



PERFORMANCE WITH **PURPOSE**



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Forward-looking Statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take 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 'anticipate', 'estimate', '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 achievements of results are 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 keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise. Wherever 'Bank' is mentioned it should be read as Suryoday Small Finance Bank, unless specified categorically.

FY23 Highlights

₹ **6,114*** Cr

Gross Loan Portfolio (GLP)

₹ **844** Cr

Net Total Income

₹ **78** Cr

Profit After Tax (PAT)

₹ **5,167** Cr

Deposits

577

Number of Branches

33.7%

Capital Adequacy Ratio

60%

Cost-to-Income Ratio

₹ **1,585** Cr

Shareholders' Fund
as on March 31, 2023

₹ **9,861** Cr

Total Assets

*Adjusted for ARC is ₹6,541 Crores with growth of 29.2%

A scenic landscape featuring a sunburst effect over a field of green grass and trees. The sun is low on the horizon, creating a warm, golden glow that filters through the trees and illuminates the grass. The sky is a mix of blue and white, suggesting a clear day. The overall mood is peaceful and natural.

PERFORMANCE WITH PURPOSE

Every morning the Sun rises with precision, responsibility and more importantly, Purpose.

Be it a flourishing sapling or a fully grown tree, the Sun gives out selflessly, treats all equally, and dedicates its existence to others' betterment.

We, at Suryoday, take our inspiration from the Sun to Rise and Shine with a Purpose.

Since our humble beginnings in 2009, our Purpose has been our driving force. As an NBFC-MFI, we have endeavoured to enable the dreams of the unbanked and underbanked citizens. We touched the lives of our customers in the last mile by extending to them the benefits of mainstream banking, heralding a new hope of a better future. Their trust in us led us to our next remarkable milestone.

In 2015, we commenced our operations as a Small Finance Bank with our Purpose at the core of our operations. i.e., making banking accessible to all sections of society. Over the years, we have witnessed sustainable growth, soaring glory, and immeasurable trust. Our endeavour to capture deeper insights enabled us to build customer-centricity in our products & services. It helped to build a strong portfolio of distinctive products & services to better the customer experience. In addition, we leveraged technology by adopting fintech to imbibe intuitiveness in our product and services, improve turn-around efficiency and accelerate growth. Furthermore, we aimed at employee engagement by strengthening the capacity of young resources. We also focussed on building a pool of senior talent to deliver business excellence.

We stood unfazed by uncertainties. We overcame challenges, even during the COVID pandemic, and embraced changes without losing sight of our Purpose. As a result, we achieved many significant milestones along the way.

Today, from being a homegrown Indian enterprise, that started as an NBFC-MFI with the support and trust of investors from within and outside the country, to becoming a financial institution trusted by over 2.3 million customers, the journey has been exciting, eventful and impactful. We are grateful for the support, goodwill and patronage.

By staying true to our Purpose, we continue to uphold the confidence of our customers, employees and stakeholders.

The year FY23 saw us continue our growth trajectory. As we step into FY24, we are poised to strengthen our operational, digital, and technological infrastructure. Performance with Purpose continues to be the core of all strategies and banking activities.

COMPANY OVERVIEW

Gaining Momentum. Building for the Future

Suryoday Small Finance Bank is one of the leading and preferred Personal and Business Banking partners for customers belonging to all strata of the society across India.



Our Purpose has served as the foundation for our strong performance and progress. Once more, we have delivered both profits and Purpose. We have grown significantly, delivering High Service Levels and Excellent Customer First Products. We are a Strong Brand with a Strong Track Record of Growth, Profits & Asset Quality.

While we review and learn from the past, we don't live there. Our team's commitment and expertise combined with the trust and support of our customers have us positioned well for the future. We are providing various products and services catered to suit all customers' needs while also catering to customers across the country, irrespective of the section of the society they represent. We aim to create a lasting and sustainable impact on unserved and underserved communities who deserve the benefits of mainstream banking.

As a part of our DNA, we have always focussed on fundamentals to deliver smiles to our customers.

