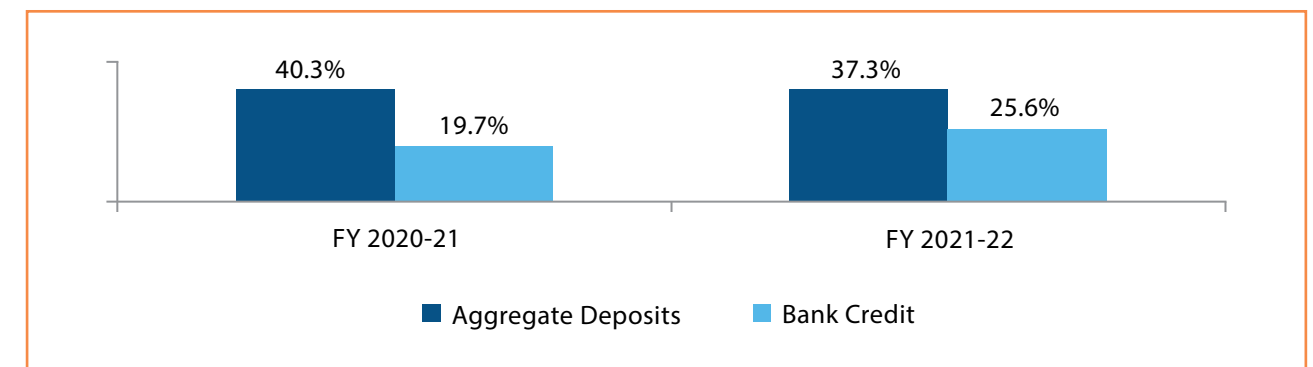


Source: RBI

RECENT TRENDS IN THE BANKING INDUSTRY



BANK CREDIT AND DEPOSITS GROWTH OF SFBs



Source: RBI

stronger balance sheets, a better loan demand outlook, and the start of the corporate capex cycle.

Source: Reserve Bank of India - Banklinks (rbi.org.in), RBI FY22 Annual Report

SHIVALIK SMALL FINANCE BANK OVERVIEW

About the Bank

Shivalik holds the distinction of being India's first Bank to have made the transition from being an Urban Co-operative Bank to a Small Finance Bank (SFB). It received an approval from the Reserve Bank of India (RBI) and finally started operations as an SFB in April 2021, and later received the Scheduled Bank status in July 2021. Shivalik has more than 24 years of experience in retail banking products and services. Technology has been the Bank's primary focus, while customer centricity is its guiding principle.

The Bank serves a distinct base of 5.3 million customers in different geographies across India through branch network and digital partnerships.

The Bank continues to be retail-focussed serving the growing needs of Small businesses, which are the pillars of the local economy in many regions of India. Its lending book comprises the expanding working capital requirements of these small businesses, as it aspires to be the preferred bank for this segment. With a digital-first approach, it also caters to the personal needs of the business-owners through its customised products and services for home loans, personal loans and education loans, among others. As on 31st March 2022, it serviced more than 63,500 borrowers inclusive of partners with a total deposit base of ₹ 1,593 crore, while total advances stood at ₹ 1,126 crore.

The Bank utilises the Infosys Finacle Core Banking and Digital Banking Suite for online and mobile banking. Its cloud-based architecture offers unrivalled cost-effectiveness, scalability management, and potential for expansion. The Bank is active on all retail payment platforms and is a direct participant of the National Financial Switch.

Business Strengths & Strategy

- First Urban Co-operative Bank in India to have received a licence to get transitioned into a Small Finance Bank
- Strong and professional management team
- Retail banking experience of 24 years
- Secured loan portfolio with 90% being collateral-backed loans
- Strong retail deposits franchise with a CASA ratio of 31%

Our business strategies are intrinsically focussed on enhancing the business, augmenting customer experience, optimising technology and innovation, encouraging our employees, and serving the society in our best capacity.

Business

- Creating a brick-and-click bank
- Enhancing hyperlocal presence in markets where we have a presence
- Focussing on assisted digital banking services to drive financial inclusion
- Emphasising on retail secured lending up to ₹ 25 lakh ticket size with the aim of becoming the “Go To” bank for small businesses
- Launching innovative product offerings to increase retail deposits (i.e., CASA and Term Deposits)
- Integrating non-banking products like insurance, wealth management, advisory and other services targeted towards women, senior citizens, students and the millennial population

- Using analytics for deepening relationships with existing customers and building banking relationships with their families too
- Prioritising the roll-out of digital-only lending and deposit and non-banking products and service offerings, with a view to acquire scale in a risk-managed manner and to remain asset-light
- Leveraging power of partnerships for enhanced customer acquisition and expansion
- Establishing a unique brand identify in the retail banking sector

Customer

- Further enhancing customer experience through the use of better technology
- Increasing capability for catering to different demographics
- Regularly benchmarking against the market/competition/industry to check new trends and services/products and keeping pace with changing consumer preferences
- Regularly evolving internal processes to cater to customer needs

Employee

- Focussing deeply on organisational development
- Build a compelling Employee Value Proposition
- Embedding learning & development as a culture and a way of life

Society

- Building a sustainable and ESG-compliant organisation generating employment, being environmentally responsible and strong on governance
- Developing an approach to promote financial literacy across all segments of customers

Automation and Innovation

- Develop a culture of innovation where people are encouraged to develop new ideas for improving service offerings
- Making automation a way of life by imbibing this in the thought process of all individuals

Financial Overview

Financial and operational performance

Income statement (₹ Crore)	FY 2021-22	FY 2020-21	Change (YoY)
Deposits	1,593	1,244.46	28%
Investments	624	278.81	33%
Advances (Net)	1,126	804.86	40%
Net Worth	105	91.93	14%
Net interest income	55.6	49.18	13.14%
Non-Interest Income	15.5	15.45	0.17%
Total income	71.1	64.63	10.04%
Operating Profit	4.7	9.22	-49.19%
PAT	0.74	3.31	-3.46%
Average Assets	1,592	1,281.28	20%
Return on Average Total Assets (ROA)	0.05%	0.26%	-
Return on Average Total Equity (ROE)	0.70%	0.36%	-
Gross Non-Performing Assets (GNPA)	2.9%	3.9%	-
Net Non-Performing Assets (NNPA)	1.3%	2.4%	-

- **INCOME:** Shivalik is on successful path to deliver growth and profitability. Net interest income grew to ₹ 55.63 crore in FY 2021-22 from ₹ 49.1 crore in FY 2020-21.
- **AUM:** The Bank demonstrated superior portfolio growth with pristine asset quality. Assets under management (AUM) increased to ₹ 1,751 crore as at 31st March 2022 from ₹ 1,284 crore as at 31st March 2021, up by 37.34% y-o-y.
- **NET ADVANCES:** Total net advances grew 40% y-o-y to ₹ 1,126 crore from ₹ 805 crore, owing to satisfactory performance of core banking products and a pickup in retail and newly launched products.
- **DEPOSITS:** The aggregate deposit of the Bank at the end of the year stood at ₹ 1,245 crore, which represents a growth of 28% over previous financial year.
- **NPAs:** USFBL's asset quality improved considerably during the year under review. Gross NPA and Net NPA stood at 2.9% and 1.3% as on 31st March 2022 as against 3.95% and 2.41%, respectively as on 31st March 2021.
- **CRAR:** Despite its high pace of loan portfolio growth, the Bank has been able to maintain good capitalisation indicators. The Bank's capital to risk weighted asset ratio (CRAR) and Tier-I CRAR stood at 21% and 15%, respectively as on 31st March 2022.

Particulars	Amt. (₹ in Lakhs)	Ratio
TIER 1	10,400.70	71.3%
TIER 2	4,176.40	28.7%

Business Outlook

In FY 2021-22, the Bank has transitioned to Shivalik Small Finance Bank, and this transformation presents significant opportunities.

There is an increased emphasis placed on catering to the expanding requirements of individuals and small businesses. We are working on introducing products to provide banking solutions for small businesses like QR code-based payment platforms bundled with features to enhance business digitally. Further to add in the product suite for MSMEs are loans against e-warehouse receipts and providing online loans against insurance policies. Products such as TAX Saver FDs and Demat trading account will help cater to the entire target customer segment. We will focus on registration in govt. schemes to avail subsidies for MSMEs, housing & agriculture.

We have a wide range of APIs with the capability of co-creating customised solutions with the capability to explore & test along with use cases, documentation and reference guide for partners including fintechs.

The Bank is deepening its engagement in existing markets by adding new touchpoints through branches, business correspondents and strategic digital partnerships.

The recently transformed Small Finance Bank will strike a balance between the click-driven strategy and the brick-centric one, with the former model being fuelled by partnerships with fintech companies. The Bank aims to increase earnings, broaden the net interest margin, and improve asset quality. The Bank will continue to move in this direction and that it will only accelerate as a result of its transition from an Urban Co-operative Bank to Small Finance Bank. This transition has been made in order to empower customers and to build a stronger Bharat.

Risk Management Framework and Monitoring Structure

Shivalik Small Finance Bank has a comprehensive risk management policy and framework in place to identify and mitigate business risk and protect the interest of our stakeholders. The framework focusses on ensuring that risks are identified and addressed on a timely basis. The Bank's risk management concept is ingrained in its business operations to build value by optimising rather than eliminating risks. In addition, the Board's Risk Management committee does a comprehensive risk review and devises policies and systems to be able to identify and mitigate risks as early as possible.

The Bank's sound risk management framework approved by the Board/Board of Directors includes the following:

- A comprehensive Risk Management approach.
- A Risk Management framework, including ICAAP policy, which serves as a primary tool for estimation of economic capital (EC).
- Guidelines, policies, processes, delegation matrix and other parameters to govern risk taking.
- A strong Management Information System (MIS) for measuring, monitoring, and controlling risk.

- Appropriate limits for controlling exposures, and predetermination of tolerance levels along with adequate stress tests.
- Inculcating a strong risk culture across the Bank.
- RCSA exercise conducted across branches, Asset Centres and all verticals at the Head Office.
- Regular training to upgrade the skills and domain knowledge of the workforce.

The Board is responsible for ensuring a suitable structure, policies, and processes for risk management. The Board establishes the Bank's Risk Management Policy and approves restrictions by examining its risk appetite, capabilities, and risk-bearing capacity. It also oversees the Management's attempt to balance growth, risk-taking, and stakeholder value. A seasoned executive management team and Board Committees serve the Board. As mandated by the regulatory restrictions, the Bank has established a Chief Risk Officer to handle risk-associated strategic verticals through a specialised risk management department.



Key Risks & Mitigation Strategies

Credit Risk

The Bank has well-defined, Board-approved credit sanction, credit administration, and credit monitoring policies/processes. These help the Bank in handling risk identification, measurement, monitoring and mitigation. The Bank assesses the creditworthiness of each customer, product (collateral-based loans) and geography at multiple levels to mitigate credit risk. In addition, it periodically evaluates the quality of the loan portfolio, detects areas of issue, identifies early warning signals in the loan portfolio, instructs business units on how to correct the shortcomings, offers corrective steps, and monitors the activities performed. The Bank has been continuously evolving its credit approval processes and methodology, which has helped it identify early warning signals and minimise credit risk.

Liquidity Risk

For controlling Liquidity Risk, the Bank complies with regulatory standards on Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and ALM Asset-Liability Management mismatches as shown by the Structured Liquidity Statement and ensures that it remains within regulatory and Board-approved levels. The Bank oversees and manages market risk. It also creates and oversees the implementation of procedures and controls including all aspects of Market Risk, Liquidity Risk, and Interest Rate Risk. The Bank ensures

an independent risk assessment, which is essential for controlling and managing market risk.

Operational Risk

The Bank's operations can be linked to the other system activities, creating an integrated and centralised framework for information collection, management and storage. The Bank utilises the risk management programme for management of credit, market and operational risk. To reduce this risk, the Bank has implemented an Operational Risk Policy and protocols, a Key Risk Indicator and RCSA Risk Control Self-Assessment Register, and also a loss data template to collect and conduct root cause analysis of losses and loss events. Small Finance Banks (SFB) are also not required to have capital charge for operational risk. We are, however, regularly monitoring technology and non-IT related operational risks in the Bank. We are computing the capital charge for operational risk under the Basic Indicator Approach on a notional basis.

Interest Rate Risk

In order to mitigate the risk associated with changes in interest rates, the Bank conducts regular stress tests. The purpose of these tests is to guarantee that the potential losses incurred as a result of changes in interest rates are contained within the tolerance levels established by the Board.



Reputational & Strategic Risks

The Bank has put in place Board-approved policies for these risks. It also computes Reputational and Strategic Risk scores on a quarterly basis. It also carries out a trend analysis to determine the direction and level of these risks. Under the Reputational Risk, the Bank is monitoring online and offline sources for any adverse media publicity. Compliance with laws and regulations is also a part of the Reputational Risk Scorecard.

The Strategic Risk is readily quantifiable and there is no prescribed guideline for capital allocation of this risk by the RBI. Under Strategic Risk, the focus is more on qualitative assessment of risks like Business Continuity Planning, Resource Utilisation, Responsiveness to change in financial, technological, external, regulatory environment and new strategic investments/tie-ups/expansion plans, along with keeping a track record of strategic investments and meeting business targets.

Information Security Threats and Cyber Security Threats

The management routinely reviews the Bank's information security and cyber security policies. It also implements and ensures compliance with the proper information security risk protocols, as per RBI's cyber-security framework for scheduled commercial banks. The Bank is largely responsible for identification, measurement, control and monitoring of technology to avoid threats to the Bank's systems and its technology's safety and soundness. The Information Security (InfoSec) team executed the following solutions during the year. The Patch Management solution aids in improving patch deployment, patch detection and patch application to decrease susceptible systems and exposure time.

- A Cyber Security Operations Center detects, analyses, responds to, reports on, and prevents cybersecurity problems in the Bank's network. Atos, a global leader in cloud-native Managed Detection and Response, provides the Bank with SOC as a service. Its AI-driven technology enables effective threat anticipation, detection, and response, according to market analysts. Its unique technology, R&D, threat, and risk-based analytics improves its prescriptive security platforms and operations.
- Brand Monitoring Solution involves checking public domains and Dark Websites for misrepresented or fraudulent use of the Bank's trademark and intellectual property. It helps the Bank in finding and shutting down bogus social media profiles and Websites with the help of its AI-based technology.
- The Bank has implemented a Disaster Recovery (DR) site at the location, different from where the primary data centre is located. It is a facility that Bank has employed to recover its technology infrastructure and operations when the primary data centre is unavailable.

- Endpoint Detection and Response (EDR) detects the threats across the Bank's environment. It explores the threat's entire lifetime, revealing how it got itself in, where it has been, what it is doing now, and what the Bank should do about it. EDR stops these threats from spreading by containing them at the endpoint.
- Phishing simulators help the Bank's staff to discover and avoid phishing or social engineering risks. Interactive phishing tests are a part of the Bank's security awareness training programme and it evaluates user knowledge with a real-world scenario. Phishing simulators boost awareness campaigns and train the Bank's cyber warriors.
- The Bank's Vulnerability Assessment and Penetration Testing exercise aids in locating the network or application's dangers in depth. It protects data and systems from threats, ensures compliance and also aids in preventing data loss and unwanted access.

Information Technology

The Bank recognises that Information Technology (IT) is an important differentiator for enhancing the client experience. Customer centricity, operational efficacy, and regulatory requirements have been identified as the three primary themes driving technology projects. The Bank's key functions include customer experience, digital transaction processing, enterprise accounting, expense management, human resources, process management, risk management, and governance. The Bank has devised a paperless onboarding procedure for originating microfinance loans and opening Bank accounts through the use of technology. Through its many technological platforms, the Bank administers various phases of banking transactions for its customers, from onboarding to customer management. It has also offered handheld devices for field staff and enabled applications for them to carry out various duties using such gadgets.

Compliance

The Bank raises knowledge of compliance duties and ethical standards throughout the organisation in order to foster a compliance-oriented culture. The policies, methods, and procedures are revised and updated on a regular basis to ensure full compliance with the directives and regulations provided to Small Finance Banks by the Reserve Bank of India. At Shivalik, compliance is the responsibility of the entire team and starts at the top. The Board of Directors and Audit Committee are accountable for overseeing the management of compliance risk and the organisation-wide application of the compliance risk management framework. The Bank has in place well-documented rules and procedures and operates within the regulatory framework and policies approved by the Board. Audit, risk, and compliance divisions undertake routine audits to ensure that the

Bank's activities adhere to the established guidelines. Integrity, ethics, and compliance are important components of the Bank, according to the Bank. Through its policies and trainings, Shivalik reaffirms this concept to the populace. In addition, the Bank monitors the ever-changing rules and regulations, allowing it to proactively manage the organisation in accordance with the requirements.

Human Resources

As a modern business, the Bank's HR & Training initiatives have focussed on attracting and retaining the best employees, as well as providing a learning and development environment. The Bank makes concerted efforts to enhance the proportion of women in its workforce. The expansion of the Bank's human resources is based on employee capacity building. The Company's proactive measures in human resource have been validated by the 'Great Place to Work' accreditation received from GPTW.

Internal Controls

The Bank's Department of Internal Audit has implemented a Risk-Based Internal Audit procedure. The Bank has established audit checklists in accordance with the RBI's Framework for Risk-Based Internal Audit, and internal audits were conducted using these checklists in FY 2021-22. The Audit MIS team has been tasked with methodically examining audit results and their implementation and delivering audit-related MIS to management on a monthly basis.

The internal audit department has conducted various types of audits, including a comprehensive branch audit of all branches and central roles, a concurrent account audit, centralised retail loan disbursement, and a concurrent audit of the Bank's assets and liabilities, as well as an audit of external vendors.

Cautionary Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects





and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although

we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Directors' Report

**To
The Members,
Shivalik Small Finance Bank Limited**

Your Board of Directors are pleased to present 2nd Board Report on the business and operations of your Company together with the Audited Financial Statements for the year ended 31st March 2022.

1. FINANCIAL RESULTS

The Bank's financial performances for the year under review along with previous year's figures are given hereunder:

Operations and activities

(Amount ₹ in Thousand)

Particulars	Financial Year Ended on March, 2022	Period from 12 th July 2020 to 31 st March, 2021
Total Income	14,60,437	2,094
Total Expenses	14,53,025	8,704
Profit/(Loss) for the year/period	7,412	(6,610)
Add: Balance brought forward	(6,610)	-
Balance carried to Balance Sheet	802	(6,610)
Tax Expense:		
Current Tax	-	-
Deferred Tax	796	2139
Yield on Advances	11.45%	-
Yield on Investment	7.96%	-
Coast of Deposits	5.59%	-
Credit Deposit Ratio	69.60%	-
Advances (net off NPA provisions)	1,10,86,036	-
Deposits	1,59,29,094	-
Gross NPA/Net NPA	2.89%/ 1.31%	-
Provision Coverage Ratio	54.56%	-
Capital Adequacy Ratio	21.69%	-

2. DIVIDEND

During the financial year under review, the Board of Directors have not recommended the payment of a dividend.

3. TRANSFER TO RESERVE

As per the requirement of RBI Regulations, the Bank has transferred the following amount to various reserves during FY 2021-22.

Particulars	Amount (₹ in Crore)
Statutory Reserve	14.68
Investment Fluctuation Reserve	0.83
Special Reserve u/s 36(1)(vii) of Income Tax Act	0.00
Contingency Reserve	0.00
Provision on Standard Assets (including provision on restructured assets)	4.41

4. CHANGE IN THE NATURE OF BUSINESS

The Bank has commenced its Business on 26th April, 2021 and during the period under review, there has been no change in the nature of business of the Bank.

5. INFORMATION ABOUT FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES.

The Bank does not have any subsidiaries, associates and Joint Venture Companies.

6. MEETINGS OF THE BOARD OF DIRECTORS

The schedule in respect of the meetings of the Board / Committees, to be held during the next financial year is circulated in advance to all the Members of the Board.

During financial year 2021- 2022, (18) meetings of the Board were held and the gap between the said meetings did not exceed the limit of 120 days, as prescribed under the relevant provisions of the Act, the relevant Rules made thereunder. The details of Meetings are given in the Corporate Governance report.

7. 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, the Bank has constituted various statutory Board committees. Further, in order to improve the Board's effectiveness, efficiency, and fast decision making, the Bank has also constituted a few non-statutory Board Committees.

As on 31st March 2022, the Bank has 8 Board Committees as detailed below:

Sr. No.	Committees	No. of Meetings Held
1.	Audit Committee	3
2.	Customer Service Committee	3
3.	Willful Defaulter Review Committee	1
4.	Risk Management Committee	3
5.	Special Committee for monitoring of Large Value frauds	1
6.	Nomination and Remuneration Committee	7
7.	IT Strategy and Information Systems Security Committee	2
8.	Stakeholders relationship Committee	1

8. MEETING OF INDEPENDENT DIRECTORS

Bank has conducted a separate meeting of Independent Directors on 31st March 2022 without the presence of the Non-Independent Directors and members of Management of the Bank. The Bank has commenced its Business on 26th April, 2021 and accordingly the Bank has not completed its one year till the date of the meeting therefore it was not justifiable to evaluate the performance of the Board. Hence it was agreed and decided in the Independent directors meeting to conduct the Performance evaluations of the Board, its Committees, Individual Directors, and the Chairperson of a Bank on and after completion of Bank's one year of its operation.

9. DECLARATION BY INDEPENDENT DIRECTOR

All the Independent Directors of the Bank have confirmed that they meet the criteria prescribed for independence under the provisions of Section 149(6) of the Companies Act, 2013. The Board has assessed the veracity of the confirmations submitted by the Independent Directors and thereafter took the same on record.

In the opinion of the Board, all the Independent Directors are independent of the Management and is a person of integrity and possesses relevant expertise and experience.