We will continue leveraging the full capabilities of Suryoday Small Finance Bank to **Perform by staying true to our Purpose** – now and going forward.

What Suryoday Stands For?



15

Presence in number of States and Union Territories



~0.6%

Indian Household Customers



23.1 Lakhs

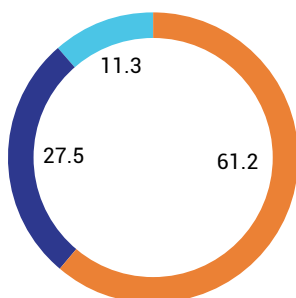
Customers



6,025

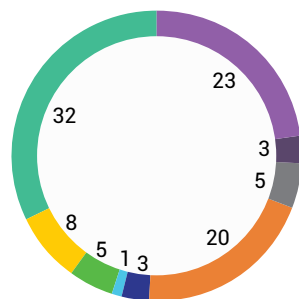
Employees

Loan Mix (%)



- Inclusive Finance
- Retail Assets
- Financial Intermediary Group (FIG)

Shareholding Pattern (%)



- Promoter
- Foreign Venture Capital
- Mutual Funds
- Foreign Portfolio Investors
- Venture Capital Funds
- Financial Institutions/Banks
- Alternate Investment Funds
- Insurance Companies
- Others

Credit Rating

Agency	Category	Rating
ICRA	Sub-Debt	A(Stable)
ICRA	CD Rating	A1+
CRISIL	CD Rating	A1+

What Differentiates Us?

Diversified asset portfolio

Customer-centricity with digitally enhanced offerings

Widespread omnichannel distribution

Robust risk management and efficient credit processes

Strategic technology investments and partnerships for expanding digital outreach

Experienced leadership and well-structured corporate governance framework

Who Are Our Investors?

Institutional Investors



Development/Impact Funds



Private Equity



COMPANY OVERVIEW (CONTD.)

Journey with a Solid Purpose

Our journey from a microfinance institution to a small finance bank over the last 15 years, has seen us bring smiles to 2.3 million customers across the country. Over the years, we have not only emerged as the only small finance bank from Maharashtra to obtain a licence from RBI but also the one with 'customer-centricity' embedded in its core belief.

2014-2016

- Investment by IFC, DWM
- In-principle approval to establish an SFB from the RBI
- Received a rating of '[ICRA] A (-)' for NCDs
- RBI final approval to commence SFB operations
- Investment by IDFC First Bank, ASK Pravi, Kiran Vyapar Ltd.