10. EVALUATION OF BOARD PERFORMANCE

The Bank has commenced its Business on 26th April, 2021 and accordingly the Bank has not completed its one year till the date of the meeting therefore it was not justifiable to evaluate the performance of the Board. Hence it was agreed and decided in the Independent directors meeting held on 31st March 2022 to conduct the Performance evaluations of the Board, its Committees, Individual Directors, and the Chairperson of a Bank on and after completion of Bank's one year of its operation.

11. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of Annual Accounts for the year ended 31st March 2022, the applicable accounting standards have been followed along with proper explanation relating to the material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and that the judgment and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(iv) internal financial controls to be followed by the Bank were laid down and that the same were adequate and were operating effectively, and.

(v) The accounts for the year ended 31st March 2022 have been prepared on a going concern basis.

(vi) Proper and adequate systems have been devised to ensure compliance with the provisions of all applicable laws, and these systems are operating effectively.

12. STATUTORY AUDITORS

Based on the recommendation of Audit Committee and the Board, the members of the Bank at 1st Annual General meeting held on 30th September 2021, approved appointment of M/s. S. N. Dhawan & Co. LLP, (FRN:000050N) Chartered Accountants, New Delhi as Statutory auditors for a period of three (3) years, to hold office till the conclusion of the 4th Annual General Meeting of the Company in accordance with Companies Act 2013 on such remuneration as may be fixed by the Board of Directors of the Company in consultation with the Auditors. The approval of the RBI is required to be sought for the re-appointment of Statutory Auditors every year.

There are no Qualifications, Reservations Adverse Remark or Disclaimer made by M/s. S. N. Dhawan & Co. LLP in the Statutory Auditor Report.

13. ADEQUACY OF INTERNAL FINANCIAL CONTROLS RELATED TO FINANCIAL STATEMENTS

The Bank has put in place adequate internal financial controls with reference to its financial statements. These controls ensure the accuracy and completeness of the accounting records and the preparation of reliable financial statements.

14. IND AS IMPLEMENTATION

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on 16th February, 2015. Further, a Press Release was issued by MCA on 18th January, 2016, outlining the roadmap for implementation of Indian Accounting Standards (IND AS) converged with International Financial Reporting Standards (IFRS) for banks. Banks in India were required to comply with the Indian Accounting Standards (IND AS) for financial statements for accounting periods beginning from 1st April, 2018, onwards, with comparatives for the periods ending 31st March, 2018 or thereafter.

On April 5, 2018, the RBI has announced deferment of implementation date by one year for scheduled commercial banks. Subsequently, on 22nd March 2019, RBI has deferred implementation of Ind AS for banks until further notice, pending necessary legislative amendments to the Banking Regulation Act, 1949. The same is yet to be notified.

15. SECRETARIAL AUDITORS

Pursuant to the provisions of Section 204 of the Act and the relevant provisions of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had appointed M/s. DMK & Associates, Company Secretaries (Firm Registration No. P2006DE003100), to act as the Secretarial Auditor of the Bank, for FY 2021- 2022.

The Secretarial Audit of the Bank was conducted in respect of the matters as prescribed in the said Rules and set out in the Secretarial Audit Report, attached as Annexure I to this Report.

There is one (1) observation made by the Secretarial Auditor in respect of non-filing of form MGT-14 with the Registrar of Companies in respect of Board Resolutions passed in the Board Meetings held on 02.08.2021, 04.09.2021 and 20.11.2021 respectively as prescribed under Section 117 (3) read with Section 179 of the Act. In this regard, the Company shall file the respective forms and necessary documents with the Registrar of Companies to rectify the delay in filing.

16. REPORTING OF FRAUDS BY AUDITORS

During the year under review, pursuant to Section 143(12) of the Act, neither the Statutory Auditors nor the Secretarial Auditor of the Bank have reported any instances of frauds committed in the Bank by its officers or its employees.

17. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS UNDER SECTION 186

Pursuant to Section 186(11) of the Act, the provisions of Section 186 of the Act, 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 its business.

The particulars of investments made by the Bank are disclosed in Schedule 18.5 of the financial statements as per the applicable provisions of the Banking Regulation Act, 1949.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There were no materially significant transactions with related parties including promoters, directors, or relatives of the Directors during the financial year under review which could lead to a potential conflict with the interest between the Bank and these parties. The details of the transactions with related parties, if any, were duly placed before the Audit Committee

of the Board from time to time. There were no material individual transactions with related parties, which were not in the ordinary course of business of the Bank, nor were there any transactions with related parties, which were not on arm's length basis. Accordingly, disclosure of particulars of contracts/arrangements referred to in Section 188(1) of the Companies Act, 2013 is not required to be reported in Form AOC-2.

The Policy on Related Party Transactions as approved by the Board is disclosed on the website of the Bank at https://shivalikbank.com/regulatory_section.php.

19. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes or commitments affecting the financial position of the Bank, between the end of the financial year of the Bank to which the financial statements relate and up to the date of this report.

20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 is set out as under: -

Conservation of Energy:

The Company being Banking Company, the energy consumed by the bank during this period is only in the form of electricity and diesel used in generators. The Company has allocated specific cost budgets for the same in Head Office and all its branches to reduce electric waste and the same is monitored on periodical basis. Other measures like use of LEDs, power saver air conditioning equipment's etc. are being installed for conserving the energy.

Technology Absorption:

We believe that the banks with the ability to adopt and integrate information technology will dominate in the highly competitive domestic market. Accordingly, the Bank continues to leverage information technology as a strategic tool in business operations for customer delight by offering efficient and improved services with low cost and using it as a tool to improve staff productivity, increasing efficiency and more efficient & effective control over banking operations.

Foreign Exchange Earnings and Outgo

During the financial year under review, there were no Foreign Exchange earnings and/or outgo in the Company.

21. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS

Pursuant to the provisions of section 178 of the Companies Act, 2013, the policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company had been formulated and approved by the Board of Directors in its meeting held on 17th April 2021 which are disclosed in our website https://shivalikbank.com/regulatory_section.php.

22. RISK MANAGEMENT POLICY

The Company has adopted a risk management policy to identify, evaluate business risks and opportunities as per provisions of the Companies Act, 2013. The Board ensures transparency across the organization to minimize adverse impact on the business objectives. The Bank has formulated and adopted a robust Risk Management framework. The Bank has also constituted Risk Management Committee of the Board, which periodically reviews the risks faced by the Bank and the practices/ processes followed to manage them. The Board ensures effective Risk Management and evaluates the risk management periodically.

23. CORPORATE SOCIAL RESPONSIBILITY (CSR) AND DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Keeping in view the limits set out in Section 135 of the Companies Act, 2013 related to the Corporate Social Responsibility initiatives, the said provisions are not applicable to your Company during the financial year under review. In view of good corporate governance practice, the Bank has laid down a Corporate Social Responsibility (CSR) Policy and has set up CSR Committee of the Board to recommend CSR contributions, monitor and review progress of CSR activities as and when it becomes applicable.

24. BOARD OF DIRECTORS

Appointments of Directors:

Pursuant to the provisions of Section 149, 152, schedule IV and other applicable provisions, if any, of the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the RBI approval and pursuant to recommendation of Nomination and Remuneration Committee of Directors (NRC), the Board appointed/re-appointed the following Directors;

Sr. No.	Name of Directors	DIN	Designation	Date of Appointment by the Board	Date of Appointment by the Shareholders
1	Mr. K Narasimha Murthy	00023046	Non-executive & Independent Director		
2	Mr. Shankar Aggarwal	02116442	Non-executive & Independent Director	3 rd APRIL 2021	
3	Mr. Sudhakar Agarwal	00418663	Non-executive Director		
4	Mr. Suveer Kumar Gupta	02112717	Director with designation Managing Director and Chief Executive Officer	26 th April 2021	
5	Ms. Veena Hingarh	00885567	Non-executive & Independent Director		30 th September 2021
6	Ms. Shalini Lal	08128182	Non-executive & Independent Director		
7	Mr. Arun Kumar Gupta	06879404	Non-executive & Independent Director	4 th September, 2021	
8	Ms. Arundhati Mech	09177619	Non-executive & Independent Director		

The terms and conditions of appointment of Independent Directors are as per Schedule IV of the Companies Act, 2013.

All Independent Directors have given declarations that they meet criteria of Independence as laid down under section 149(6) of the Companies Act, 2013. The Independent directors had no pecuniary relationship or transactions with the Company.

During the period under review, none of the Directors has resigned from the Board of the Company.

However, on 25th April, 2022, the one year tenure of Mr. Suveer Kumar Gupta as approved by RBI was completed and therefore he ceased to be MD & CEO of the Bank. Thereafter, pursuant to the recommendation of NRC the Board appointed Mr. Anshul Swami as the MD & CEO of the Bank, with effect from 26th April, 2022.

The Board placed on record its sincere appreciation for the valuable contribution made by Mr. Suveer Kumar Gupta during his tenure with the Bank.

25. KEY MANAGERIAL PERSONNEL (KMP):

During FY 2021-22, following changes took place in the Key Managerial Personnel of the Bank:

Mr. Harsh Mittal ceased to be Chief Financial Officer of the Bank with effect from 14th February 2022 due to personal reasons. Further, pursuant to recommendations of NRC, the Board appointed Mr. Gaurav Seth appointed as Chief Financial Officer of the Bank, with effect from the close of business hours on 14th February, 2022.

The Board placed on record its sincere appreciation for the valuable contribution made by Mr. Harsh Mittal during his tenure with the Bank.

Accordingly, during the Period under review, Mr. Suveer Kumar, Managing Director & CEO, Mr. Gaurav Seth, Chief Financial Officer, and Mr. Shruti Pandey Company Secretary are the Key Managerial Personnel of the Bank, in terms of Section 203(1) read with Section 2(51) of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

26. SHARE CAPITAL

A) Authorized Capital:

During the financial year under review, the Authorized Share Capital of your Company has been increased from ₹ 1,10,00,00,000/- (Rupees One Hundred Ten Crores only) divided into 11,00,00,000 (Eleven Crore) equity Shares of ₹ 10/- (Rupees Ten) each to ₹ 1,60,00,00,000/- (Rupees One Hundred Sixty Crores only) divided into 14,00,00,000 (Fourteen Crore) equity Shares of ₹ 10/- (Rupees Ten) each amounting to ₹ 1,40,00,00,000 (Rupees One Hundred Forty Crores) and 2,00,00,000 (Two Crore) preference shares of ₹ 10/- (Rupees Ten) each amounting to ₹ 2,00,00,00,000 (Rupees Twenty Crore) by the creation of additional 3,00,00,000 (Three Core) equity shares of ₹ 10/- (Rupees Ten) each and 2,00,00,000 (Two Crore) preference shares of ₹ 10/- (Rupees Ten) each.

B) Issued, Subscribed & Paid – up Capital:

During the financial year under review, your Company has issued and allotted Equity Shares or other securities, details of the same are hereunder:

Sr. No.	Nature of Securities	No. of securities offered	No. of securities subscribed	No. of securities allotted	Date of Allotment
1	Conversion of CCD series I into Equity	1,03,530	1,03,530	1,03,530	1 st April, 2021
2	Conversion of CCD series II into Equity	5,62,500	5,62,500	5,62,500	1 st April, 2021
3	Equity Shares	30,00,000	30,00,000	30,00,000	26 th April 2021
4	Compulsory Convertible Preference Shares (CCPS)	1,00,00,000	1,00,00,000	1,00,00,000	14 th February 2022

Non-Convertible Debentures (NCDs):

During the year, your Company has raised NCDs of ₹ 30,00,00,000 (₹ Thirty crores) on private placement basis.

27. ANNUAL RETURN

The Annual Return in Form MGT-7, as mandated under the provisions of Section 92(3) read with Section 134(3) of the Act, has been uploaded on the website of the Bank and is available at <https://www.shivalikbank.com>.

28. REQUIREMENT FOR MAINTENANCE OF COST RECORDS

The cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, are not required to be maintained by the Bank.

29. DETAILS OF EMPLOYEE STOCK OPTIONS SCHEME

The Bank, pursuant to the resolutions passed by the Board and the Shareholders of the Bank on September 30, 2021, has introduced and adopted the Employee Stock Option Scheme (Scheme), 2021. The Bank has created pool of options aggregating to 5% of the paid-up capital under employee stock options (ESOP) Scheme. The objective is to enable the Bank to attract and retain the best available talent to contribute and share in the growth of the Bank. The Scheme is administered by the Nomination and Remuneration Committee constituted by the Board of Directors of the Bank.

30. PARTICULARS OF EMPLOYEES

During the financial year under review, there is no employee, who is being paid remuneration in excess of limits specified under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

31. VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Bank has adopted a Whistle Blower Policy and Vigil Mechanism in compliance with the relevant provisions of Companies Act, 2013. This Policy provides an opportunity to address concerns of employees & Directors relating to fraud, malpractice or any other activity or event which is against the interest of the Bank or society as a whole. During the

year under review, the Bank did not receive any complaints under the Whistle Blower Policy of the Bank. The functioning of the Mechanism is reviewed by the Audit Committee from time to time. No employee of the Bank has been denied access to the Audit Committee for raising a whistle blower complaint. The Policy is available in the Bank's website https://shivalikbank.com/regulatory_section.php.

32. RATINGS OF DEBT INSTRUMENTS

Instrument	Rating	Rating Agency	Amount (in crore)
Long Term Borrowing	(Stable)	Infomeric Valuation and Rating Pvt. Ltd.	INR 50 crores

33. DEPOSITS

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

34. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Bank has in place, a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up for redressal of complaints. During FY 2021- 22, 1 complaint was received under the policy during the year. Management has taken cognizance of the report submitted by Internal Complaint Committee and has initiated an action as appropriate.

35. SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND OPERATIONS OF THE BANK

During the period under review, no significant and / or material order was passed by any Regulator, Court or Tribunal against the Bank, which could impact its going concern status or future operations.

36. COMPLIANCE WITH SECRETARIAL STANDARDS

The Bank has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India on regular basis.

37. ACKNOWLEDGEMENT

The Board places on record its appreciation and gratitude to the RBI, MCA, other Statutory and Regulatory Authorities, Registrar and Share Transfer Agent, Depositories and Correspondent Banks for their continued support and guidance.

The Board also places on record its appreciation to its valued customers for their continued patronage and to the members of the Bank for their continued support.

The Board also expresses its heartfelt thanks and gratitude to each employee for their continued commitment towards the Bank and its customers, who have demonstrated strong work ethics, professionalism, and teamwork which helped the Bank continue to serve its stakeholders.

For and on behalf of the Board of Directors
Shivalik Small Finance Bank Limited

Shankar Aggarwal
Part-Time Chairman
DIN: 02116442

Anshul Swami
MD & CEO
DIN: 09446950

Date: 6th August 2022
Place: Noida

Corporate Governance Report

1. BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

Shivalik Small Finance Bank Limited ("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 and other stakeholders.

Bank's activities are carried out in accordance with good corporate practices and 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 goes a long way in preserving shareholders' trust and maximising long-term corporate value.

Shivalik Bank considers corporate governance as a cornerstone of conducting business in an ethical and responsible manner which is fair to all the stakeholder groups.

The following principles are embedded in Bank's governance framework:

- Strategic and critical review of the past, current and future performance of Shivalik Bank by the Board of Directors and its sub-committees.
- Transparent approach to decision making by Executive Management and Board.
- A sound system of internal controls to mitigate and monitor internal and external risks.
- Accuracy and transparency in disclosures to all stakeholders for all material information.
- Compliance of laws, rules and regulations in true letter and spirit.

Enhance the long-term interest of its shareholders, provide good management, adopt prudent risk management techniques and comply with the required standards of capital adequacy, thereby safeguarding the interest of its stakeholders such as shareholders, depositors, creditors, customers, suppliers and employees.

2. BOARD OF DIRECTORS

2.1 Composition of Board

The Board of the Bank is duly constituted with an optimal mix of Independent, Non-Executive, and Executive Directors with

a majority of the Board members comprising of Independent Directors ("IDs") The Board consists of professionals having diversified knowledge, varied background, and vast experience that enables it to delegate responsibilities effectively.

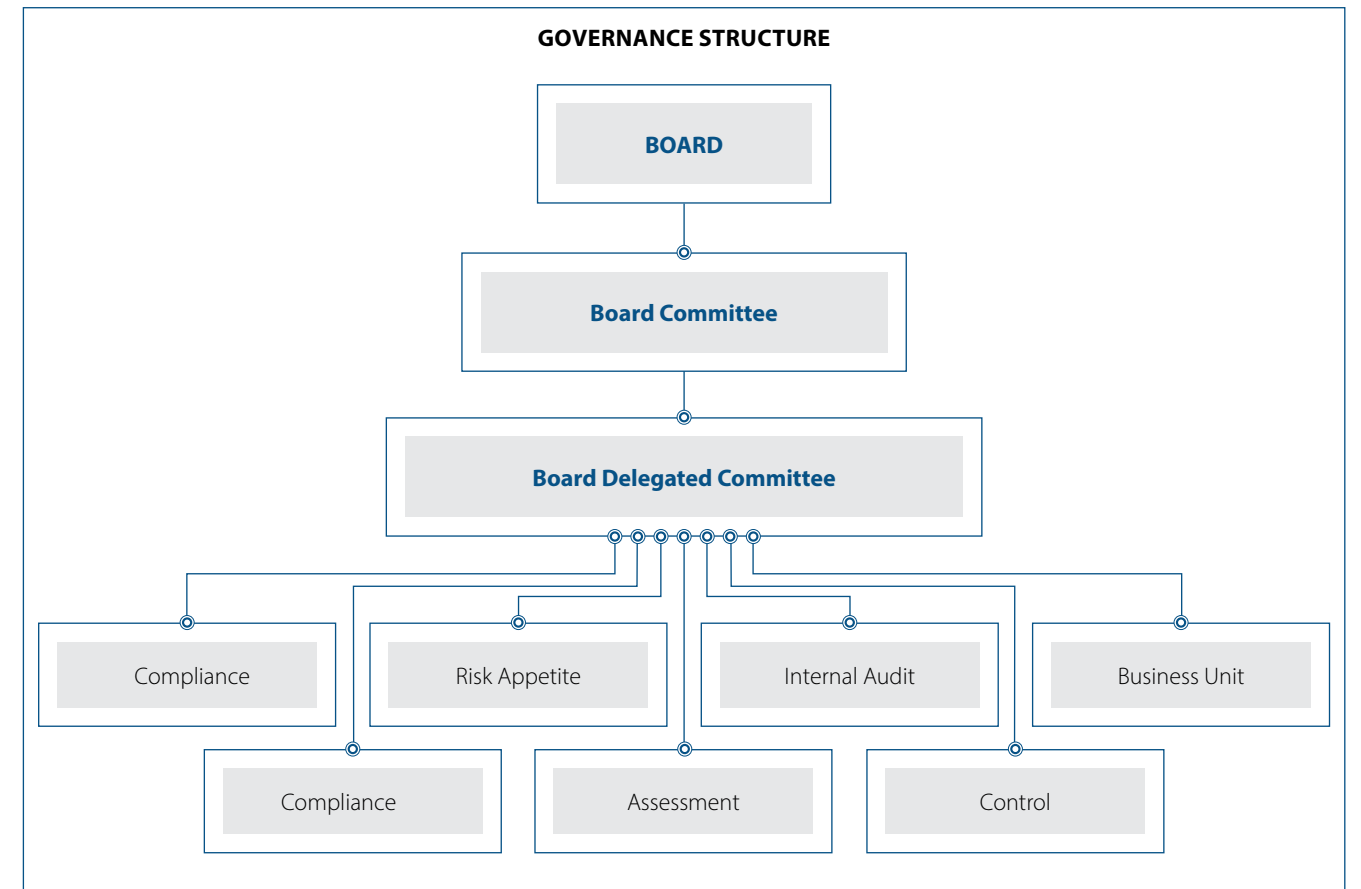
The composition of Board confirms with the requirement of Companies Act 2013, and the relevant rules made thereunder. As of the date of this report, the Board comprise of (8) Directors with (6) Independent Directors and (1) non-executive and (1) executive director.

2.2 Key Skills/ Expertise/ Competence of Board

The Bank in compliance of Section 10A (2) of the Banking Regulation Act 1949 read with RBI Notification dated 24th November 2016 identified below skills/expertise/competencies required to be possessed by the Board of Director(s), in the context of its business(es) and the sector(s), for it to function effectively:

1. Accountancy
2. Agriculture and Rural Economy
3. Banking
4. Co-operation
5. Economics
6. Finance
7. Law
8. Small-scale industry
9. Information Technology
10. Payment and settlement systems
11. Human Resources
12. Risk Management
13. Business Management

Apart from the above, the Bank also identified Customer Service, Treasury, Financial Inclusion and Rural Banking as areas of specialised knowledge and practical experience which in the opinion of the Board would be useful for the banking company.



2.4 Roles & Responsibilities of the Board of Directors

The primary responsibility for good corporate governance of the Bank rests with its Board of Directors.

The role of the Board is to provide effective guidance and oversight to the Management of the Bank so that it delivers enduring sustainable value, is fully compliant with extant laws and functions in an ethical and efficient manner.

The responsibilities of the Board inter alia includes overseeing the functioning of the Bank, efficacy of internal control systems / processes and framing, implementing and monitoring the risk management plan of the Bank.

The Board is also responsible for approving the strategic decisions, plans and priorities for the Bank, monitoring corporate performance against business plans, reviewing and approving the Bank's financial and operating performance on a periodic basis, overseeing the Bank's corporate governance framework and supervising the succession planning process for its Directors and Senior Management.

The Board oversees the actions and results of the Management to ensure that the long-term objectives of enhancing shareholders value are met.