2019-2020

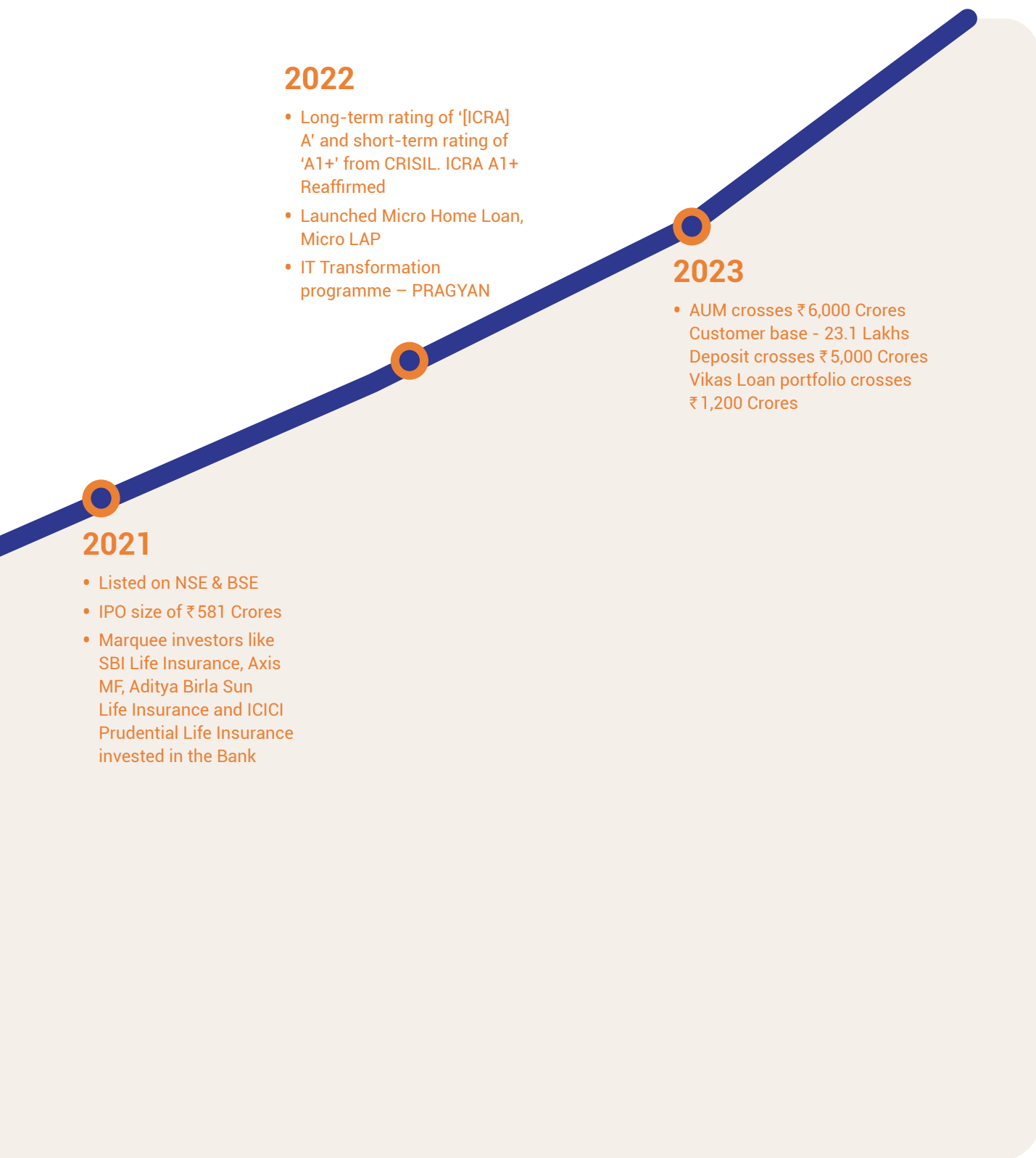
- Investment by DEG, Kotak Life Insurance and TIAA
- Long-term rating of '[ICRA] A' and short-term rating of 'A1+' from CRISIL and '[ICRA] A1+'

2008-2013

- Suryoday Micro Finance Private Limited incorporated
- Commenced Micro Finance operations
- Investment by Aavishkaar, Lok Capital, HDFC Holdings and HDFC Life Insurance

2017-2018

- Commenced SFB operations
- Investment by Evolvence India, responsAbility, Gaja Capital, TVS Shriram, amongst others
- Launched Commercial Vehicle, Affordable Housing, MSME Loans and Secured Business Loan products



PRODUCT PORTFOLIO

Unique Offerings to Serve Diverse Needs

We service our customers with a versatile range of products for ensuring financial inclusion while continue being the ambassadors of smiles for our customers. Our curated products are tailored to suit the evolving needs of our customers and provide the best banking experience.

Liability

Under the purview of liabilities, we have a host of products such as current accounts, savings accounts, and other deposit accounts like recurring deposits and fixed deposits, among others. Over the years, we have been gradually building our retail deposit base on the back of our strong liability franchise and superior customer-centric products. Our ever-strengthening retail deposit book was further strengthened by Government's sharp focus on increasing the cover under DICGC Insurance and Credit Guarantee Corporation (DICGC) insurance from ₹ 1 Lakh to ₹ 5 Lakhs per deposit account.