Role of Independent Director(s)

During the year under review, the bank has six (6) Independent Directors. The role of an Independent Director is to help in bringing an independent judgment on the Board's deliberations, especially on the issues pertaining to strategy, performance, risk management, human resources, governance, key appointments and standards of conduct. Independent Directors bring an unbiased view in evaluating performance of the Board and Management and review Management's performance in meeting their goals and objectives.

Role of Managing Director & CEO

Director & CEO of the Bank reports to the Board of the Bank and is vested with powers of managing the affairs of the Bank, within the overall superintendence, control, guidance and direction of the Board and has the authority to perform all such acts, deeds, matters and things, which he may consider necessary or appropriate to perform, in the business interest of the Bank.

2.5 Conduct of Board Meetings

During the period under review i.e. FY 2021-22, eighteen (18) Board meetings were convened and duly held on the following dates:

1. 1 st April 2021	7. 29 th July 2021	13. 23 rd October 2021
2. 3 rd April 2021	8. 2 nd August 2021	14. 20 th November 2021
3. 17 th April 2021	9. 12 th August 2021	15. 22 nd December 2021
4. 26 th April 2021	10. 18 th August 2021	16. 13 th January 2022
5. 17 th May 2021	11. 4 th September 2021	17. 14 th February 2022
6. 14 th June 2021	12. 20 th October 2021	18. 22 nd March 2022

3. COMMITTEES OF THE BOARD

The Board also functions through various Committees, constituted to deal with specific matters as mandated under the extant laws. The charter of the Board Committees is subject to an annual review by the Board, pursuant to changes in the extant laws or to meet the business requirements of the Bank. The Board has constituted 8 Committees, details of which are as follows:

- i. Audit Committee
- ii. Nomination and Remuneration Committee
- iii. Stakeholders Relationship Committee
- iv. Customer Service Committee
- v. Wilful Defaulter Review Committee
- vi. Risk Management Committee
- vii. Special Committee for monitoring of Large Value frauds
- viii. IT Strategy and Information Systems Security Committee

The Board fixes the terms of reference of Committees and also delegates powers to them from time to time.

Brief description of charter of the Board Committees, their composition and attendance of members at the meetings held during FY 2021- 2022, are detailed as under:

3.1 Audit Committee

Brief Terms of Reference/Roles and Responsibilities

1. To provide direction and to oversee the operation of the audit function.
2. To review the internal audit system with special emphasis on its quality and effectiveness.
3. To review all matters as specified by RBI in the circular on Calendar of Reviews as per RBI Circular dated November 10, 2010 and notifications, if any, issued from time to time in this regard.
4. To review findings of internal and concurrent audit reports.
5. To discuss the matters related to frauds.
6. To discuss and follow up for the audit observations relating to Long Form Audit Report.
7. To review the status of compliance with respect to Risk Assessment Report, Risk Mitigation Plan, Scrutiny Reports issued by RBI and any other domestic/overseas regulators and forensic audit reports by external agencies, if any."
8. To review the concurrent audit system of the Bank (including the appointment of concurrent auditors) and appointment of statutory auditors.
9. To oversee the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
10. To recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of the statutory auditors of the Bank.

Brief Terms of Reference/Roles and Responsibilities

11. To approve payments to statutory auditors for any other services rendered by them.
12. Reviewing with the management the annual financial statements and auditor's report thereon before submission to the Board for approval, with reference to:
 - matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134 (3)(c) of the Companies Act, 2013
 - changes, if any, in accounting policies and practices and reasons for the same
 - major accounting entries involving estimates based on the exercise of judgment by management
 - significant adjustments made in the financial statements arising out of audit findings
 - compliance with listing and other legal requirements relating to financial statements
 - disclosure of any related party transactions
 - modified opinion(s) in the draft audit report
 - oversight of the financial reporting process and the disclosure of its financial information
13. To review, with the management, the quarterly financial statements of the Bank (standalone and on a consolidated basis, in terms of the relevant provisions of the Listing Regulations) before it recommended for the approval of the Board.
14. To oversee the progress of the Ind AS implementation process and report to the Board at quarterly intervals.
15. To review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board for taking steps in the matter.
16. To review the utilization of loans and/ or advances from/investment by the Bank in its subsidiary companies, in excess of ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances / investments.
17. To review with the management, performance and independence of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.
18. To obtain and review reports of the Compliance Officer appointed in the Bank, at stipulated periodicity, in terms of RBI instructions and circulated to all the functional heads."
19. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
20. To discuss with CAE/internal auditors any significant audit findings and follow up thereon.
21. To review the findings of any internal investigations by the internal / statutory auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
22. To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit as also conduct post-audit discussion to ascertain any area of concern.
23. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

Brief Terms of Reference/Roles and Responsibilities

24. To review functioning of the Whistle Blower- and Vigilance mechanism.
25. To approve the appointment of the CFO. The Audit Committee, while approving the said appointment, shall assess the qualifications, experience & background, etc. of the candidate.
26. To review and approve the appointment, removal and terms of remuneration of the Chief Audit Executive and / or any change in the incumbency of the Chief Audit Executive of the Bank, along with the reasons for such change.
27. To approve any subsequent modification of transactions of the Bank that shall involve related parties.
28. Scrutiny of inter-corporate loans and investments.
29. Evaluation of internal financial controls and risk management system.
30. Valuation of undertakings or assets of the company, wherever it is necessary.
31. Review and approve the change in the incumbency of the Chief Compliance Officer of the Bank
32. Review Segmental Reporting.
33. Review of cases of wilful defaults and aspects of diversion of funds by the Borrower.
34. Review of the consolidated status of adherence to the arm's length principle by the subsidiaries/ step down subsidiaries as per the Group Arm's Length Policy.
35. Oversee the implementation of Compliance Policy and review the compliance function on half-yearly and annual basis ensuring that all compliance issues are resolved effectively.
36. For each of the omnibus approval given, on a quarterly (or as per the practice followed) basis, the details of Related Party Transactions entered into by the Bank is reviewed.
37. The Annual Compliance Certificate of the audit conducted for the active vendors is reviewed by ACB and submitted to RBI.
38. The Committee at quarterly intervals review the information in respect of legal audits which should cover aspects, inter alia, like number of loan accounts due for legal audit for the quarter, how many accounts covered, list of deficiencies observed by the auditors, steps taken to rectify the deficiencies, number of accounts in which the rectification could not take place, course of action to safeguard the interest of bank in such cases, action taken on issues pending from earlier quarters.
39. To review the performance of Information Security Audit and the critical issues highlighted during the Information Security Audit and provide appropriate guidance to the Bank's Management.
40. Appointment of IS Audit Head who shall report to the Chief Audit Executive of the Bank.

Composition

Members of Audit Committee of the Board during financial year under review are:

1. Ms. Veena Hingarh, Chairperson
2. Ms. Arundhati Mech, Member
3. Mr. N K Murthy, Member
4. Dr. Shalini Lal, Member

Meetings

The committee held three (3) meetings during the year on 2nd August, 2021, 20th November, 2021 and 14th February, 2022.

3.2 Nomination & Remuneration Committee
Brief Terms of Reference/Roles and Responsibilities

1. Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel, senior management and other employees;
2. Formulate criteria for evaluation of performance of individual directors including independent directors, the Board of Directors and its Committees. The criteria for evaluation of performance of directors (including independent directors) include personal attributes such as attendance at meetings, communication skills, leadership skills and adaptability and professional attributes such as understanding of the Bank's core business and strategic objectives, industry knowledge, independent judgment, adherence to the Bank's Code of Conduct, Ethics and Values, etc.
3. Further the NRC would also determine the fixed pay, variable pay and Employee Stock Options for Whole time Directors, Key Management Personnel and Senior Management directly reporting to the CEO.
4. To devise a policy on diversity of board of directors;
5. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
6. To decide on the extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors, to deliberate on the matters of succession planning of the executive directors, senior management.
7. To recommend to the board all remuneration, in whatever form, payable to senior management
8. To review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate, passing on the recommendations for the nomination to the Board.
9. Scrutinizing the nominations of the directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, assessing competency of the persons and reviewing compensation levels of the Bank's employees vis-à-vis other banks and the banking industry in general, as per the criteria laid in the Policy for Appointment of Directors
10. Periodically review the compensation policy of the bank from a governance and risk perspective and suggest changes if any.
11. To administer the Bank's Equity stock options (ESOP) schemes including grant of options to eligible employees under the different ESOP plans and prescribe terms and conditions applicable to such options, subject to provisions of respective ESOP plan and regulations.
12. To review annually, the Board's committee structure and composition and to make recommendations to the Board regarding the appointment of directors to serve as members of each committee and committee chairpersons.
13. To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable.
14. The Committee to review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.

Composition

Members of Audit Committee of the Board during financial year under review are:

1. Ms. Veena Hingarh, Chairperson
2. Mr. Sudhakar Agarwal, Member
3. Mr. N K Murthy, Member
4. Dr. Shalini Lal, Member

Meetings

The committee held Seven (7) meetings during the year on 17th April, 2021, 17th May, 2021, 2nd August, 2021, 4th September, 2021, 20th November, 2021, 22nd December, 2021 and 1st February, 2022.

3.3 Stakeholders Relationship Committee

Brief Terms of Reference/Roles and Responsibilities	<ol style="list-style-type: none"> To monitor and resolve in a timely manner, the grievances/complaints of Investors related to transfer / transmission of shares, non-receipt of annual reports, non-receipt of dividend, approve issue of duplicate share certificates and new certificates on split / consolidation / renewal, general meetings, etc.; To consider requests and approve transfer/transmission, dematerialization, rematerialisation of securities in a timely manner To review allotment of shares to the employees of the Bank on exercise of stock options granted under the various Employees Stock Option Schemes. To oversee and review the performance of Registrar and Share Transfer Agents and recommend measures for improvements in the quality of investors services To review of adherence to the service standards adopted by the Registrar & Share Transfer Agent To review of measures taken for effective exercise of voting rights by shareholders. To review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company The Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders. To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable. The Committee to review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.
Composition	Members of Stakeholder relationship Committee of the Board during financial year under review are: <ol style="list-style-type: none"> Mr. Shankar Aggarwal, Chairperson Dr. Shalini Lal, Member Ms. Veena Hingarh, Member
Meetings	The committee held one (1) meeting during the year on 31 st March, 2022.

3.4 Customer Service Committee

Brief Terms of Reference/Roles and Responsibilities	<ol style="list-style-type: none"> To review and monitor comprehensive deposit policy, setting out the rights of the depositors in general and small depositors in particular, and other aspects as laid down in the guidelines of RBI. To have periodic interaction with the customer representatives invited at the Committee meeting and obtain feedback towards improvement in the quality of products and services rendered by the Bank. To review activities of Standing Committee of Customer Service, in accordance with the guidelines laid down by RBI. To review activities of Branch Level Customer Committee meetings, in accordance with the guidelines laid down by RBI. To review the status of settlement of claims in regard to deceased depositors. To monitor the quality of services rendered to the customers of the Bank. To review & monitor the product approval processes. To review & monitor Banking ombudsman awards passed by Banking Ombudsman relating to the Bank.
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Brief Terms of Reference/Roles and Responsibilities	<ol style="list-style-type: none"> To review & monitor the steps and remedial actions taken by the bank to reduce the customer complaints. To review & monitor the service delivery channels. To review & monitor the customer rights policy as mandated by Reserve Bank of India (RBI) To formulate, review & monitor Comprehensive Policies for customer satisfaction and conduct annual survey of Customer Satisfaction. To review the feedback obtained from the periodically Audit of Customer Services. To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced or directed by any statutory authority including any modification, or amendment as may be applicable. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. <p>Besides, the Committee could also examine any other issues having a bearing on the quality of customer service rendered.</p>
Composition	Members of Customer Service Committee of the Board during financial year under review are: <ol style="list-style-type: none"> Ms. Arundhati Mech, Chairperson Mr. Sudhakar Agarwal, Member Ms. Veena Hingarh, Member
Meetings	The committee held three (3) meetings during the year on 2 nd August, 2021, 4 th September, 2021, 20 th November, 2021 and 1 st February, 2022.

3.5 Wilful Defaulter Review Committee

Brief Terms of Reference/Roles and Responsibilities	<ol style="list-style-type: none"> To review and confirm the order of Wilful Defaulters Identification committee. Monitor that the borrower is given necessary opportunity to put forth their cases before classifying them under wilful defaulters. Review the wilful defaulter's status of the Bank in a periodic manner and highlight unfavourable trends Monitor the progress of the agreed action plans in coordination with collection & Recovery department and suggest remedial actions for unresolved issues and unattended actions
Composition	Members of Wilful Defaulter Review Committee of the Board during financial year under review are: <ol style="list-style-type: none"> Mr. Arun Kumar Gupta, Chairperson Mr. Arundhati Mech, Member Mr. Suveer Kumar Gupta, Member* Mr. Anshul Swami, Member** <p><i>*Was a member of the Committee till 25th April, 2022.</i> <i>**Inducted into the Committee in the Board Meeting held on 26th April, 2022.</i></p>
Meetings	The committee held one (1) meeting during the year on 20 th November, 2021.

3.6 Risk Management Committee

Brief Terms of Reference/Roles and Responsibilities
1. To review the status of risk management in the Bank in pursuance of the objectives of the risk strategy of the Bank and in terms of the notifications/guidelines issued by RBI or any other regulators and as assigned by the Board, from time to time.
2. To oversee, and advise to the Board, on: <ol style="list-style-type: none"> defining risk appetite, tolerance thereof and review the same, as appropriate. the systems of risk management framework, internal control and compliance to identify, measure, aggregate, control and report key risks. the alignment of business strategy with the Board's risk appetite. the maintenance and development of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact on the whole organisation of their actions and decisions.
3. To advise the Board on all risk matters.
4. To review the effectiveness of the Bank's internal control and risk management framework, in relation to its core strategic objectives, and to seek such assurance as may be appropriate.
5. To review the asset liability management (ALM) of the Bank on a regular basis.
6. To consider any major regulatory issues that may have a bearing on the risk profile and risk appetite of the Bank.
7. To provide to the Board such additional assurance as it may require regarding the quality of risk information submitted to it.
8. To approve the strategy and policies of the Bank and to ensure well integrated enterprise risk management in the Bank.
9. To review risk return profile of the Bank, capital adequacy based on the risk profile of the Bank's balance sheet, Basel-II implementation, assessment of Pillar II risk under Internal Capital Adequacy Assessment Process (ICAAP), business continuity plan and disaster recovery plan, key risk indicators and significant risk exposures;
10. To exercise oversight over the risk management function of the Bank as under:
11. To review regular risk management reports from management which enable the Committee to assess the risks involved in the Bank's business and how they are controlled and monitored, and to give clear focus to current and forward-looking aspects of risk exposure.
12. To ensure that processes and infrastructure (including staffing, people, systems, operations, limits and controls) satisfy Bank's policies on risks.
13. To review and approve market risk limits, including triggers or stop-losses for traded and accrual portfolios.
14. To ensure certification of financial models – through appointment of qualified and competent staff and the effectiveness of all systems used to calculate market risk.
15. To reinforce the culture and awareness of risk management throughout the organisation.
16. To provide guidance and inputs to the Board and the Management on the hiring and reporting structure of the Chief Risk Officer of the Bank.
17. To carry out any additional specific functions that may be laid down by RBI or other regulators from time to time, including oversight over funding and liquidity management.
18. Delegation of authority to the operating teams, operational risk capital methodology etc.

Brief Terms of Reference/Roles and Responsibilities
19. To review of the Potential Risks to Credit Portfolio, accentuated level of credit risk and rating migration.
20. To review Stress Testing Results.
21. To review Back- Testing Report.
22. To review the product approval process.
23. To review the Country Risk exposures.
24. To review the Risk Management Plan with respect to Cyber Security and monitor the implementation of the measures recommended by the IT Strategy & Information System Security Committee of Directors of the Bank, to mitigate any risk arising therefrom.
25. Framing of policies and strategies for integrated risk management, through putting in place policies and strategies involving specific risks or risk categories.
26. Review and approves the Industry/Sector/Group wise exposure limits.
27. To assess the internal and external risks, risks associated with systems, processes, individual platforms adopted by the Bank, from time to time.
28. To review the legal risks that may arise out of operational risks.

Composition Members of Risk Management Committee of the Board during financial year under review are:

- Mr. N K Murthy, Chairperson
- Mr. Arundhati Mech, Member
- Ms. Veena Hingarh, Member

Meetings The committee held three (3) meetings during the year on 2nd August, 2021, 20th November, 2021 and 5th February, 2022.

3.7 Special Committee for monitoring of Large Value frauds

Brief Terms of Reference/Roles and Responsibilities
1. Identify the systemic lacunae, if any that facilitated perpetration of the fraud and put in place measures to plug the same.
2. Identify the reasons for delay, in detection, if any, and reporting to top management of the Bank and RBI.
3. Monitor progress of CBI/Police investigation and recovery position.
4. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;
5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls.
6. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.
7. Monitor and review Red Flag Accounts as and when they are classified as per the guidelines prescribed by the RBI.
8. To monitor the progress of mitigating steps taken by the Bank in case of electronic frauds and
9. The efficacy of the same in containing fraud numbers and values.
10. To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable.

Composition	Members of Special Committee for monitoring of Large Value frauds of the Board during financial year under review are: <ol style="list-style-type: none"> 1. Mr. Arun Kumar Gupta, Chairperson 2. Ms. Arundhati Mech, Member 3. Mr. N K Murthy, Member 4. Mr. Sudhakar Agarwal, Member 5. Mr. Suveer Kumar Gupta, Member* 6. Mr. Anshul Swami, Member** <p><i>**Was a member of the Committee till 25th April, 2022.</i> <i>**Inducted into the Committee in the Board Meeting held on 26th April, 2022.</i></p>
Meetings	The committee held one (1) meeting during the year on 31 st March, 2022.

3.8 IT Strategy and Information Systems Security Committee

Brief Terms of Reference/Roles and Responsibilities	<ol style="list-style-type: none"> 1. Annually review and approve IT strategy, policy documents/agreements of the Bank, taking into account the changes to the Banks business plans and IT environment and recommend the same for the approval of the Board. 2. Ensuring that management has an effective IT strategic planning process in place. 3. Reviewing and ratifying that the business strategy is aligned with the IT strategy of the Bank. 4. Ensuring that the IT organizational structure serves the business requirements of the Bank and its direction. 5. Exercise oversight over implementation of processes and practices so as to ensure that IT delivers value to the businesses of the Bank. 6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources. 7. Ensuring proper balance of IT investments for sustaining Bank's growth. 8. Assess exposure to IT risks and its controls and evaluating effectiveness of management in monitoring of such IT risks. 9. Assessing senior management's performance in implementing IT strategies. 10. Reviewing high level guidance of policy matters relating to IT viz. related to risk, funding or sourcing of tasks. 11. Assessing if IT architecture has been designed to derive maximum business value from IT. 12. Reviewing IT performance measurement and contribution of the IT Department to the businesses of the Bank i.e. delivering the promised value; 13. To approve capital and revenue expenditure in respect of IT procurements. 14. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
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Brief Terms of Reference/Roles and Responsibilities	<ol style="list-style-type: none"> 15. Overseeing the aggregate funding of IT at a bank-level and ascertaining if the management has resources to ensure the proper management of IT risks. 16. Review the activities of the IT Steering Committee of the Bank. 17. Review the IT/ Cyber Security Policy of the Bank and guide the management in implementing appropriate information security management measures/ practices taking into account the business needs of the Bank. 18. Reviewing strategy for addressing cyber security risks and review of related issues. 19. Review IT related frauds, if any. 20. Review the Risk Management Policy of the Bank, with respect to Cyber Security posture of the Bank and recommend measures to mitigate any risk arising therefrom. 21. Reporting of IT & Cyber Security Incidents. 22. Review the effectiveness and efficiency of information security arrangements and recommend areas for improvement. 23. Exercise oversight to ensure effective functioning of the IT Operations of the Bank. 24. Review the governance mechanism relating to outsourced processes, 25. Review the Business Continuity Plan (BCP)/Disaster Recovery (DR) Plan of the Bank and exercise oversight over the efficacy of the BCP/DR process adopted by the Bank and recommend measures for its improvement. 26. To review such other matters as may be required under applicable laws, rules, regulations and guidelines issued by the Reserve Bank of India or any other statutory/ regulatory authority, from time to time.
Composition	Members of IT Strategy and Information Systems Security Committee of the Board during financial year under review are: <ol style="list-style-type: none"> 1. Mr. Shankar Aggarwal, Chairperson 2. Ms. Veena Hingarh, Member 3. Ms. Arundhati Mech, Member 4. Mr. Ankit Khare, CTO, Permanent Invitee 5. Mr. Mohit Gautam, CISO, Permanent Invitee
Meetings	The committee held two (2) meeting during the year on 20 th November, 2022 and 5 th February, 2022.

4. MEETING OF INDEPENDENT DIRECTORS

During FY 2021-22, the Independent Directors of the Bank met on 31st March 2022, without the presence of Executive Directors and other members of Management.

During these meeting, the Independent Directors discussed and advised to conduct the Board Performance Evaluation in the next financial year.

5. OTHER FUNCTIONAL COMMITTEES OF THE BANK

Apart from the above, the Board has constituted various other Board Delegated committee with specific terms of reference as it may deem fit from time to time.

Details regarding members along with their designation, frequency of meeting, Number of meetings held during financial year under review are presented hereunder:

Sr. No.	Name of Executive Committee	Composition	Frequency of the meeting	No. of meetings held during 2021-22
1.	Executive Committee	Managing Director & Chief Executive Officer, Chairman Deputy Managing Director Chief Strategy Officer Chief Financial Officer Chief Operating Officer	Monthly or as and when required	28
2.	Asset Liability Management Committee	Managing Director & Chief Executive Officer, Chairman Deputy Managing Director Chief Financial Officer Chief Operating Officer Chief Risk Officer Chief Compliance Officer Head - Operations Head - Credit Head - Treasury Chief Technology Officer	Monthly or as and when required	12
3.	Investment Committee	Managing Director & Chief Executive Officer, Chairman Deputy Managing Director Chief Financial Officer Chief Operating Officer Chief Risk Officer Chief Compliance Officer Head - Treasury Manager - Treasury	Monthly or as and when required	12
4.	KYC & AML Committee	Managing Director & Chief Executive Officer, Chairman Deputy Managing Director Chief Financial Officer Chief Operating Office Chief Risk Officer Chief Compliance Officer Head - Operations Chief Technology Officer	Quarterly or as and when required	3
5.	Purchase Committee	Managing Director & Chief Executive Officer, Chairman Deputy Managing Director Chief Operating Officer Chief Financial Officer Chief Risk Officer Chief Technology Officer Head - Finance Head - Administration	Monthly or as and when required	29

Sr. No.	Name of Executive Committee	Composition	Frequency of the meeting	No. of meetings held during 2021-22
6.	Risk Management Committee	Managing Director & Chief Executive Officer, Chairman Deputy Managing Director Chief Financial Officer Chief Operating Office Chief Risk Officer Chief Compliance Officer Chief Technology Officer Head - Operations Head-Credit Head-Treasury	Monthly or as and when required	12
7.	Products Approval Committee	Business Head of the product to be approved as Head of the Committee Deputy Managing Director Chief Risk Officer Chief Information Security Officer Chief Compliance Officer Chief Technology Officer Head - Business Development Head-Credit Head-Operations	Quarterly or as and when required	2
10.	Identification of Wilful Defaulter Committee	Managing Director & Chief Executive Officer, Chairman Deputy Managing Director Chief Financial Officer Chief Risk Officer Chief Compliance Officer Head - Recovery Chief Technology Officer Head-Credit	Quarterly or as and when required	1
11.	IT Steering Committee	Managing Director & Chief Executive Officer, Chairman Deputy Managing Director Chief Financial Officer Chief Operating Officer Chief Information Security Officer Chief Risk Officer Chief Compliance Officer	Quarterly or as and when required	1

6. DIRECTORS' REMUNERATION CRITERIA

Remunerations of Executive Directors

On recommendation of Nomination and Remuneration Committee, the Board of the Bank approves to pay remuneration to executive directors subject to shareholder's and RBI approval. The said remuneration is governed by the employment agreement executed between the Bank and executive directors.

The remuneration including fixed pay and variable pay of Managing Director & CEO of the Bank is as per the terms of approval of RBI for the year ended March 31st 2022 are as follows:

Details of Remuneration/Compensation of Managing Director and Chief Executive Officer

Sr. No.	Particulars	Amount (INR)
1.	Fixed Pay (including perquisites)	40,00,000/-
2.	Variable Pay (Cash and non-cash components)	20,00,000/-
Total Compensation (Fixed Pay + Variable Pay)		60,00,000/-

Remuneration of Non-Executive Directors

All the Independent Directors and Non-Executive Directors of the Bank were paid sitting fees of ₹ 35,000/- for every meeting of the Board and ₹ 30,000/- for every committee meeting attended by them.

The Independent Directors of the Company are not eligible for stock options. The Directors are not paid/ entitled to any remuneration except as disclosed in this Report. There is no pecuniary relationship or transaction between the Company and the Non-Executive/ Independent Directors. Apart from sitting fee, no other remuneration payable to Independent/Non-Executive Directors.

During the Financial Year ended 31st March 2022, the Independent/Non-Executive Directors have been paid sitting fees for attending the Board & Committee meetings, the details of which are provided below:

Sr. No.	Name of Director	Sitting Fees (Amount in INR)
1.	Mr. Shankar Aggarwal	7,95,000 /-
2.	Mr. N K Murthy	9,45,000/-
3.	Ms. Arundhati Mech	5,75,000/-
4.	Ms. Veena Hingarh	5,35,000/-
5.	Ms. Shalini Lal	3,20,000/-
6.	Mr. Arun Kumar Gupta	2,95,000/-

7. ANNUAL GENERAL BODY MEETINGS:

A. Location and time of last Annual General Meetings (AGMs) and number of special resolutions passed thereat:

Sr. No.	Year	Particular of Meeting	Date & Time	Location	Special Resolutions passed if any
1.	2020-21	1 st Annual General meeting	30 th September, 2021	Appointment of Mr. Suveer Kumar Gupta (DIN: 02112717) as Managing Director of the Company and approval of terms and conditions thereof.	<ol style="list-style-type: none"> Appointment of Mr. Suveer Kumar Gupta (DIN: 02112717) as Managing Director of the Company and approval of terms and conditions thereof. Alteration in article of association of the company to enable to issue stock options/ share warrants. Approval of "Employee stock option Scheme (ESOP) 2021" Issuance of fully convertible warrants on preferential/private placement basis. Issuance of compulsory convertible preference shares (CCPS) on preferential/private placement basis. Approval of Shareholders Manual

8. GENERAL SHAREHOLDERS INFORMATION:

A. Location and time of last Annual General Meetings (AGMs) and number of special resolutions passed thereat:

1.	Date of Incorporation	12 th July 2020
2.	Corporate Identification Number	U65900DL2020PLC366027
3.	Address of correspondence and contact in detail	6 th Floor, Tower-3, India Glycols Building Plot no. 2B, Sector 126 Noida 201304 UP IN
4.	Name of Depositories	National Securities Depository Limited (NSDL) Central Depository Services (India) Limited (CDSL)
5.	Registrar and share Transfer Agent	KFIN Technologies Limited (Formerly known as KFIN Technologies Private Limited) Reg. Office: Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032. Contact Number: +91-40-67162222/7961 100 Email: reachus@kfintech.com
6.	1 st Annual General Meeting	Date & Time: 30 th September, 2021 (Thursday), Venue: Through Video Conferencing ("VC") and other audio-visual means ("OAVM")
7.	Financial Year	The Bank follows the financial year starting from 1 st April to 31 st March, every year.

9. INVESTOR GRIEVANCE REDRESSAL

The Bank has appointed 'Kfintec Limited' as the RTA of the Bank to carry out the share transfer and other work associated thereto. Kfintec Limited has appropriate systems to ensure that requisite service is provided to investors of the Bank in accordance with the corporate, securities and other applicable laws and within the adopted service standards. The Stakeholder Relationship Committee review/evaluate the performance of RTA on yearly basis.

For any assistance, request or instruction regarding transfer or transmission of securities, dematerialisation of securities, change of address, non-receipt of annual report, dividend warrant and any other query relating to the securities of the Bank, investors may contact the RTA, Kfintec Limited at reachus@kfintech.com. For any escalations, shareholders may write to the Bank at investorrelations@shivalikBank.com. The addresses and contact details of the RTA are provided in the General Shareholder Information section of the Corporate Governance Report. During the year, the Bank had not received any complaint from the shareholder/debenture holder. There were no investor complaints pending as at 31st March 2022.

10. RELATED PARTY TRANSACTION

There were no materially significant transactions with related parties including promoters, directors, or relatives of the Directors during the financial year under review which could lead to a potential conflict with the interest between the Bank and these parties. There were no material individual transactions with related parties, which were not in the ordinary course of business of the Bank, nor were there any

transactions with related parties, which were not on arm's length basis. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Board of Directors has formulated a policy on materiality of Related Party Transactions. The Policy on Related Party Transactions is available on the website as https://shivalikbank.com/regulatory_section.php.

11. DETAILS IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Bank has zero tolerance towards sexual harassment at the workplace and has adopted a Prevention and Redressal of Sexual Harassment Policy in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Bank believes that all employees, including other individuals who are dealing with the bank have the right to be treated with dignity. During FY 2021- 22, 1 complaint was received under the policy during the year. Management has taken cognizance of the report submitted by Internal Complaint Committee and has initiated action as appropriate.

The Anti Sexual Harassment policy have been disclosed on the website https://shivalikbank.com/regulatory_section.php.

12. FAIR PRACTICES CODE

The Bank has adopted the Fair Practices Code pursuant to the RBI guidelines issued in this regard, which is placed on the Bank's website and displayed at all Branches of the Bank.

13. REGULAR UPDATES

The Bank keeps the Board and stakeholders updated on the happenings of the Bank and all events and happenings of importance in the sector.

14. WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Bank has adopted an internal Code of Ethics & Business Conduct, which lays down the principles and standards that govern the actions of the Bank and its employees. Any actual or potential violation of the Code, howsoever insignificant or perceived as such, would be a matter of serious concern for the Bank. The role of employees in pointing out such violations of the Code cannot be undermined.

The Bank is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Bank encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment in line with the stated Whistle Blower Policy.

During financial year under review, the Bank has not received any complaints in respect of the aforesaid.

The Whistle Blower Policy & Vigil Mechanism have been disclosed on the website https://shivalikbank.com/regulatory_section.php.

15. CODE OF CONDUCT

The Board has adopted the Code of Conduct & Ethics for all the employees of the Bank. Code of Conduct and Ethics is a statement of the Bank's commitment to integrity and the highest standards of ethical practices. It defines the standards of conduct that is expected from all employees in order that the right decisions are taken in performing roles and responsibilities across various functions in the Bank.

The Code is intended to be the charter for day-to-day work to enable employees to make the right decisions and, therefore, serves to:

- i. underline the fundamental commitment to compliance with regulatory guidelines and laws of the land.
- ii. set forth basic parameters of ethical behaviour.
- iii. establish a system for detection and reporting of known or suspected ethical or violations of regulation.

For and on Behalf of
SHIVALIK SMALL FINANCE BANK LIMITED

(Anshul Swami)
MD & CEO
DIN: 09446950

FINANCIAL SECTION

Independent Auditor's Report

To the Members of
Shivalik Small Finance Bank Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Shivalik Small Finance Bank Limited ("the Bank"), which comprise the Balance Sheet as at 31 March, 2022, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by Banking Regulation Act, 1949 and the Companies Act, 2013 ("the Act") in the manner so required for the banking companies and give a true and fair view in conformity with the Accounting Standards prescribed under Section 133 of the Act read with the Companies (Accounting Standards) Rules 2021 and other accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March, 2022, and its profit, and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

EMPHASIS OF MATTER

We draw attention to note No. 18.16(i) of the Schedule 18 to the Financial Statements, which describes the uncertainties due to outbreak of novel corona virus (COVID 19) and the management's assessment of its impact on the business operations of the Bank.

Our opinion is not modified in respect of this matter.

INFORMATION OTHER THAN FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Bank's Board of Directors is responsible for the other information. The other information comprises Director's Report and Corporate

Governance report but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report is expected to be made available to us after this date.

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THE BOARD OF DIRECTORS FOR THE FINANCIAL STATEMENT

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act read with the Companies (Accounts) Rules, 2021 in so far as they apply to the Bank and the circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time (the 'RBI Guidelines').

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act and RBI Guidelines for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we

conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 and Accounting Standards specified under section 133 of the Act, and relevant rules issued thereunder.
2. As required sub section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - (a) We have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory.
 - (b) The transactions of the Bank, which have come to our notice during the course of our audit, have been within the powers of the Bank; and
 - (c) The financial accounting systems of the Bank are centralised. The audit is carried out centrally as all the necessary records and data required for the purpose of our audit are made available therein. We performed procedures necessary for the purpose of our audit and test of controls at branches by inspection of documents obtained from branches. We have also visited (physically and virtually) 38 branches as part of our audit.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, and rules framed thereunder to the extent they are not inconsistent with the accounting guidelines prescribed by RBI.
- (e) On the basis of the written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"** to this report.
- (g) In our opinion, the entity being a banking company, the remuneration to the whole-time director during the year ended March 31, 2022, has been paid by the Bank in accordance with the provisions of Section 35B (1) of the Banking Regulation Act, 1949;
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Bank has disclosed the impact of pending litigations on its financial position in its financial statements. Refer note 18.16(e) of schedule 18 to the financial statements.
 - (ii) The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There was no amount required to be transferred to the Investor Education and Protection Fund by the Bank during the year ended March 31, 2022;

- (iv) 1. The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons / entities, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary has, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
2. The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Bank from any persons / entities, including foreign entities, that the Bank has directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
3. Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the Management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the Management under sub-clause (1) and (2) contain any material misstatement; and
- (v) The Bank has not paid or proposed any dividend during the year.

For **S.N. Dhawan & Co LLP**
Chartered Accountants
Firm Registration No.: 000050N/N500045

Vinesh Jain
Partner
Place: Delhi Membership No.: 087701
Date: 06 August 2022 UDIN No.: 22087701AOLGSL7706

Annexure A to the Independent Auditor's Report of Even Date on the Financial Statements of Shivalik Small Finance Bank Limited

INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

To the Members of Shivalik Small Finance Bank

We have audited the internal financial controls over financial reporting of Shivalik Small Finance Bank Limited ("the Bank") as of 31 March 2022 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Bank's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS

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

OPINION

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.N. Dhawan & Co LLP**
Chartered Accountants
Firm's Registration No.: 000050N/N500045

Vinesh Jain
Partner
Membership No.: 087701
UDIN No.: 22087701AOLGSL7706
Place: Delhi
Date: 06 August 2022

Balance Sheet

As on 31 March, 2022

(Amounts in INR thousands, unless otherwise stated)

Particulars	Schedule No.	As at March 31, 2022	As at March 31, 2022
Capital and Liabilities			
(1) Capital	1A	8,94,558	1,03,357
(2) Share warrants	1B	4,800	-
(3) Share application Money	1C	-	69,278
(4) Reserves and surplus	2	1,50,823	(6,610)
(5) Deposits	3	1,59,29,094	-
(6) Borrowings	4	16,77,678	11,389
(7) Other liabilities and provisions	5	2,43,251	51,557
Total		1,89,00,204	2,28,971
Assets			
(1) Cash and balances with Reserve Bank of India	6	9,57,224	7,118
(2) Balance with banks and money at call and short notice	7	18,12,329	2,15,700
(3) Investments	8	42,51,080	-
(4) Advances	9	1,10,86,036	-
(5) Fixed assets	10	4,14,866	-
(6) Other assets	11	3,78,669	6,153
Total		1,89,00,204	2,28,971
Contingent liabilities	12	41,498	-
Bills for collection		-	-
Significant accounting policies and notes forming part of the financial statements	17-18		

The schedules referred to above form an integral part of the balance sheet. The balance sheet has been prepared in conformity with Form A to the third schedule of the Banking Regulation Act, 1949.

As per our report of even date

For and on behalf of the Board of Directors of

For S. N. Dhawan & CO LLP

Chartered Accountants

Firm Registration No: 000050N/N500045

Shivalik Small Finance Bank Limited

Vinesh Jain

Partner
Membership No.: 087701
Place: Delhi
Date: 06 August,2022

Shankar Aggarwal

Director
DIN:02116442
Place: Delhi
Date: 06 August,2022

Anshul Swami

Managing Director and CEO
DIN:09446950
Place: Delhi
Date: 06 August,2022

Gaurav Seth

Chief Financial Officer
Membership No: 503517
Place: Delhi
Date: 06 August,2022

Shruti Pandey

Company Secretary
Membership No. : 34796
Place: Delhi
Date: 06 August,2022

Profit and Loss Account

For the year ended on 31 March, 2022

(Amounts in INR thousands, unless otherwise stated)

Particulars	Schedule No.	Year ended on 31 March, 2022	Period from 12 July, 2020 to 31 March, 2021
I. Income			
Interest earned	13	13,08,605	2,094
Other income	14	1,51,832	-
Total		14,60,437	2,094
II. Expenditure			
Interest expended	15	7,50,343	-
Operating expenses	16	6,63,250	10,843
Provisions and contingencies	18.15(p)	39,432	(2,139)
Total		14,53,025	8,704
III. Profit/Loss			
Net profit/(loss) for the year/period		7,412	(6,610)
Profit/(loss) brought forward		(6,610)	-
Total		802	-6,610
IV. Appropriations			
Transfer to :			
Statutory reserves		1,853	-
Investment fluctuation reserve		5,559	-
Balance carried over to balance sheet		(6,610)	
Total		802	(6,610)
Earning Per Share (₹) (Basic)		0.090	(0.078)
(Nominal Value ₹ 10 per share)			
Earning Per Share (₹) (Diluted)		0.096	(0.078)
(Nominal Value ₹ 10 per share)			
Significant Accounting Policies	17		
Notes on Accounts	18		
The Schedules 1 to 18 form an integral part of the Accounts			

As per our report of even date

For and on behalf of the Board of Directors of

For S. N. Dhawan & CO LLP

Chartered Accountants

Firm Registration No: 000050N/N500045

Shivalik Small Finance Bank Limited

Vinesh Jain

Partner
Membership No.: 087701
Place: Delhi
Date: 06 August,2022

Shankar Aggarwal

Director
DIN:02116442
Place: Delhi
Date: 06 August,2022

Anshul Swami

Managing Director and CEO
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Chief Financial Officer
Membership No: 503517
Place: Delhi
Date: 06 August,2022

Shruti Pandey

Company Secretary
Membership No. : 34796
Place: Delhi
Date: 06 August,2022

Cash Flow Statement

For the year ended on 31 March, 2022

(Amounts in INR thousands, unless otherwise stated)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
A CASH FLOWS FROM OPERATING ACTIVITIES		
(I) Net profit/(loss) before tax	7,412	(6,610)
(II) Adjustments for:		
Depreciation on fixed assets	52,992	-
Amortization of premium on investments (held to maturity)	2,266	-
Provision for non performing assets	32,000	-
Provision for standard assets	8,250	-
Provisions written back	1,614	-
Loss on sale of fixed assets	899	-
Operating profit before changes in operating assets and liabilities	1,05,433	(6,610)
(III) Adjustments for net change in operating assets and liabilities:		
Increase in investments (other than HTM)	(10,93,031)	-
Increase in advances	(32,57,010)	(1,486)
Increase in Deposits	37,56,271	-
Increase in other assets	(70,381)	(2,528)
Decrease other liabilities and provisions	(1,68,577)	52,223
Cash generated from operations	(7,27,295)	41,599
Direct taxes paid (net of refund)	(28,573)	(2,139)
Net cash used in operating activities (A)	(7,55,868)	39,460
B CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of fixed assets	(1,61,269)	-
Proceeds from sale of fixed assets	250	-
Investments in HTM securities (Net)	(3,25,542)	-
Bank Deposits made having original maturity of more than three months	-	-
Net cash used in investing activities (B)	(4,86,561)	-
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share application money	-	69,278
Proceeds from issue of share warrants	4,800	-
Proceeds from Issue of Share Capital	7,16,923	1,03,357
Proceeds from Issue of Preference shares	5,000	-
Proceeds from borrowings	4,41,753	-
Share premium received	7,000	-
Share issue expenses	(4,721)	-
Proceeds from debentures issued during the year	7,97,936	10,723
Net cash flow from financing activities (C)	19,68,691	1,83,358

Cash Flow Statement

For the year ended on 31 March, 2022

(Amounts in INR thousands, unless otherwise stated)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
Net increase in cash and cash equivalents (A)+(B)+(C)	7,26,262	2,22,818
Cash and cash equivalents at the beginning of the year	2,22,818	-
Cash and cash equivalents at acquisition of business (see note 18.2)	18,20,473	-
Cash and cash equivalents at the end of the year	27,69,553	2,22,818
Cash and cash equivalent comprises :		
Cash and balances with Reserve Bank of India	9,57,224	7,118
Balance with banks and money at call and short notice	18,12,329	2,15,700
	27,69,553	2,22,818

Notes:

- The above cash flow Statement has been prepared under the indirect method as set out in accounting standard 3 on cash flow statements specified under Section 133 of the companies act, 2013 read with rule 7 of the companies (accounts) rules, 2014 and the companies (accounting standards) amendment rules, 2021.
- Asset and liabilities acquired on acquisition of business (Note 18.2) are non cash items, accordingly excluded from cash inflow/outflow.

As per our report of even date

For S. N. Dhawan & CO LLP
Chartered Accountants
Firm Registration No: 000050N/N500045

Vinesh Jain
Partner
Membership No.: 087701
Place: Delhi
Date: 06 August,2022

For and on behalf of the Board of Directors of

Shivalik Small Finance Bank Limited

Shankar Aggarwal
Director
DIN:02116442
Place: Delhi
Date: 06 August,2022

Gaurav Seth
Chief Financial Officer
Membership No: 503517
Place: Delhi
Date: 06 August,2022

Anshul Swami
Managing Director and CEO
DIN:09446950
Place: Delhi
Date: 06 August,2022

Shruti Pandey
Company Secretary
Membership No. : 34796
Place: Delhi
Date: 06 August,2022

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

SCHEDULE 1A: CAPITAL

Particulars	As at March 31, 2022	As at March 31, 2021
I Authorised Capital	14,00,000	11,00,000
Equity Shares 14,00,00,000 shares of ₹ 10 each (previous year 11,00,00,000 shares of ₹ 10.00 each)		
Preference Shares 2,00,00,000 Shares of ₹ 10 each (previous year :Nil)	2,00,000	-
	16,00,000	11,00,000
II Issued Capital		
Equity Shares 9,37,54,979 shares of ₹ 10 each (previous year 8,52,89,790 shares of ₹ 10 each)	9,37,550	8,52,898
Preference Shares 1,00,00,000 Shares of ₹ 10 each (previous year: Nil)	1,00,000	-
	10,37,550	8,52,898
III Subscribed Capital		
Equity Shares 8,89,55,820 shares of ₹ 10 each (previous year 8,52,89,790 shares of ₹ 10 each)	8,89,558	8,52,898
Preference Shares 1,00,00,000 Shares of ₹10 each (previous year: Nil)	1,00,000	-
	9,89,558	8,52,898
IV Subscribed and Fully Paid-up Share Capital		
Equity Shares 8,89,55,820 shares of ₹ 10 each* (previous year 20,07,500 shares of ₹ 10 each)	8,89,558	20,075
	8,89,558	20,075
V Subscribed but not Fully Paid-up Share Capital		
Equity Shares: Nil (previous year 8,32,82,290 shares of ₹ 1 paid-up)	-	83,282
Preference Shares 1,00,00,000 Shares of ₹0.5 paid-up (previous year: Nil)	5,000	-
	5,000	83,282
Total Equity (IV+V)	8,94,558	1,03,357

*The bank has not issued any shares in other than cash during the year.

SCHEDULE 1B: SHARE WARRANTS

Particulars	As at March 31, 2022	As at March 31, 2021
I Share warrants authorised for issue		
60,00,000 warrants of ₹ 10 each (previous year: Nil)	60,000	-
	60,000	-
II Share warrants issued and paid-up		
Share warrants 40,00,000 warrants ₹ 1.20 paid-up (previous year: Nil)	4,800	-
	4,800	-

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

SCHEDULE 1C: SHARE APPLICATION MONEY

Particulars	As at March 31, 2022	As at March 31, 2021
I Share application money pending allotment (see note below)	-	69,278
	-	69,278

As per resolution passed by shareholders in General Meeting held on 1 October 2020, the bank has allotted 8,10,59,790 Equity Shares and 22,22,500 Equity Shares on 16 December 2021 and 19 March 2021 respectively on paid-up value of ₹1 per share. As at March 2021, an amount of ₹ 69,278 thousand were lying as share application money as some of the shareholders voluntarily paid money in excess of ₹1/- per share.

SCHEDULE-2: RESERVES AND SURPLUS

Particulars	As at March 31, 2022	As at March 31, 2021
I. Statutory Reserves		
Opening Balance	-	-
Acquisition of Reserve on acquisition of Business (see note 18.2)	1,45,042	-
Additions during the year under the Banking Regulation Act, 1949	1,853	-
Deductions during the year	-	-
Sub-Total	1,46,895	-
II. Share Premium		
Opening Balance	-	-
Additions during the year	7,000	-
Share-Issue expenses	4,721	-
Sub-Total	2,279	-
III. Investment Fluctuation Fund		
Opening Balance	-	-
Acquisition of Reserve on acquisition of Business (see note 18.2)	2,700	-
Additions during the year	5,559	-
Deductions during the year	-	-
Sub-Total	8,259	-
IV. Balance in Profit and Loss Account	(6,610)	(6,610)
Total (I, II, III and IV)	1,50,823	(6,610)

Description of the nature and purpose Reserves and Surplus

Statutory Reserves

The Bank has made an appropriation of ₹ 1,853 thousand out of profits for the year ended March 31, 2022 to the Statutory Reserve pursuant to the requirements of Section 17 of the Banking Regulation Act, 1949 and RBI guidelines dated 23 September, 2000.

Share Premium

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised only for limited purpose such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

Investment Fluctuation Reserve

Bank has to create an Investment Fluctuation Reserve until the amount in the IFR is at least 2% of the HFT and AFS portfolio on accounting basis

The Bank has to transfer lower of the following into Investment Fluctuation Reserve Account :-

- Net Profit on the Sale of the investment during the year
- Net Profit for the year less mandatory appropriation

During the year the Bank has earned a profit of ₹ 7,412 thousand where as the balance profit after the appropriation during the year is ₹ 5,559 thousand. As per the Circular the Bank has transferred the lower of the aforementioned amount into the Investment Fluctuation Reserve

SCHEDULE-3: DEPOSITS

Particulars	As at March 31, 2022	As at March 31, 2021
A.I. Demand deposits		
(i) From banks	134	-
(ii) From others	8,81,027	-
Sub-Total	8,81,161	
II. Savings bank deposits	37,74,104	
III. Term deposits		
(i) From banks	14,64,578	-
(ii) From others	98,09,251	-
Sub-Total	1,12,73,829	
Total(I+II+III)	1,59,29,094	
B.I Deposits of branches in India	1,59,29,094	-
B.II Deposits of branches outside India	-	-
Total	1,59,29,094	

SCHEDULE-4 : BORROWINGS

Particulars	As at March 31, 2022	As at March 31, 2021
I. Borrowings in India		
(i) Secured *		
(a) Reserve Bank of India	4,41,753	-
(b) Other banks	-	-
Total secured borrowings	4,41,753	
(ii) Unsecured		
(a) Other institutions and agencies*	12,35,925	11,389
Total Unsecured Borrowings	12,35,925	11,389
Sub-Total (secured and unsecured)	16,77,678	11,389
II. Borrowings outside India		
Total (I and II)	16,77,678	11,389

* (Includes Refinance) other than CBLO, Tri-Party Repo, and LAF borrowings.

*Includes long term deposits from individuals amounting to ₹76,400 thousand and Refinance taken from Nabard amounting to ₹ 8,27,900 thousands.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

SCHEDULE-5 : OTHER LIABILITIES AND PROVISIONS

Particulars	As at March 31, 2022	As at March 31, 2021
I Bills payable	37,305	-
II Inter-office adjustment (net)	-	-
III Interest accrued ¹	62,808	-
IV Others (including provisions) ²	1,43,138	51,557
TOTAL	2,43,251	51,557

- Interest accrued on deposits is due to the frequency of payment of interest not being aligned as per the calendar quarter
- Includes ₹1,586 thousand payable to Shivalik Mercantile Co-operative Bank shareholders as a refund on account of business acquisition

SCHEDULE 6 : CASH AND BALANCES WITH RESERVE BANK OF INDIA

Particulars	As at March 31, 2022	As at March 31, 2021
I. Cash in hand (including foreign currency notes)	2,60,905	-
II. Balances with Reserve Bank of India		
a. in current account	6,16,319	7,118
b. in other accounts-reverse repo	80,000	-
Total (I and II)	9,57,224	7,118

SCHEDULE 7 : BALANCE WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

Particulars	As at March 31, 2022	As at March 31, 2021
I. In India		
(i) Balances with banks		
(a) In current accounts	76,033	-
(b) In other deposit accounts	16,36,296	2,15,700
Total Balances with banks	17,12,329	2,15,700
(ii) Money at call and short notice		
(a) with banks	1,00,000	-
(b) with other institutions	-	-
Money at call and short notice	1,00,000	
Sub-Total	18,12,329	2,15,700
II. Outside India		
(i) Balances with banks		
(a) In current accounts	-	-
(b) In other deposit accounts	-	-
Total Balances with banks		
(ii) Money at call and short notice		
Total Money at call and short notice	-	-
Sub-Total		
Grand Total (I and II)	18,12,329	2,15,700

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

SCHEDULE 8 : INVESTMENTS

Particulars	As at March 31, 2022	As at March 31, 2021
I. Investments in India (net of provision)		
(i) Government securities*	31,60,315	-
(ii) Others (Purchase of agriculture loan portfolio through securitization)	10,88,293	-
(iii) Debentures and bonds	2,472	-
Sub-Total	42,51,080	-
II. Investments outside India (net of provision)	-	-
Sub-Total	-	-
Grand Total (I and II)	42,51,080	-

*includes securities of ₹ 4,58,780 thousand pledged with RBI against SLTRO and REPO borrowings

SCHEDULE 9: ADVANCES

Particulars	As at March 31, 2022	As at March 31, 2021
A.		
(i) Bills purchased and discounted	-	-
(ii) Cash credits, overdrafts and loans repayable on demand	57,94,559	-
(iii) Term loans	52,91,477	-
Total	1,10,86,036	-
B.		
(i) Secured by tangible assets #	1,06,03,001	-
(ii) Covered by Bank/Government Guarantees	-	-
(iii) Unsecured	4,83,035	-
Total	1,10,86,036	-
C. (I) Advances in India		
(i) Priority Sectors	57,39,993	-
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	53,46,043	-
Total	1,10,86,036	-
C. (II) Advances outside India		
(i) Due from banks	-	-
(ii) Due from others	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
Total	-	-
Grand Total (C.I and II)	1,10,86,036	-

Secured by the tangible assets also includes advances secured against book debts.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

SCHEDULE 10 : FIXED ASSETS

Particulars	As at March 31, 2022	As at March 31, 2021
A. Tangible assets		
I. Premises		
At cost as on 31 st March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
Total	-	-
II. Other fixed assets (including furniture and fixtures)		
At cost as on 31 st March of the preceding year	-	-
Acquisition of Fixed assets on acquisition of Business (see note 18.2) "	4,77,854	-
Additions during the year	99,004	-
Deductions during the year	9,659	-
Depreciation to date	2,44,143	-
Total	3,23,056	-
III. Capital work-in progress		
Acquisition of Fixed assets on acquisition of Business of (see note 18.2)	29,548	-
Additions during the year	62,262	-
Deductions during the year	-	-
Depreciation to date	-	-
Total	91,810	-
Total (I,II and III)	4,14,866	-

SCHEDULE-11 : OTHER ASSETS

Particulars	As at March 31, 2022	As at March 31, 2021
I. Inter-office adjustments (net)	-	-
II. Interest accrued	2,17,963	-
III. Advance Tax (Net of Provision)	30,776	2,203
IV. Stationery and stamps	2,347	521
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Others*	1,27,583	3,429
Total	3,78,669	6,153

*Includes deferred tax asset amounting to 3,324 thousand

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

SCHEDULE-12 : CONTINGENT LIABILITIES

Particulars	As at March 31, 2022	As at March 31, 2021
I. Guarantees given on behalf of constituents	-	-
(a) In India	28,211	-
(b) Outside India	-	-
II. Other items for which the bank is contingently liable (DEAF)*	13,287	-
III. Bills for collection	-	-
Total	41,498	-

Refer note 18.10

SCHEDULE 13 : INTEREST EARNED

Particulars	Year ended on 31 March, 2022	Period from 12 July, 2020 to 31 March, 2021
I. Interest/discount on advances/bills	9,19,776	-
II. Income on investments	2,46,734	-
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1,40,120	2,094
IV. Others	1,975	-
V. Total	13,08,605	2,094

SCHEDULE 14 : OTHER INCOME

Particulars	Year ended on 31 March, 2022	Period from 12 July, 2020 to 31 March, 2021
I. Commission, exchange and brokerage	19,870	-
II. Profit on sale of investments	40,242	-
Less: Loss on sale of investments	-	-
III. Profit on revaluation of investments	-	-
IV. Profit on sale of land, buildings and other assets	51	-
Less: Loss on sale of land, buildings and other assets	(950)	-
V. Profit on exchange transactions	56	-
Less: Loss on exchange transactions	-	-
VI. Processing fees and Charges recovered	88,267	-
VII. Miscellaneous Income*	4,296	-
Total	1,51,832	-

*Miscellaneous income includes ₹ 3,880 thousand of locker rent and ₹ 416 thousand as UPI income.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

SCHEDULE 15 : INTEREST EXPENDED

Particulars	Year ended on 31 March, 2022	Period from 12 July, 2020 to 31 March, 2021
I. Interest on deposits	7,14,404	-
II. Interest on Reserve Bank of India/ Inter-bank borrowings	3,918	-
III. Others*	32,021	-
Total	7,50,343	-

*Includes ₹ 11,041 thousand of interest paid on refinance and ₹ 4,981 thousand as repo interest

SCHEDULE 16 : OPERATING EXPENSES

Particulars	Year ended on 31 March, 2022	Period from 12 July, 2020 to 31 March, 2021
I. Payments to and provisions for employees	2,88,208	-
II. Rent, taxes and lighting	52,596	-
III. Printing and stationery	4,041	-
IV. Advertisement and publicity	12,820	-
V. Depreciation on bank's property	52,992	-
VI. Director's fees, allowances and Expenses	3,777	-
VII. Auditors' fees and expenses (including branch auditors)	2,015	218
VIII. Law charges (including professional fees)	1,01,445	10,580
IX. Postages, Telegrams, Telephones, etc.	1,973	-
X. Repairs and maintenance (includes AMC)	27,290	-
XI. Insurance	23,339	-
XII. Other expenditure*	92,754	45
Total	6,63,250	10,843

*Includes professional fees, security, system management fees and others

Notes to the Financial Statements

For the year ended March 31, 2022

17 SIGNIFICANT ACCOUNTING POLICIES

17.1 Basis of Preparation

The financial statements are prepared under the historical cost convention, on accrual basis of accounting on going concern basis, unless otherwise stated and in conformity with statutory provisions and generally accepted accounting principles. They conform to Generally Accepted Accounting Principles (GAAP) in India, which comprise applicable statutory provisions, regulatory/ Reserve Bank of India (RBI) guidelines, Banking Regulation Act, 1949, the Companies (Accounting Standards) Rules, 2021, as amended/ Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI) and the practices prevalent in the banking industry in India.

17.2 Use of Estimates

The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from these estimates and will be adjusted in the accounts of the year in which they arise. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Any revisions to the accounting estimates are recognized prospectively.

17.3 Revenue Recognition

- Items of income and expenditure are generally accounted for on accrual basis except interest on overdue bills, insurance premium paid on Housing Loans and interest on tax refunds are accounted for on realisation/payment basis. Dividend is accounted when the right to receive the same is established.
- Income from non-performing assets is recognized to the extent realized, as per the extant instructions issued by Reserve Bank of India
- Income derecognized on classification of any advance account as NPA is recognized as income on subsequent actual realization and re-classification of asset as standard asset
- Interest on Government securities, debentures and other fixed income securities is recognized on a period proportional basis. Income on discounted instruments is recognized over the tenor of the instrument on a straight-line basis.

- (Amounts in INR thousands, unless otherwise stated)
- Any recovery against advances written off in earlier years is considered as income of the year in which the same is recovered.
 - Interest on overdue fixed deposits is provided at rate of interest applicable on savings account in accordance with the extant instructions of RBI.
 - Dividend on equity shares, preference shares and on mutual fund units is recognized as income when the right to receive the dividend is established.
 - Loan processing fee is recognized as income when due. Certain items of income such as Locker Rent, DD Commission and others are recognized on an as collected basis.

17.4 Investments

(i) Categories

In accordance with the extant instructions issued by Reserve Bank of India for the purpose of valuation of Investments, the Bank has classified its Investment portfolio into the following three categories:

- Held To Maturity (HTM): Investments intended to be held till maturity
- Held For Trading (HFT): Investments held for sale within 90 days from the date of acquisition
- Available For Sale (AFS): Investments not classified in the above two categories

(ii) Disclosure

The Investments have been disclosed in the Balance Sheet as under:

- Government Securities
- Other Approved Securities
- Shares
- Debentures and Bonds
- Subsidiaries / Joint Ventures
- Others

(iii) Valuation

1 Held to Maturity:

- Investments under "Held to Maturity" category are carried at acquisition cost or amortized cost if acquired at a premium over face value. Wherever the book value is higher than the face value / redemption value, the premium is amortized over the remaining period of maturity

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

- Investments in joint venture are valued at carrying cost less diminution, in value, if any, other than temporary in nature
- Investment in venture capital is valued at carrying cost
- The Amortization of premium on investments in HTM category is calculated on the basis of days remaining to maturity and the amount of amortization is directly debited to the Profit and Loss Account as suggested in the RBI guidelines

2 Available for sale and held for trading

(a)

S. No.	Type of Instrument	Valuation Methodology
1	Government of India Securities	At market prices as published by Fixed Income Money Market and Derivatives Association (FIMMDA)
2	State Development Loans /Other Approved Securities	At appropriate yield to maturity basis as per FIMMDA guidelines
3	Treasury Bills, Commercial Papers and Certificate of Deposits	At carrying cost
4	Equity Shares	(i) Quoted: At market price (ii) Unquoted: At break-up value (means Equity Capital & Reserves as reduced by Intangible Assets and Revaluation Reserves divided by number of equity shares), where latest balance sheet is available (Not more than one year old), otherwise at Re. 1/- per bank
5	Preference Shares	(i) Quoted: At market price (ii) Unquoted: At appropriate yield to maturity as per FIMMDA guidelines
6	Debentures / Bonds	(i) Quoted: At market price (ii) Unquoted: At appropriate yield to maturity based on rating assigned by Rating Agencies as per FIMMDA guidelines
7	Units of Mutual Funds	(i) Quoted: At market price (ii) Unquoted: At repurchase price/ Net Asset Value.
8	Security receipts of Asset Reconstruction Company (ARC/SR)	In case of investment in ARC/SR at NAV declared by ARC/SR or net book value whichever is lower.

3 The above valuation in category of Available for Sale and Held for Trading are done scrip wise and depreciation / appreciation is aggregated for each classification. Net depreciation for each classification, if any, is provided for while net appreciation is ignored.

4 Transfer of securities from one category to another is done in conformity with the RBI guidelines. Such transfers are accounted at the lower of the acquisition cost / book value / market value on the date of transfer. The depreciation, if any, on such transfer is fully provided for

5 Securities purchased/sold under Liquidity Adjustment Facility (LAF)/ Marginal Standby Facility (MSF) with RBI are debited/credited to

Investment Account and reversed on maturity of the transaction. Interest expanded/earned thereon is accounted for as expenditure/revenue. Subsequent to the change in RBI guidelines repo and reverse repo transactions in government securities and corporate debt securities (including transactions conducted under LAF and Marginal Standby Facility ("MSF" with RBI) are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions are accounted for as interest expense and revenue on reverse repo transactions are accounted for as interest income.

6 Others:

- Brokerage/commission received on subscription is booked in Profit and Loss Account.

Notes to the Financial Statements

For the year ended March 31, 2022

- (ii) Brokerage, Commission, securities transaction tax etc. paid in connection with acquisition of investments are expensed upfront and excluded from cost.
- (iii) Broken period interest paid / received on purchase /sale of securities is recognised as interest expense / income
- (iv) Prudential norms of RBI for non-performing investment Classification are applied to Investments and appropriate provisions are made in respect of non-performing securities.
- (v) Profit/Loss on sale of any Investment in any category is taken to Profit and Loss Account. However, in case of profit on sale of Investments under 'Held to Maturity' category, the residual amount after taxes and amount transferred to statutory reserve is appropriated to Capital Reserve Account.
- (vi) Valuation of HFT and AFS portfolio is done on daily basis and depreciation if any is provided on monthly and quarterly basis respectively.
- (vii) In line with RBI Master Circular on "Prudential norms for classification, Valuation and Operation of Investment Portfolio by Banks", bank has followed "Settlement date" accounting for recording purchase and sale of transactions in Investment book.
- (viii) In case of investment in Non-SLR securities, till the allotment of security in the Demat account, the amount of investment is shown under "Suspense Investment".
- (ix) The bank maintains investment related reserves such as Investment Depreciation Reserve (IDR) and Investment Fluctuation Reserve (IFR) in line with the guidelines of the RBI.

17.5 Advances, Provisions and Recoveries

- (a) The classification of advances into Standard, Sub-standard, Doubtful and Loss assets, as well as provision on non-performing advances has been arrived at in accordance with the extant instructions issued by the Reserve Bank of India with regard to Income Recognition and Assets Classification (IRAC) from time to time and as applicable for preparation of this Balance Sheet

(Amounts in INR thousands, unless otherwise stated)

- (b) Advances are net of technical write-offs made for Non-Performing Assets (NPAs). Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognized in the Profit and Loss Account and included under other income.
- (c) Specific loan loss provisions in respect of non-performing advances are made based on management's assessment of the degree of impairment of advances, subject to the minimum provisioning level prescribed by the RBI.
- (d) The specific provision levels for non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are charged to the Profit and Loss Account and included under Provisions and Contingencies
- (e) In addition to this, a general provision on standard assets is also made as per the extant instructions issued by Reserve Bank of India in the following manner

Category of Advance (Excluding NPA)	%age provision made
Advances for Commercial Real Estate for commercial use	1.00%
Advances for Commercial Real Estate for Housing needs	0.75%
Advances to agricultural and SME sector	0.25%
Advances against FD, LIC, KVP and NSC	Nil
Other Advances	0.40%

- (f) Provisions made in addition to the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorized as floating provisions. Creation of floating provisions is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, floating provisions are used up to a level approved by the Board only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per these guidelines or any regulatory guidance / instructions. Floating provisions are included under other liabilities
- (g) In addition to the above, the Bank on a prudent basis makes provisions on advances or exposures which are not NPAs but has reasons to believe on the basis of

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

- the extant environment or specific information or basis regulatory guidance / instructions, of a possible slippage of a specific advance or a group of advances or exposures or potential exposures. These are classified as contingent provisions and included under other liabilities
- (h) The interest in respect of non-performing advances is provided separately under "Overdue Interest Reserve" in accordance with the extant instructions issued by Reserve Bank of India.
- (i) Interest accrued and credited to income on any advance which is classified as a Non-Performing Asset at any time during the year is reversed to the extent this has not been realized
- (j) Interest accrued on NPA is not shown as income but shown as a contra item under the "Overdue Interest Reserve" and "Interest Receivable on Advances" in the Balance-sheet
- (k) The order of appropriation of recoveries in loan accounts is Charges, Interest / Penal Interest and Principal
- (l) The Bank considers a restructured account as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, among others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of a restructured account is made and classification thereof is as per the extant RBI guidelines. Restructuring of an account is done at a borrower level. If the terms of the loan are changed for competitive reasons or any administrative issues in the loan account which are outside the control of the borrower or where such change would result in an overall acceleration of the loan repayment, such changes are considered a variation of terms at the request of the bank in the normal course of business.

17.6 Fixed Assets Depreciation and Amortization

- (a) Fixed Assets are stated and carried in the Balance Sheet at written down value, arrived at cost less depreciation.

Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit / functioning capability from / of such assets

- (b) As per applicable accounting standards, the residual value and useful life of assets should be reviewed periodically and if expectations differ from future estimates, this should be considered a change in accounting estimates. Change in accounting estimates are applied prospectively starting with the current financial year and restatement of prior year comparatives is not required
- (c) Depreciation on Property, Plant, Equipment and software is charged on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. The useful life have been estimated by the management based on technical advice obtained and pursuant to Part C of Schedule II to the Companies Act, 2013. Determination of useful life of an asset is a matter of judgment and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. and makes a significant impact on the useful life of an asset.
- (d) The applicable depreciation methodology on Fixed Assets is mentioned below:

S. No.	Asset Category	Useful Life
1	Furniture and Fixtures	10 Years
2	Safe, Locker Steel Almira	30 Years
3	Office Equipment	10 Years
4	Vehicles	8 Years
5	Computer, Printer and servers	3 - 6 Years
6	Software	4 - 7 Years
7	Temporary Structures including leasehold improvements	3 Years

- (e) Depreciation would be calculated on the basis of the number of days that the asset has been put to use in any given accounting period
- (f) Depreciation on assets sold during the year is charged up to the date of sale

Notes to the Financial Statements

For the year ended March 31, 2022

- (g) Residual value of Re.1 (Rupee one) is taken for the purpose of calculating depreciation on all types of fixed assets
- (h) Certain capital expenditures made on assets prior to being available for use represents 'work in progress' assets. Depreciation / amortization of these assets would begin once these are available for use in line with the applicable accounting standards
- (i) Intangible assets are amortized on a straight line basis over their estimated useful life. The amortization period is reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any

17.7 Impairment of Assets

Impairment losses, if any, on Fixed Assets including Revalued Assets, are recognized in accordance with Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India and charged to Profit and Loss Account

17.8 Foreign Exchange Transactions

- (a) The bank holds Foreign Exchange Authorized Dealer Category-II license and has entered into transactions related to exchange/remittance of foreign currency on behalf of customers during the year. The income and associated GST implications from the above transactions are accounted for in the books of the bank.
- (b) Monetary assets and liabilities are revalued at exchange rates advised by Foreign Exchange Dealers Association of India (FEDAI) at the close of the financial year and the resultant gain/loss is taken to revenue
- (c) Income and expenditure items are accounted for at the exchange rates prevailing on the date of the transaction.

17.9 Employee Benefits

- (a) The bank operates a defined benefit plan for its employees, viz. gratuity liability. The cost of providing benefits under these plans is determined on the basis of an independent actuarial valuation at each year-end.
- (b) The bank maintains the fund under trust deed and requisite insurance arrangements with Life Insurance Corporation of India (LIC) as Employees Group Gratuity Scheme. The shortfall, if any, between the present value of the benefit obligation and the fair value of plan assets

(Amounts in INR thousands, unless otherwise stated)

as on 31 March is paid/provided for and recognized as expenses in the profit and loss account

- (c) Bank's Contribution and Employees' contribution towards provident fund is paid every month to Commissioner of Provident Fund in accordance with the provisions of Employees Provident Fund and Misc. Provision Act 1952. Provident Fund contributions are made for each individual and the scheme is administered by Regional Provident Fund Commissioner (RPFC), as applicable. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government.
- (d) The Bank's contribution to provident fund is accounted for in Profit and Loss account on the basis of contribution to the scheme
- (e) All earned leaves which are due are paid by the end of the financial year.

17.10 Leases

Lease payments for assets taken on operating lease are recognized as an expense in the profit and loss account over the lease term.

17.11 Taxes on Income

- (a) Income tax expense is the aggregate amount of current tax (including Minimum Alternate Tax (MAT), wherever applicable) and deferred tax
- (b) Current tax is determined as the amount of tax payable for the year and accordingly provision for tax is made.
- (c) Deferred tax is recognized, subject to consideration of prudence, on timing difference, representing the difference between taxable incomes and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted by the Balance Sheet date.

17.12 Provisions, Contingent Liabilities and Contingent Assets

- (a) In conformity with Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

- (b) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

17.13 Earnings Per Share

The bank reports basic and diluted earnings per equity share in accordance with the Accounting Standard 20 "Earnings Per Share" issued by the Institute of Chartered Accountants of India. Basic earnings per equity share has been computed by dividing net income by the weighted average number of equity shares outstanding for the period. Diluted earnings per equity share has been computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the period.

17.14 Share Issue Expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

17.15 Segment information

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and as per guidelines issued by RBI.

17.16 Goods and Services Tax (GST)

The Bank has implemented the Goods and Services Tax (GST) regime since its implementation on 1 July 2017. The bank has collected GST on income from commission, other charges and paid GST on operating and capital expenses. The bank availed eligible Input Tax Credit as per GST Rules on relevant expenses which was utilized for set-off of GST collected on income from commission and customer charges. Unutilized Input Tax Credit has been carried forward to the next year for further utilization. Income and Expense on which GST is applicable are accounted for on net of eligible GST.

17.17 Long Term Subordinated (Tier II) Deposit

The amount of Long Term Subordinated (Tier II) Deposit and Interest paid on thereon has been shown under the head "Borrowings" in the Balance Sheet and "Interest on Borrowings" in the Profit and Loss Account respectively.

17.18 Refundable Securities

Bank has deposited security amounts with Government and other agencies to acquire services which are refundable and accounted for as other assets. These represent tangible assets and are considered recoverable in future after termination of services.

17.19 Cash and cash equivalents

Cash and cash equivalents include cash and gold in hand, balances with RBI, balances with other banks and money at call and short notice.

17.20 Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, are recognized in the Profit and Loss Account.

SCHEDULE 18 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

18.1 Dividend

The Bank has not paid or declared any dividend for the financial year ended March 31, 2022.

18.2 Scheme of acquisition and business transfer

The Board of directors of the bank approved a Business Transfer Agreement (BTA) in terms of resolution passed in meeting of Board of Directors held on 3rd April 2021 and the subsequent approval received from the Reserve Bank of India on 21st April 2021, 26th April 2021 was agreed as the completion date for transfer of business undertaking from Shivalik Mercantile Co-operative Bank (SMCB) to Shivalik Small Finance Bank Limited (SSFB). The BTA become effective on the closing of business hours of 26th April 2021 (the Completion date) upon receipt of the consent of the member of the company.

Pursuant to the said BTA the bank has acquired, all assets and liabilities (including contract from customer) of the Shivalik Mercantile Co-operative Bank on a going concern basis by way of slump sale (as defined under Income tax Act, 1961), with effect from the closing of business hours of 26th April 2021. The assets and liabilities were transferred at carrying value as at 26th April 2021.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

Particulars	As at April 26, 2021
Liabilities	
(1) Deposits	1,21,72,823
(2) Borrowings	4,26,600
(3) Other liabilities and provisions	3,50,407
Total (A)	1,29,49,830
Assets	
(1) Cash and balances with Reserve Bank of India	8,95,798
(2) Balance with banks and money at call and short notice (see note 'i' below)	9,24,675
(3) Investments	28,36,387
(4) Advances	78,61,026
(5) Fixed assets	
- Fixed assets	2,78,190
- Capital work-in progress	29,548
(6) Other assets	2,73,562
Total (B)	1,30,99,186
Net asset value (B)-(A)	1,49,356
Reserve and surplus	
Statutory Reserves	1,45,042
Investment Fluctuation Fund	2,700
Provision for Depreciation on investments	1,614
Total (C)	1,49,356

Notes:

- i. The cash and bank balances adjusted with ₹ 700,504 thousand for the consideration paid to the member of the co-operative bank

Particulars	As at April 26, 2021
ii. Contingent Liabilities	
DEAF (refer note 18.10)	₹/000 3,860
Bank gaurentee	₹/000 17,896
Total	₹/000 21,756
Amount of ₹7,00,504 thousand has been paid to shareholder of Shivalik Mercantile Cooperative Bank the cheques amounting to ₹ 1586 thousand have not been encashed and classified as a liability in the balance sheet.	
iii. Cash and cash equivalent	
Cash and balances with Reserve Bank of India	₹/000 8,95,798
Balance with banks and money at call and short notice	₹/000 9,24,675
	₹/000 18,20,473
iv. Fixed Assets	
(a) Gross Block	₹/000 4,77,854
Less: Accumulated Depreciation	₹/000 1,99,664
Net Block	₹/000 2,78,190
(b) Capital work-in progress	₹/000 29,548

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

18.3 Capital Adequacy Ratio

- Capital to risk-weighted asset ratio ('Capital Adequacy Ratio') of the Bank, as on March 31, 2022 has been calculated by using the capital measurement approaches as detailed below:
 - Credit Risk has been measured by using Basel II Standardized Approach for credit risk, in accordance with the RBI circular no DBR. NBD. No.26/ 16.13.218/2016-17, dated October 06, 2016 on "Operating Guidelines for Small Finance Banks".
 - Market Risk and Operation Risk has not been considered for measurement of Capital Adequacy Ratio as per the letter issued by the Reserve Bank of India vide reference number DBR.NBD.No.4502/16.13.218/2017-18 dated November 08, 2017 to all the small finance banks.

The Bank's capital adequacy ratio computed under Basel II is given below:

Particulars	As at March 31, 2022	As at March 31, 2021
1 Common Equity Tier 1 (CET 1)	10,29,843	-
2 Tier 1 Capital	10,29,843	-
3 Tier 2 Capital	4,18,800	-
4 Total Capital	14,48,643	-
4 Total Risk Weighted Assets	66,77,673	-
5 Capital Adequacy Ratio under Basel II		
6 CET 1	15.42%	-
7 Tier 1	15.42%	-
8 Tier 2	6.27%	-
9 Total	21.69%	-
10 Leverage ratio	5.40%	-
11 Percentage of the shareholding of Government of India	Nil	-
12 Amount of Paid-up Share Capital Raised During the year	7,86,201	-
13 Amount of non-equity Tier 1 capital raised during the year of which	-	-
(a) Basel III compliant Perpetual Non-Cumulative Preference Share	-	-
(b) Basel III compliant Perpetual Debt Instruments	-	-
14 Amount of Tier 2 capital raised during the year	3,00,000	-
Notes :		
1 Common Equity Tier 1 (CET 1)/ Tier 1 capital		
Equity Shares(8,89,55,820 shares of ₹ 10.00 each) fully paid-up*	8,89,558	-
Statutory Reserves	1,46,895	-
Balance in Profit and loss account	-6,610	-
Total Common Equity Tier 1 (CET 1)	10,29,843	-
2 Tier 2 capital		
General provisions and loss reserves (Reserves for standard and restricted assets)	44,076	-
Investment fluctuation reserve	8,259	-
Non Convertible Debentures	3,00,000	-
Compulsory convertible Debentures (to the extent fully paid-up)	20,625	-
Long Term Deposits (discounted @60% as per RBI regulations)	45,840	-
Total Tier 2 capital	4,18,800	-

*As per Basel II guidelines the preference shares and share premium in Tier-2 capital which are partly paid is not considered as Tier-1 or Tier-2 capital. Accordingly in the calculation of capital adequacy ratio preference shares are excluded.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

18.4 Maturity Pattern of Key assets and liabilities

Assets and liabilities are classified in the maturity buckets as per the guidelines issued by RBI

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 Days to 2 months	Over 2 months and to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years.	Over 3 year and up to 5 years.	Over 5 Years	Total
(i) Deposits												
(a) Volatile	1,66,262	3,56,661	2,79,640	2,70,007	3,17,901	4,70,719	21,20,380	34,48,758	-	-	-	74,30,328
(b) Core	-	-	-	-	-	-	-	-	83,82,421	67,776	48,569	84,98,766
(ii) Advances	1,05,239	2,25,333	3,30,688	4,75,936	3,82,572	3,82,196	11,57,946	18,86,116	33,45,537	16,22,751	11,71,722	1,10,86,036
(iii) Investments	5,90,194	57,147	70,114	1,78,909	1,60,063	1,48,322	4,43,184	10,90,460	14,53,635	23,581	35,471	42,51,080
(iv) Borrowings	2,89,808	-	-	-	-	-	-	3,27,900	6,51,945	76,400	3,31,625	16,77,678
(v) Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
(vi) Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Notes

(i) Deposits

The maturity pattern is taken as per the Annexure III of RBI's guidelines on preparation of financial statements Accordingly Savings Bank and Current Deposits has be classified into volatile and core portions. Savings account (10 per cent) and Current account (15 per cent) Deposits is generally withdrawable on demand. Where the volatile portion is be placed in 8-14 days time buckets and core portion is placed in over 1-3 years bucket

(ii) Advances

The maturity pattern is taken as per the RBI circular FID.No. 38 / 01.02.00/98-99 dated:20th April 1999 Advances has been classified as per their residual maturity.

For Non Performing Advances

(a) Substandard	
(i) All overdue and instalments of principal falling due during the next three years	In 3-5 year time bucket
(ii) Entire principal amount due beyond the next three year	In the time-bucket arrived at after adding 3 years to the respective due dates of various instalments of principal.
(b) Doubtful and loss	
(i) All instalments of principal falling due during the next five years as also all overdue	In 3-5 year time bucket
(ii) Entire principal amount due beyond the next five years	In the time-bucket arrived at after adding 3 years to the respective due dates of various instalments of principal.

(iii) Investments As per their residual maturity

(iv) Borrowings As per their residual maturity

* The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

18.4.1 Liquidity Ratio¹

Particulars	Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
	Total Un-Weighted Value (average)	Weighted Value (average)	Total Un-Weighted Value (average)	Weighted Value (average)	Total Un-Weighted Value (average)	Weighted Value (average)	Total Un-Weighted Value (average)	Weighted Value (average)
1.00 High-Quality Liquid Assets (HQLA)	294	294	496	496	546	546	541	541
Cash outflows								
2.00 Retail Deposits and deposits from small business customers of which:	1,063	92	1,080	80	1,070	79	1,055	77
(i) Stable Deposits	285	14	565	28	564	28	564	28
(ii) Less stable Deposits	778	78	515	52	506	51	491	49
3.00 Unsecured-Wholesale funding, of which:	357	210	389	210	331	153	254	100
(i) Operational Deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-Operational Deposits (all counterparties)	-	-	-	-	-	-	-	-
(iii) Unsecured Debt	-	-	-	-	-	-	-	-
4.00 Secured Wholesale Funding	-	-	-	-	-	-	-	-
5.00 Additional Requirements, of which	-	-	-	-	-	-	-	-
(i) Outflows related to derivative exposures and other collateral requirement	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6.00 Other Contractual funding obligation	-	-	-	-	-	-	-	-
7.00 Other Contingent funding obligation	-	-	-	-	-	-	-	-
8.00 Total Cash Outflows	1,420	302	1,469	290	1,401	232	1,309	177
9.00 Secured Lending (e.g. reverse repo)	-	-	-	-	-	-	-	-
10.00 Inflows from fully performing exposures	-	-	-	-	-	-	-	-
11.00 Other Cash inflows	213	113	-	-	-	-	-	-
12.00 Total Cash Inflows	213	113	-	-	-	-	-	-
13 Total HQLA	294	-	496	-	546	-	541	-
14 Total Net Cash Outflows	189	-	290	-	232	-	177	-
15 Liquidity Coverage Ratio (%)	155.56%	-	171.03%	-	235.34%	-	306%	-

¹The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

18.5 Investments
a) Composition of Investment Portfolio

	Investments in India			Investments outside India			Total Investments
	Government Securities	Other Approved Securities	Shares and Bonds	Subsidiaries and/or joint ventures	Government securities (including local authorities)	Subsidiaries and/or joint ventures	
Held to Maturity							
Gross	31,60,315	-	-	-	31,60,315	-	31,60,315
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-
Net	31,60,315	-	-	-	31,60,315	-	31,60,315
Available for Sale							
Gross	-	2,472	-	-	10,88,293	10,90,765	10,90,765
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-
Net	-	2,472	-	-	10,88,293	10,90,765	10,90,765
Held for Trading							
Gross	-	-	-	-	-	-	-
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-
Total Investments	31,60,315	2,472	-	-	42,51,080	42,51,080	42,51,080
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-
Net	31,60,315	2,472	-	-	42,51,080	42,51,080	42,51,080

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

Particulars	As at March 31, 2022	As at March 31, 2021
i) Movement of provisions held towards depreciation on investments		
(a) Opening balance	-	-
(b) Acquisition of Reserve on acquisition of Business (see note 18.2)	1,614	-
(c) Add: Provisions made during the year	-	-
(d) Less: Write off / write back of excess provisions during the year	1,614	-
(e) Closing balance	-	-
ii) Movement of Investment Fluctuation Reserve		
(a) Opening balance	-	-
(b) Acquisition of Reserve on acquisition of Business (see note 18.2)	2,700	-
(c) Add: Amount transferred during the year	5,559	-
(d) Less: Drawdown	-	-
(e) Closing balance	8,259	-
(iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category.		

(c) Sales and Transfer to/from Held to Maturity category

During the year ended 31 March 2022, there has been no sale from and transfer to/from, the held to maturity category in excess of 5% of the book value of the investment held in the HTM category at the beginning of the year. All the transfers from held to maturity category to held for sale category is based on approvals of board of directors. During the current year the Board of Directors of the Bank have authorised one time transfer from held to maturity to available for sale which is authorised by the Reserve Bank of India accordingly there is no additional disclosure required for the same.

(d) Non-SLR Investment Portfolio

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Non-Performing non-SLR investments		
The Bank does not have any non-performing Non-SLR investment during the year ended March 31, 2022		
(a) Opening balance	-	-
Additions during the year	-	-
Reductions during the year	-	-
Closing Balance	-	-
Total Provisions held	-	-

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

(ii) Issuer composition of non-SLR investments

Sr No.	Issuer	Amount	Extent of Private Placement		Extent of Below investment Securities Grade		Extent of Unrated Securities		Extent of Unlisted Securities	
			As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
			(a) PSUs	2,472	-	-	-	-	-	-
(b) Financial Institutions	-	-	-	-	-	-	-	-	-	
(c) Banks	-	-	-	-	-	-	-	-	-	
(d) Private Corporates	-	-	-	-	-	-	-	-	-	
(e) Subsidiaries/Joint Ventures	-	-	-	-	-	-	-	-	-	
(f) Others (Purchase of agriculture loan portfolio through securitization)	10,88,293	-	-	-	-	-	-	10,88,293	-	
(g) Provision held towards depreciation	-	-	-	-	-	-	-	-	-	
Total	10,90,765	-	-	-	-	-	-	10,90,765	-	

(e) Repo Transactions

	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year*	Outstanding as to 31 st March 2022
i) Securities sold Under REPO				
a) Government Securities	50,000	6,40,000	3,32,100	2,89,807
b) Corporate debt Securities				
c) Any Other Securities				
ii) Securities purchased Under Reverse REPO				
a) Government Securities	20,000	2,20,000	27,400	80,000
b) Corporate debt Securities				
c) Any Other Securities				

* In computation of average balance, From the date of Repo /reverse repo transaction started date 01st November have been considered.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

18.6 Asset Quality

	Standard Total Standard Advances	Non-Performing Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	Total
(a) Classification of advances and provisions held						
Gross Standard Advances and NPAs						
Opening Balance	-	-	-	-	-	-
Acquisition of advances on acquisition of Business (see note 18.2)	75,07,714	1,89,800	1,63,512	-	3,53,312	78,61,026
Add: Additions During the year	57,71,903	77,171	49,574	14,354	1,41,099	59,13,002
Less: Reductions During the year	23,41,275	1,49,142	20,203	-	1,69,345	25,10,620
Closing Balance	1,09,38,342	1,17,829	1,92,883	14,354	3,25,066	1,12,63,408
<i>* Reductions in NPAs Due to:</i>						
(i) Upgradation	-	1,25,737	15,962	-	-	-
(ii) Recoveries (excluding recoveries from upgraded accounts)	-	23,405	4,159	-	-	-
(iii) Technical/Prudential Write-offs	-	-	82	-	-	-
(iv) Write-offs other than those under (iii) above	-	-	-	-	-	-
Provisions (excluding Floating provisions)						
Opening Balance of Provisions held	-	-	-	-	-	-
Acquisition of advances on acquisition of Business (see note 18.2)	28,618	31,102	1,09,128	-	1,40,230	-
Add: fresh Provisions made during the year	15,458	-	30,734	14,354	45,088	-
less: Excess provisions reversed/write-off loans	-	7,946	-	-	7,946	-
Closing balance of provisions held	44,076	23,156	1,39,862	14,354	1,77,372	-
Net NPAs						
Opening Balance	-	-	-	-	-	-
Acquisition of advances on acquisition of Business (see note 18.2)	-	1,58,698	54,384	-	2,13,082	-
Add: Fresh additions during the year	-	77,171	18,844	-	96,015	-
Less: Reductions during the year	-	1,41,196	20,203	-	1,61,399	-
Closing Balance	-	94,673	53,025	-	1,47,698	-
Floating Provision	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Add: Additional provisions made during the year	-	-	-	-	-	-
Less: Amount Drawn down during the year	-	-	-	-	-	-
Closing Balance	-	-	-	-	-	-
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts	-	-	-	-	-	-
Add: Technical/ Prudential write-offs during the year	-	-	82	-	-	-
Less: Recoveries made from previously technical/prudential written-off accounts during the year	-	-	-	-	-	-
Closing Balance	-	-	82	-	-	-

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(Amounts in INR thousands, unless otherwise stated)

Ratios	As at March 31, 2022	As at March 31, 2021
Gross NPA to Gross Advances	2.89%	-
Net NPA to Net Advances	1.31%	-
Provision coverage ratio	54.56%	-

b) Sector-wise Advances and Gross NPAs

Particulars	As at March 31, 2022			As at March 31, 2021		
	Outstanding Total Advances	Gross NPA's	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPA's	Percentage of Gross NPAs to Total Advances in that sector
(I) Priority Sector						
(a) Agriculture and allied activities	16,57,222	39,974	2.4%	-	-	-
(b) Advances to industries sector eligible as priority sector lending	7,54,831	6,227	0.8%	-	-	-
(c) Services	22,18,451	56,602	2.6%	-	-	-
(d) Personal Loans	12,34,879	1,25,903	10.2%	-	-	-
Subtotal (i)	58,65,383	2,28,706	3.9%	-	-	-
(II) Non-Priority Sector						
(a) Agriculture and allied activities	85,318	69	0.1%	-	-	-
(b) Advances to industries sector eligible as priority sector lending	-	-	0.0%	-	-	-
(c) Services	-	-	0.0%	-	-	-
(d) Personal Loans	33,17,210	95,052	2.9%	-	-	-
(e) Gold loans	19,95,497	1,239	0.1%	-	-	-
Subtotal (ii)	53,98,025	96,360	1.8%	-	-	-
Grand Total	1,12,63,408	3,25,066	2.9%			

* The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports which has been furnished by the Management and has been relied upon by the auditors.

c) Overseas assets, NPAs and revenue

	As at March 31, 2022	As at March 31, 2021
Total Assets	-	-
Total NPAs	-	-
Total Revenue	-	-

(d) Particulars of resolution plan and restructuring

During the year no restructuring has been done except for the restructuring done under "Resolution Framework – 1.0: Resolution Framework for COVID-19-related Stress" and "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" (see note 18.6(h))

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

(e) Divergence in asset classification and provisioning

As RBI inspection is not done for the year ended 31st March 2022 accordingly, this disclosure is not applicable.

(f) Disclosure of transfer of loan exposures

During the Year Ended 31st March 2022 Bank has not acquired or transferred any loan exposure

Details of stressed loans transferred during the year

No of Accounts	To ARCs	To Permitted transferees	To others
Aggregate principal outstanding of loans transferred	-	-	-
Weighted average residual tenor of the loans transferred	-	-	-
Net book value of loans transferred (at the time of transfer)	-	-	-
Aggregate consideration	-	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-
Details of Loans acquired during the year		From SCBs, RRBs, UCBs, STCBs, DCCBs, AIFs, SFBs and NBFCs including Housing Finance Companies (HFCs)	From ARCs
Aggregate principal outstanding of loans acquired	-	-	-
Aggregate consideration paid	-	-	-
Weighted average residual tenor of loans acquired	-	-	-

(g) Fraud Accounts

	As at March 31, 2022	As at March 31, 2021
Number of frauds reported	1	-
Amount involved in fraud	3329	-
Amount of provision made for such frauds	3329	-
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	-	-

(h) Disclosure under Resolution Framework for COVID-19-related stress "Resolution Framework – 1.0: Resolution Framework for COVID-19-related Stress" and "Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses" as at 31st March 2022

		As at March 31, 2022	As at March 31, 2021
(i)			
(a) Number of accounts restructured	No's	404	-
(b) Amount	Rs/Thousands	45,586	-

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

(ii)

Type of Borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) 30 September 2021	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year	Of (A) amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year 31 March 2022
Personal Loans	-	-	-	-	-
Corporate Persons	-	-	-	-	-
MSMEs	-	-	-	-	-
Others	49,066	4,262	-	1,002	45,586
Total	49,066	4,262	-	1,002	45,586

18.7 Exposures

(a) Exposure to real estate sector

Category	As at March 31, 2022	As at March 31, 2021
(i) Direct Exposure		
(a) Residential Mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Individual housing loan priority sector non fund based limits	11,31,318	-
(b) Commercial Real Estate Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	2,87,382	-
(c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures: On fund based limits:		
(i) Residential	-	-
(ii) Commercial real Estate	-	-
(ii) Indirect Exposure		
Total exposure to real estate	-	-
(a) Exposure to Capital markets		
The Bank does not have any exposure to capital markets as at 31 st March 2022		
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-

Notes to the Financial Statements

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Category	As at March 31, 2022	As at March 31, 2021
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix) Financing to stockbrokers for margin trading;	-	-
(x) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total exposure to capital market	-	-

(c) Risk category-wise country exposure

The Bank is operating in the state of Uttar-Pradesh, Madhya-Pradesh, Delhi-NCR region. Hence, the Bank does not have any country risk exposure.

(d) Unsecured Advances

Particulars	As at March 31, 2022	As at March 31, 2021
Total unsecured advances of the bank	4,83,035	-
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	-	-

(e) Factoring exposures

The bank has no factoring exposure as on 31st March 2022.

(f) Intra-group exposures

The bank has no Intra-Group exposure as on 31st March 2022.

(g) Unhedged foreign currency exposure

The bank has no Unhedged foreign currency exposure as on 31st March 2022

Notes to the Financial Statements

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(Amounts in INR thousands, unless otherwise stated)

18.8 Concentration of deposits, advances, exposures and NPAs

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Concentration of deposits		
Particulars		
Total Deposits of the twenty largest depositors	31,28,593	-
Percentage of deposits of twenty largest depositors to total deposits of the bank	19.64%	-
(b) Concentration of Advances		
Particulars		
Total Advances of the twenty largest borrowers	8,05,434	-
Percentage of Advances of twenty largest borrowers to total advances of the bank	7.27%	-
(c) Concentration of Exposures		
Particulars		
Total Exposure to the twenty largest customers	8,05,434	-
Percentage of Exposures of twenty largest customers to total exposure of the bank on customers	7.27%	-
(d) Concentration of NPAs		
Particulars		
Total Exposure of the twenty NPA accounts	88,051	-
Percentage of Exposures of twenty largest NPA exposure to total Gross NPAs	27.09%	-

* The Bank has compiled the data for the purpose of this disclosure from its internal MIS system which has been relied upon by the auditors.

** The above information has been compiled based on customer ID the joint accounts of individuals, partnership firms and LLP are considered as separate for the purpose of above disclosure.

18.8.1 Derivatives

(a) The Bank has not undertaken any derivative business during the year ended March 31, 2022

(b) Credit Default Swaps

The Bank has not entered into any Credit Default Swaps (CDS) during the year ended March 31, 2022

18.8.2 Disclosures relating to securitisation

The Bank has not originated any financial asset to Securitization/ Reconstruction Company for Asset Reconstruction during the year ended March 31, 2022.

18.9 Off balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Bank does not hold any sponsored off-balance sheet SPVs during the year ended March 31, 2022

18.10 Transfers to Depositor Education and Awareness Fund (DEA Fund)

Sr No.	Particulars	As at March 31, 2022	As at March 31, 2021
(i)	Acquisition of amounts transferred to DEA Fund on account of business acquisition (see note 18.2)	3,860	-
(ii)	Add: Amounts transferred to DEA Fund during the year	9,736	-
(iii)	Less: Amounts reimbursed by DEA Fund towards claims	309	-
(iv)	Closing balance of amounts transferred to DEA Fund	13,287	-

Notes to the Financial Statements

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18.11 Disclosures of Complaints

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Summary information on complaints received by the bank from customers and from the Offices of Ombudsman		
Complaints received by the bank from its customers		
1 Number of complaints pending at beginning of the year	-	-
2 Number of complaints received during the year	126	-
3 Number of complaints disposed during the year	125	-
3.1 Of which, number of complaints rejected by the Bank	3	-
4 Number of complaints pending at the end of the year	1	-
Maintainable complaints received by the bank from Office of Ombudsman		
5 Number of maintainable complaints received by the bank from Office of Ombudsman Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman .	16	-
5.1 Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	16	-
5.2 Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	-	-
5.3 Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the bank	-	-
6 Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

(b) Top Five Grounds of complains received by bank from customers

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6

As at March 31, 2022

Related to Loan	-	44	-	-	-
Related to Fraud Transaction	-	7	-	-	-
Related to Digital Banking	-	17	-	-	-
Related to Deliverables	-	4	-	-	-
Related to TDS	-	5	-	-	-

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

18.12 Disclosures of Penalties imposed by Reserve Bank of India

There has been no penalty imposed by the RBI during the year ended March 31, 2022

18.13 Disclosure on Remuneration

(i) Qualitative Disclosure

The Nomination and Remuneration Committee consist of the following members:

- 1 Dr. Shalini Lal, Chairperson (Non-executive Independent Director)
- 2 Mr. N K Murthy, Member (Non-executive Independent Director)
- 3 Ms. Veena Hingarh, Member (Non-executive Independent Director)
- 4 Mr. Sudhakar Agarwal, Member (Non-executive Director)

(a) The Bank has constituted Nomination and Remuneration Committee (NRC) for overseeing and governing the compensation policies of the Bank. The committee oversees the framing, review and implementation of compensation policy of the Bank on behalf of the Board for Managing Director & Chief Executive Offer, Whole Time Directors & Material Risk Takers and their terms of reference include:

- 1 Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel, senior management and other employees;
- 2 Formulate criteria for evaluation of performance of individual directors including independent directors, the Board of Directors and its Committees. The criteria for evaluation of performance of directors (including independent directors) include personal attributes such as attendance at meetings, communication skills, leadership skills and adaptability and professional attributes such as understanding of the Bank's core business and strategic objectives, industry knowledge, independent judgment, adherence to the Bank's Code of Conduct, Ethics and Values, etc.
- 3 Further the NRC would also determine the fixed pay, variable pay and Employee Stock Options for Whole time Directors, Key Management Personnel and Senior Management directly reporting to the CEO.
- 4 To devise a policy on diversity of board of directors;
- 5 To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;
- 6 To decide on the extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors, to deliberate on the matters of succession planning of the executive directors, senior management.
- 7 To recommend to the board all remuneration, in whatever form, payable to senior management
- 8 To review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it sees fit and appropriate, passing on the recommendations for the nomination to the Board.

(b) The design and structure of remuneration processes and the key features and objectives of remuneration policy

The Compensation policy seeks to document the practices and procedures to be followed by the Bank for remuneration of Directors, Senior Management Personnel (SMP), Risk, Control and Compliance Personnel, Material Risk Takers (MRTs), and all other employees.

The key objectives of Bank's Compensation Policy are:

- 1 To maintain fair, consistent, and equitable compensation practices in alignment with Bank's core values and strategic business goals

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

- 2 To ensure effective governance of compensation and alignment of compensation practices with prudent risk taking
- 3 To have mechanisms in place for effective supervisory oversight and Board engagement in compensation
- 4 To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate talent
- 5 To ensure that the cost/income ratio of the Bank supports the remuneration package consistent with maintenance of sound capital adequacy ratio
- 6 To respect employee needs basis relevant market anchors and to compensate adequately for the contribution towards the Bank's growth

(c) The ways in which current and future risks are taken into account in the remuneration processes including the nature and type of the key measures used to take account of these risks.

The Bank's Board of Directors will actively oversee the compensation system's design and operations

The Nomination and Remuneration Committee of the Board (NRC) will oversee the framing, review and implementation of compensation policy of the bank on behalf of the Board. The NRC will work in close coordination with Risk Management Committee (RMC) of the Bank, to achieve effective alignment between compensation and risks.

The NRC will approve and monitor that:

- 1 Compensation is adjusted for all types of risks.
- 2 Compensation outcomes are symmetric with risk outcomes.
- 3 Compensation pay-outs are sensitive to the time horizon of the risks.
- 4 The mix of cash, equity and other forms of compensation are consistent with risk alignment.
- 5 The cost/income ratio of the bank supports the compensation package consistent with maintenance of sound capital adequacy ratio
- 6 The staff engaged in financial and risk control will be independent, have appropriate authority and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank
- 7 All components of remuneration for WTDs, EDs, and MD & CEO, will be recommended by NRC and approved by the Board and the same will be subject to approval of shareholders of the Bank and RBI. This remuneration should remain within the overall limit as per Section 197 of the Companies Act, 2013 and rules framed thereunder.
- 8 The remuneration of all employees including Control functions other than MD & CEO and MRT will be determined by Chief Human Resources Officer (CHRO) in consultation with MD & CEO of the Bank within the overall framework of this policy
- 9 Any annual increments will be linked to the overall performance and other factors as may be decided by the NRC. The NRC will also consider and take into account regulatory penalties and Show Cause Notices.
- 10 The Compensation and Benefits unit within the Human Resources function will administer the compensation policy by following rules and processes that are objective and transparent

(d) (i) Performance measures and their relation to remuneration packages is clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism. The usual annual determination of bonus is based on rules, processes and objectives known in advance, recognizing that some discretion will always be needed.

- (ii) Bank uses a combination of financial and non-financial measures to assess employee performance and adapt the measurement to each employee's specific situation. Qualitative factors (like knowledge, skills or abilities) might play an important role when it comes to judging and rewarding some activities- particularly when these serve to reinforce the bank's risk management goals

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

- (e) Bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting

1 Remuneration

1.1 The compensation will be a mix of Fixed Pay and Performance or Variable Pay. Bank will ensure that there is a proper balance between fixed pay and variable pay. Substantial proportion of compensation i.e., variable pay should be at least 50% for arriving at the total compensation for the year. Performance pay will be at capped at 300% of fixed pay for the corresponding financial (performance) year. Any actual total performance pay for a given year will be divided into cash component and share linked instruments such that At least 50% of actual performance pay is in the form of share linked instrument in case actual performance pay is up to 200% of fixed pay; and at least 67% of actual performance pay is in the form of share linked instrument in case actual performance pay is above 200% of fixed pay and At least 60% of actual performance pay shall be subject to deferral arrangements. If cash component is part of total performance pay, at least 50% of the cash component of performance pay will be subject to deferral arrangements.

2 Deferral of Cash Component of Variable Pay

- 2.1 In case the Cash Component of actual variable pay is more than INR 25 Lacs, 50% of Cash Component shall be deferred for a period of at least 3 years.
- 2.2 The vesting of the deferred components shall not be faster than on a pro-rate basis. Additionally, vesting shall not take place more frequently than on a yearly basis to enable proper assessment of risks before application of any ex-post adjustment.
- 2.3 Vesting of the deferred component shall be subject to continuity of employment with the organization. In case an employee resigns during the vesting period, unvested component will be forfeited.
- 2.4 In case an employee retires during the vesting period, any unvested Cash Component will be treated as fully vested.
- 2.5 In case the Cash Component of actual variable pay is up to INR 25 Lacs, deferral of the Cash Component is not mandatory

- (f) The different forms of variable remuneration that the bank utilizes and the rationale for using these different forms"

1 Performance or Variable Pay (PP):

- 1.1 Performance pay can be in the form of cash or share-linked instruments, or a mix of both cash and share-linked instruments. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire performance pay can be in cash.
- 1.2 Performance Pay is linked to assessment of performance and potential. This would be based on Key Performance Indicators (KPIs) and achievement of targets with overall linkage to Bank Budgets and business/functional targets/objectives. Depending on the nature of the business/function, the risk involved, the time horizon for review of quality and longevity of the assignments performed, various forms of performance pay may be applicable
- 1.3 Performance pay is discretionary in nature and not guaranteed, nor is it an entitlement. Actual total performance pay granted in any year will be determined based on Bank, business unit and individual performance and other evaluation criteria. Based on evaluation on such criteria, actual total pay could be lower than target total pay or could even be zero.
- 1.4 The Bank will have a robust policy around performance management which has a direct bearing on performance pay. The organization may apply the malus model through the performance management framework. In the event of significant negative contributions of the bank and/ or the relevant line of business in any year, the deferred compensation (if any) would be subjected to clawback arrangement.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

- 1.5 The components of performance pay are outlined as below:

- (a) I. Cash Incentive: At intervals ranging from Monthly, Quarterly, Annually II. Annual Incentive: Mix of cash and share linked incentive. Based on categories of employees, requirements for mandatory deferment of performance pay will be outlined as required. In case the Cash Component of actual variable pay is more than INR 25 Lacs, 50% of Cash Component shall be deferred for a period of at least 3 years. However, in case the Cash Component of actual variable pay is up to INR 25 Lacs, deferral of the Cash Component is not mandatory

2 Share Linked Instruments

- 2.1 The share linked component of performance pay shall be delivered through the Employee Stock Options (ESOP) scheme(s) of the Bank and as approved and amended by the NRC of the Bank from time to time. Cash-linked Stock Appreciation Rights (CSARs) will also be part of the ESOP scheme. The ESOP Scheme shall be in compliance with SEBI (Share Based Employee Benefits) Regulations, 2014 and / or any other applicable regulations.
- 2.2 ESOP grants are not an entitlement and shall be granted on a discretionary and reasonable basis to employees based on their performance, competency, position (grade/ level) and potential, to motivate employees and create shareholder value by aligning interest of employees with long term interests of the bank.
- 2.3 ESOPs shall also be granted from time to time with the objective of retaining employees

3 Vesting

The vesting of share linked instruments shall be at least for over a period of 3 years and shall not be faster than on a pro-rate basis. Additionally, vesting shall not take place more frequently than on a yearly basis to enable proper assessment of risks before application of any ex-post adjustments. The share linked instruments shall be valued using fair value as on the date of grant basis Black-Scholes model. In case of separation from the bank for any reason the guidelines of the ESOP scheme of the bank will be applicable.

Particulars		As at March 31, 2022	As at March 31, 2021	
(ii) Quantitative Disclosures				
(g) (i)	Number of meetings held by the Nomination and Remuneration Committee.	Nos	7	-
(ii)	Remuneration paid to members of Nomination and Remuneration Committee.			
Sr No.	Name of Member			
1	Shankar Aggarwal	₹/'000	867	-
2	Sh K Narasimha Murthy	₹/'000	1,030	-
3	Arundhati Mech	₹/'000	627	-
4	Veena Hingarh	₹/'000	582	-
5	Shalini Lal	₹/'000	349	-
6	Arun Kumar Gupta	₹/'000	322	-
	Total	₹/'000	3,777	-
(h) (i)	Number of employees having received a variable remuneration award during the financial year.	Nos	233	-
(ii)	During the year total amount of sign-on/joining bonus made to 7 employees	₹/'000	700	-
(iii)	Details of severance pay, in addition to accrued benefits, if any		-	-

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

Particulars		As at March 31, 2022	As at March 31, 2021
(i) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms		-	-
(ii) Total amount of deferred remuneration paid out in the financial year		-	-
(j) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and nondeferred.		-	-
(k) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.		-	-
(ii) Total amount of reductions during the financial year due to ex post explicit adjustments.		-	-
(l) Number of MRTs identified :	Nos	4	-
(m) (i) Number of cases where malus has been exercised.		-	-
(ii) Number of cases where clawback has been exercised		-	-
(iii) Number of cases where both malus and clawback have been exercised.		-	-
(n) (i) The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	₹/'000	585	-
(ii) Deviation in the fixed Pay for Mr. Suveer Kumar Gupta , Managing Director and Chief Executive Officer from the mean pay is 7.57 times respectively.		-	-

18.14

Particulars		As at March 31, 2022	As at March 31, 2021
(a) Business ratios			
Interest Income as a percentage to Working Funds ¹		8.21%	-
Non-interest income as a percentage to Working Funds ²		0.95%	-
Cost of Deposits ³		5.59%	-
Net Interest Margin ⁴		4.16%	-
Operating Profit as a percentage to Working Funds ⁵		0.29%	-
Return on Assets ⁶		0.05%	-
Business per employee ⁷		47,669	-
Profit per employee ⁸		14	-

Notes :

- Working funds is reckoned as average of total assets as reported to Reserve Bank of India in form X monthly.
- Non interest income consists of income earned via commission brokerage charges and exchange transactions.
- Cost of Deposits is the ratio of interest expense on deposits to daily average of total deposits.
- Net Interest Income/ Average Earning Assets. Where net interest income= interest Income – interest expense and Average assets = average of earning assets.
- Operating profit is profit for the year before provisions and contingencies and profit / (loss) on sale of building and other fixed assets (net).
- Return on assets is calculated using the formula : Net income/Total assets.
- Business is reckoned as average of deposits (excluding interbank) and net advances (opening and closing) for the year.
- Profit per employee is calculated using average number of employees during the period.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
(b) Bancassurance business		
Fees/Remuneration Received		
1 Life Insurance Business	14,129	-
2 General Insurance Business	1,234	-
3 Health Insurance	3,637	-
Total	19,000	-
(c) Marketing and distribution		
Fees/Remuneration Received	-	-

(d) Disclosures regarding Priority Sector Lending Certificates (PSLCs)

Bank has not traded in any Priority Sector Lending Certificates (PSLCs) during the year ended 31st March 2022.

(e) Provisions and contingencies

Provision debited to profit and loss account	Year ended March 31, 2022	Year ended March 31, 2021
(i) Provisions for NPI	-	-
(ii) Provisions for NPA	24,792	-
(iii) Provisions towards income tax	-	-
(vi) Provision for Standard Assets	15,458	-
(vii) Provision for Deferred Tax	796	2,139

(f) Implementation of IFRS converged Indian Accounting Standards (Ind AS)

IND AS roadmap for scheduled commercial banks (excluding regional rural banks), insurers/insurance companies and nonbanking financial companies (NBFCs) was issued by Union Ministry of Corporate Affairs (MCA) through press release dated 18 January 2016. IND AS was applicable to the Bank in accordance with the MCA press release from financial year 2018-19 which was deferred to financial year 2019-20 vide RBI's Press Release (2017-18/2642) dated 5 April 2018. RBI has further deferred implementation of IND AS till further notice vide its Circular no DBR.BP.BC.No. 29/21.07.001/2018- 19 dated 22.03.2019. The Bank accordingly, has appointed a Consultant to assist in implementation of the Ind AS. The Audit Committee of the Board is being apprised of the progress made from time to time. The Bank has a well-planned strategy for Ind AS implementation and has made substantial progress in this regard. Further, Bank is submitting the Proforma Ind AS Financial Statements to the RBI as per prescribed periodicity."

(g) Payment of DICGC Insurance Premium

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Payment of DICGC Insurance Premium (excluding GST)	15,977	-
(ii) Arrears in payment of DICGC premium	-	-

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

18.15 Other Disclosures with respect to certain Accounting Standards

(a) **Accounting Standard 5: Net Profit or Loss for the period, Prior Period Items and Change in Accounting Policy**

During the Current year there were no material prior period income/expenditure items requiring disclosure under Accounting Standard 5. The financial statements for the year ended March 31, 2022 have been prepared following the same Accounting Policies and practices as those followed in the annual financial statements for the year ended March 31, 2021.

(b) **Accounting Standard 9 - Revenue Recognition**

Revenue is booked on accrual basis except certain items of income are recognized on realization basis as per Accounting Policy No. 17.3

(c) **Accounting Standard 10 - Properties, Plant and Equipment**

Break-up of total depreciation for the FY ended March 31, 2022 for each class of assets

Description	Opening balance As at 31st March 2021	Assets Transferred on account of acquisition of business <<refer note 18.3>>	Additions	Disposals/ Adjustments	As at March 31, 2022
Gross block					
Furniture and Fixtures	-	52,081	143	1,493	50,731
Safe, Locker Steel Almirah	-	28,883	78	30	28,931
Office Equipment	-	2,61,846	43,899	7,347	2,98,398
Vehicles	-	10,163	-	-	10,163
Computer, Printer and servers	-	34,164	14,198	185	48,177
Temporary Structures including leasehold improvements	-	3,291	762	604	3,449
Total	-	3,90,428	59,080	9,659	4,39,849
Accumulated depreciation					
Furniture and Fixtures	-	23,918	4,489	1,285	27,122
Safe, Locker Steel Almirah	-	5,893	936	16	6,813
Office Equipment	-	87,264	28,540	6,422	1,09,382
Vehicles	-	5,512	977	-	6,489
Computer, Printer and servers	-	29,072	4,265	184	33,153
Temporary Structures including leasehold improvements	-	1,181	265	604	842
Total	-	1,52,840	39,472	8,511	1,83,801
Net block					
Furniture and Fixtures	-	28,163	-4,347	207	23,609
Safe, Locker Steel Almirah	-	22,990	-858	14	22,118
Office Equipment	-	1,74,583	15,359	926	1,89,016
Vehicles	-	4,651	-977	-	3,674
Computer, Printer and servers	-	5,092	9,933	1	15,024
Temporary Structures including leasehold improvements	-	2,109	497	-	2,606
Total	-	2,37,588	19,607	1,148	2,56,048
Total Intangible asset (see note 18.15(j))		40,602	26,406	-	67,008
Total fixed assets		2,78,190	46,013	1,148	3,23,056

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

(d) **Capital-work in progress**

Description	Opening balance As at 31st March 2021	Assets Transferred on account of acquisition of business <<refer note 18.3>>	Additions	Disposals/ Adjustments	As at March 31, 2022
Capital-Work in progress	-	29,548	1,61,266	99,004	91,809
Total	-	29,548	1,61,266	99,004	91,809

(e) **Accounting Standard 19 - Lease**

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Operating lease primarily comprise office premises, which are renewable at the option of the bank normally at the end of every 3 rd or 5 th year.		
(ii) As per information available, Non-Cancellable lease as on 31.03.2022: 1 (Noida H.O).		
(iii) Amount of lease payment recognized in P & L Account for operating lease is as under.		
Number of lease/rented premises	No's	38
Amount of Rent	Amount	40,559

(f) **Accounting Standard 20 - Earnings per Share**

Particulars	As at March 31, 2022	As at March 31, 2021
(A) EPS - Basic	₹ 0.090	(0.078)
(B) EPS - Diluted	₹ 0.096	(0.078)
(C) Amount used as numerator Profit/ (Loss) after tax :Basic	₹/Thousands 7,412	(6,610)
(D) Amount used as numerator Profit/ (Loss) after tax :Diluted	₹/Thousands 9,542	(6,610)
(E) Nominal value of share	₹ 10	10.00
(F) Weighted average number of equity shares used as the denominator	Thousand No's 82,810	85,290
(G) Weighted average number of equity shares used as the denominator-Diluted	Thousand No's 99,472	85,290

(g) **Accounting Standard 22- Accounting for taxes on Income**

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Deferred Tax Asset		
(i) Provisions	8,091	-
(ii) Preliminary Expense under section 35D	1,604	2,139
(iii) Taxable loss (carried forward)	1,136	-
(iv) Other Contingencies	-	-
(v) Total	10,831	2,139

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
(b) Deferred Tax Liabilities		
(i) Depreciation on Fixed Assets	7,507	-
(ii) Special Reserve u/s 36(1)(viii) of Income Tax Act 1961	-	-
(iii) Total	7,507	-
Deferred tax (liabilities) / assets (net)	3,324	2,139
(c) Current Tax	-	-
(d) Advance Tax Paid	8,300	-
Note: Movement of Deferred tax assets		
(i) Opening deferred tax asset	2,139	-
(ii) Balance of deferred tax asset acquired on business acquisition (see note 18.2)	1,981	-
(iii) Closing Deferred tax (liabilities) / assets (net)	3,324	2,139
(iv) Amount for the current year ((i)+(ii)-(iii))	796	2,139

(h) Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements

The bank does not have any subsidiary, associate or joint venture company. Accordingly, "Accounting Standard 23 - Accounting for Investments in Associates in Consolidated Financial Statements" and "Accounting Standard 27- Financial reporting of interest in joint ventures" does not apply to the bank.

(i) Accounting Standard 24 – Discontinuing operations

During the period from 01.04.2021 to 31.03.2022, the bank has not discontinued operations of any of its branches, which resulted in shedding of liability and realization of assets and no decision has been finalized to discontinue an operation in its entirety which have the above effect.

(j) Accounting Standard 26 – Intangible asset

Description	Useful Life	Rate of Amortization	Amortization Method
Computer Software	7	14%	Straight line Method
Trademark	10	10%	Straight line Method

Description	Assets Transferred on account of acquisition of business	Additions	Disposals/ Adjustments	As at March 31, 2022
Gross block				
Computer Software	87,230	39,924	-	1,27,154
Trademark	196	-	-	196
	87,426	39,924	-	1,27,350
Accumulated depreciation				
Computer Software	46,824	13,518	-	60,342
Trademark	-	-	-	-
Total	46,824	13,518	-	60,342
Net block				
Computer Software	40,406	26,406	-	66,812
Trademark	196	-	-	196
Total	40,602	26,406	-	67,008

(k) Accounting Standard 28 – Impairment of assets

In the opinion of the bank, there is no impairment of its assets (to which the standard applies) to any material extent as at 31.03.2022 requiring recognition in terms of "Accounting Standard 28 – Impairment of assets".

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

(l) Accounting Standard 11 –The Effects of Changes in foreign exchange rates

The Bank does not have any foreign currency operations for the year ended 31 March 2022. Hence no disclosure is required.

(m) Accounting Standard 15 – Employees Benefits

(i) The Bank has Defined Contribution Plan applicable to all categories of employees joining the bank. The scheme is managed by LIC of India. The detail of the contribution during the Financial Year 2021-2022 ₹ 5,23,281.

(ii) In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of employment benefits is as under.

Particulars	As at March 31, 2022	As at March 31, 2021
Present Value of obligations on acquisition of business	12,604	-
Current Service Cost (C)	3,198	-
Past Service Cost (D)	-	-
Interest Cost (E)	882	-
Actuarial gain/(loss) on obligation (F)	(3,158)	-
Benefit Paid (G)	1,589	-
Present Value of obligations as on Mar 31, 2022	18,253	-

Particulars	As at March 31, 2022	As at March 31, 2021
Present Value of obligation at the end of year	18,253	-
Fair Value of Plan Assets at the end of year	15,992	-
Net Liability/(Assets)	(2,261)	-

Particulars	As at March 31, 2022	As at March 31, 2021
Interest Cost	882	-
Current Service Cost	3,198	-
Expected Return on Plan Assets	(1,130)	-
Net Actuarial Gain/Loss recognized during the year	3,373	-
Expenses to be recognised in Profit and Loss account	6,323	-

Particulars	As at March 31, 2022	As at March 31, 2021
Fair Value of assets on acquisition of business	16,143	-
Expected return on plan assets	1,130	-
Contributions	523	-
Benefits Paid	(1,589)	-
Actuarial Gain/(Loss) on plan assets	(215)	-
Fair Value of Plan Assets at the end of year	15,992	-

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

Principal actuarial assumptions used in determining gratuity and post-employment benefits.	As at March 31, 2022	As at March 31, 2021
Discount Rate (%)	7.00%	7.00%
Salary increase (%)	4%	4%
Mortality Table	IALM 2012-14	IALM 2012-14
Retirement Age	60	58
Withdrawal rate	30%	30%

The Bank employee's are not eligible for the long term compensated absences accordingly the assumption of the compensated absences not disclosed

(n) Accounting Standard 18 - Disclosure of Related Parties

(i) List of related parties

(a) Key Management Personnel (KMP)

1	Anshul Swami	Managing Director and Chief Executive Officer
2	Suveer Kumar Gupta	Managing Director and Chief Executive Officer (up to 25 th April 2022)
3	Gaurav Seth	Chief Financial Officer
4	Harsh Mittal	Ex-Chief Financial Officer (up to 13 th Feb 2022)
5	Shruti Pandey	Company Secretary

(b) Relatives of KMP

1 Relatives of Suveer Kumar Gupta (Managing Director and Chief Executive Officer (up to 25th April 2022))

(i)	Shilpa Gupta	Spouse
(ii)	Yashvir Kumar Gupta	Father
(iii)	Swarn Lata Gupta	Mother
(iv)	Archana Agarwal	Sister
(v)	Kapil Agarwal	Sister's husband
(vi)	Y. K. Gupta (HUF)	Member of HUF

2 Relatives of Harsh Mittal (Ex-Chief Financial Officer :up to 13th Feb 2022)

(i)	Dinesh Kumar Mittal	Father
(ii)	Neeru Mittal	Mother
(iii)	Pankhuri Goel	Spouse
(iv)	Gaurav Mittal	Brother
(v)	Ankita Mittal	Brother's wife
(vi)	Dinesh Kumar Mittal (HUF)	Member in HUF

(c) The bank does not have any holding, subsidiary, associate or joint venture.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

(i) Deposits

Particulars	As at March 31 st 2022	Highest balance during the year	As at March 31 st 2021	Highest balance during the year
(a) Key Management Personnel (KMP)	7,684	17,631	-	-
(b) Relatives of KMP	59,782	84,059	-	-
(c) Entities in which KMP / Relatives of KMP can exercise significant influence	-	-	-	-
Total	67,466	1,01,690	-	-

(ii) Borrowings

Particulars	As at March 31 st 2022	Highest balance during the year	As at March 31 st 2021	Highest balance during the year
(a) Key Management Personnel (KMP)	3,132	3,528	-	-
(b) Relatives of KMP	212	14,336	-	-
(c) Entities in which KMP / Relatives of KMP can exercise significant influence	-	-	-	-
Total	3,344	17,864	-	-

(iii) Interest paid

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Key Management Personnel (KMP)	370	-
(b) Relatives of KMP	1,741	-
(c) Entities in which KMP / Relatives of KMP can exercise significant influence	-	-
Total	2,111	-

(iv) Interest received

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Key Management Personnel (KMP)	177	-
(b) Relatives of KMP	524	-
(c) Entities in which KMP / Relatives of KMP can exercise significant influence	-	-
Total	701	-

(iv) Interest received

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Suveer Kumar Gupta (Managing Director and Chief Executive Officer)	267	-
(b) Shilpa Gupta (Spouse of Managing Director and Chief Executive Officer)	2,652	-
(c) Swarn Lata Gupta (Mother of Managing Director and Chief Executive Officer)	1,047	-
(d) Dinesh Kumar Mittal (HUF) (Member in HUF)	2,128	-
(e) Y. K. Gupta (HUF) (HUF in which Managing Director and Chief Executive Officer is a member)	1,424	-
Total	7,518	-

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

(o) Accounting Standard 17 – Segment Reporting

PART A- BUSINESS SEGMENTS

Business Segments	Treasury		Corporate/ Wholesale banking		Retail Banking		Other Banking Operations		Total	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Revenue	3,56,388	-	1,48,265	-	9,34,753	-	21,031	-	14,60,437	-
Results	3,838	-	483	-	3,776	-	111	-	8,208	-
Unallocated Expenses										
Operating Profits									8,208	-
Income Taxes									796	-
Net Profits									7,412	-
Extra-ordinary Profit/loss										
Other Information										
Segment Assets	63,07,816	-	12,92,488	-	1,12,88,276	-		-	1,88,88,580	-
Unallocated Assets									11,624	-
Total Assets									1,89,00,204	-
Segment Liabilities	2,89,808	-	1,71,37,313	-	4,22,902	-		-	1,78,50,023	-
Unallocated Liabilities										
Total Liabilities									1,78,50,023	-

PART B- GEOGRAPHIC SEGMENTS

The Bank is operating in the state of Uttar-Pradesh, Madhya-Pradesh, Delhi-NCR region. Hence, the Bank has single geographic segment.

Notes

- Revenue is allocated on the basis of actual earnings of the respective segments. However for banking segment the total interest income of the segment is apportioned between corporate and retail banking on the basis of yield on advances.
- Direct expenses of segments is allocated on actual basis. However for the banking segment the interest expense paid is apportioned between corporate and retail banking is on the basis of daily average of advances held by the respective segments.
- Indirect expenses like salaries and infrastructure cost is apportioned on the basis of average time spent and average area occupied by each segment.
- Unallocated assets consist of deferred tax assets of ₹ 3,324 thousand and ₹ 8,300 thousand for advance tax paid.

(p) Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent Assets

Details of provisions

Sr No.	Particulars	Opening balance as at 01 April, 2021	Assets Transferred on account of business	Adjustments during the year	Utilisation during the year (See note below)	Closing balance as at 31 March, 2022
(a)	Provision for Non Performing Advances	-	1,52,662	24,792	82	1,77,372
(b)	Provision on Standard Assets					
	(i) Provision for Restructured assets	-	-	7,208	-	7,208
	(ii) Provision on Standard Assets	-	28,618	8,250	-	36,868
(c)	Provision for Depreciation on investments	-	1,614	(1,614)	-	-
	Total provisions	-	1,82,894	38,636	82	2,21,448
(d)	Deferred tax assets	2,139	1,981	796	-	3,324
		2,139	1,981	796	-	3,324
	Total	2,139	1,84,875	39,432	82	2,24,772

Note: Account written off consist of one staff loan amounting to 82 thousand.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

Sr No.	Particulars	Opening balance as at 01 April, 2020	Assets Transferred on account of business	Adjustments during the year	Utilisation during the year (See note below)	Closing balance as at 31 March, 2021
(a)	Provision for Non Performing Advances	-	-	-	-	-
(b)	Provision on Standard Assets					
	(i) Provision for Restructured assets	-	-	-	-	-
	(ii) Provision on Standard Assets	-	-	-	-	-
(c)	Provision for Depreciation on investments	-	-	-	-	-
	Total provisions	-	-	-	-	-
(d)	Deferred tax assets	-	-	(2,139)	-	2,139
		-	-	(2,139)	-	2,139
	Total	-	-	(2,139)	-	2,139

18.16 Additional Disclosures

For authorised, issued, subscribed, paid-up share capital information refer Schedule 1A- Capital.

Additional disclosure of Companies Act, 2013 are as follows:

i. Right and restrictions attached to equity shares

The bank has issued one class of equity shares having par value of ₹ 10 per share. Each equity shareholder is eligible for one vote per share held. In event of liquidation the equity shareholders are eligible to receive remaining assets of the bank after distribution of all preferential amounts, in proportion to their shareholders.

ii. Reconciliation of number of shares and amount outstanding at the beginning and at the end of reporting period

Particulars	As at March 31, 2022		As at March 31, 2021	
	No's	Amount	No's	Amount
(i) Equity shares with voting rights (Fully Paid up)				
Balance as at beginning of year	2008	20,075	2,008	20,075
Add: Debentures converted in shares during the year	3666	36,660	-	-
Balance as at end of year	5674	56,735	2,008	20,075
(ii) Equity shares with voting rights				
Balance as at beginning of year (₹1 partly paid-up)	83,282	83,282	83,282	83,282
Add: Amount called and paid (₹9 per share)	-	7,49,541	-	-
Balance as at end of year (partly paid-up)	-	-	83,282	83,282
Balance as at end of year (fully paid-up)	83,282	8,32,823	-	-
Total Equity Shares (i)+(ii)	88,956	8,89,558	85,290	1,03,357
(iii) Preference Shares (₹0.5 paid-up)				
Balance as at beginning of year	-	-	-	-
Add: Shares issued and amount called during the year	10000	5,000	-	-
Balance as at end of year	10,000	5,000	-	-

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

(b) Disclosure of Letters of Comfort (LoCs) issued by banks

The Bank has not issued any letter of comfort during the year ended March 31, 2022.

(c) Insurance Business

The bank has engaged into insurance brokerage business. The Bank has tie-ups with the following insurance companies :

- (i) Life Insurance Corporation of India
- (ii) Bharti Axa Life Insurance
- (iii) Bajaj General Life Insurance
- (iv) Bajaj Health Insurance
- (v) Go-Digit
- (vi) Star Health Insurance
- (vii) New India Assurance Limited

Accordingly, Bank has Earned ₹ 19000 Thousand as brokerage on insurance commission on account of sale of life, health and general insurance policies to clients

Particulars	As at March 31, 2022	As at March 31, 2021
(d) Other liabilities and provisions		
I Bills payable	37,305	-
II Inter-office adjustment (net)	-	-
III Interest accrued	62,808	-
IV Others:		
(a) Provisions for standard assets	44,076	-
(b) TDS payable	10,037	-
(c) Sundry liabilities	89,025	-
(d) Debenture application money refundable	-	51,557
Total	2,43,251	51,557

(e) Description of Contingent Liabilities

Particulars	Amount	Description
(i) Guarantees given on behalf of constituents in India.	28,211	As a part of its commercial banking activities, the Bank issues bank guarantees on behalf of its customers.
(ii) Other items for which Bank is contingently liable	13,287	Includes capital commitments and amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)
Total	41,498	

*The bank has no litigation pending other than litigations of recovery from customers accordingly no contingent liability for pending litigations/claims is disclosed.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

Particulars	As at March 31, 2022	As at March 31, 2021
(f) Payment to auditors		
Audit fees to statutory auditor	1,090	218
(i) Audit fees	1,090	218
(ii) Other certificate and services	-	-
(iii) Out of pocket expenses	-	-
Audit fees to other auditors	925	-
(i) Audit fees	925	-
(ii) Other certificate and services	-	-
(iii) Out of pocket expenses	-	-
Total Payments to auditors	2,015	218

(g) Corporate Social Responsibility

Section 135 of Companies act 2013 does not apply to the bank since it has not crossed the threshold limit in Net worth, turnover, Net Profit

(h) Dues to Micro Small and Medium Enterprises

On the basis of information and records available with the management and confirmation sought by the management from suppliers on their registration with the specified authority under MSMED, there have been no reported cases of delay in payments to Micro, Small and Medium Enterprises or of interest payments due to delay in such payments.

Trade payables are grouped in other liabilities the amounts due to Micro Small and Medium Enterprises are as follows:

Particulars	As at March 31, 2022
Amounts due to Micro enterprises	-
Amounts due to Small enterprises	-
Amounts due to Medium enterprises	-
Total	-

- (i) COVID - 19 pandemic across several countries including India has resulted in a significant decline and volatility in global as well as Indian financial markets and economic activities. The Government of India announced a series of lock down measures since March 2020 onwards, which were lifted and re-imposed for activities by various Governments at various points of time depending on the situation prevailing in their respective jurisdictions and the same had resulted in disruption of business and common life. The situation continues to be uncertain due to new variants of COVID-19 and the Bank is evaluating the situation on ongoing basis. The extent to which the COVID-19 pandemic will impact the Bank's results will depend on future developments. The Bank is gearing itself on all the fronts to meet these challenges.

Notes to the Financial Statements

For the year ended March 31, 2022

(Amounts in INR thousands, unless otherwise stated)

(j) Comparative Figures

The bank has not started any banking operations during the period ended 31st March 2021 accordingly comparative information is not applicable.

As per our report of even date

For and on behalf of the Board of Directors of

For S. N. Dhawan & CO LLP

Chartered Accountants
Firm Registration No: 000050N/N500045

Shivalik Small Finance Bank Limited

Vinesh Jain

Partner
Membership No.: 087701
Place: Delhi
Date: 06 August,2022

Shankar Aggarwal

Director
DIN:02116442
Place: Delhi
Date: 06 August,2022

Anshul Swami

Managing Director and CEO
DIN:09446950
Place: Delhi
Date: 06 August,2022

Gaurav Seth

Chief Financial Officer
Membership No: 503517
Place: Delhi
Date: 06 August,2022

Shruti Pandey

Company Secretary
Membership No. : 34796
Place: Delhi
Date: 06 August,2022



SHIVALIK

Shivalik Small Finance Bank

Shivalik Small Finance Bank Limited

Head Office

Shivalik Small Finance Bank Ltd.
Plot No 2B, 6th Floor, Tower 3
India Glycols Building, Sector 126,
Noida – 201304
Contact Number : 0120-4060000

Registered Office

Shivalik Small Finance Bank Ltd.
501, Salcon Aurum, Jasola District Centre,
New Delhi, South Delhi, Delhi - 110025
CIN - U65900DL2020PLC366027



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