Highlights for FY23

- Deposits grew ~34% Y-o-Y to ₹ 5,167 Crores of the overall deposits, the proportion of granular retail deposits including CASA stood at 86%
- CASA value grew by 22% sequentially to ₹ 884 Crores in Q4FY23
- Cost of deposits declined to 6.9% as on March 31, 2023
- As on March 31, 2023, the Bank had a total of 95 liability-focussed branches located primarily in the states of Maharashtra and Tamil Nadu

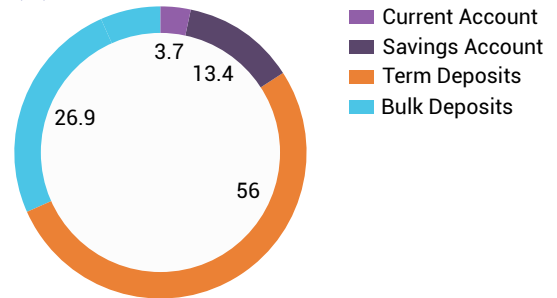
₹ 5,167 Cr

Deposits as on March 31, 2023

73.1%

Proportion of Retail Term Deposits

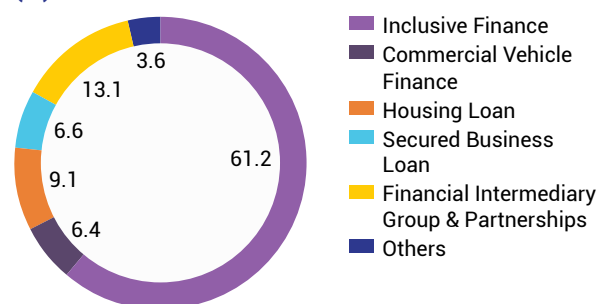
Product Mix (%)



Asset

We are gradually shifting our product mix towards secured retail loans. We have a diversified range of products under our assets portfolio including commercial vehicle loans, affordable housing loans, joint liability group loans, financial intermediary group loans, micro business loans, and secured and unsecured business loans to MSMEs and corporates. We have commenced two-wheeler business during the year.

Product Mix (%)



Figures may not add up due to rounding off

MFI Lending (Inclusive Finance)

Inclusive finance forms the biggest share of our asset side business. Under this product vertical, we have a total of 1.7 million Inclusive Finance customers including Vikas Loan customers. We provide group loans built on the peer-guarantee loan model (joint liability group), wherein individuals can take loans without the need of providing any collateral while promoting credit discipline through mutual support within the group. To provide seamless customer service, we had adopted digital offerings from time to time. Since its launch in 2020, our Vikas loan book has been an instant success indicating a robust growth of 400% in AUM. The end-to-end digital services has helped simplify the customer journey. With significant portfolio covered under Credit Guarantee Fund for Micro Units (CGFMU) scheme, the portfolio is quasi secured.

Highlights for FY23

- Substantial growth in Inclusive Finance business of 11% (including ARC 22%)
- Vikas Loan Portfolio crosses ₹ 1,200 Crores with a collection efficiency of more than 99% and Standing Instruction Clearance of over 90%
- End-to-end digital process for Vikas Loan with provision to capture household data through Sarathi App (developed in-house)
- Portfolio coverage through CGMFU

17 Lakhs
Customers for
inclusive finance
in FY23

₹ 3,743 Cr
Total Loan Portfolio
in FY23



COMMERCIAL VEHICLE FINANCE

We are cognizant of the huge number of fleet operators across the country, and their need of availing finance for heavy and medium commercial goods vehicles. We offer our customers with commercial vehicle finance for a ticket size between ₹ 2 Lakhs and ₹ 50 Lakhs, for a tenure of 1 year to 5 years, with interest rates ranging between 11% and 16%.

2,300+
Customers for
commercial vehicle
finance in FY23

₹ 236 Cr
Disbursements
in FY23



Highlights for FY23

- Increased focus on retail CV business
- Introduced Product Variant to target low-ticket used CV business for first-time users
- Built strong team across locations to achieve the next level of growth



TWO-WHEELER BUSINESS LOANS*

The Bank successfully entered into the Two-wheeler business segment. Originally started on a pilot basis, the Bank looks to grow the segment through partnership model and also cater to the mobility needs of its Inclusive Finance customers in the near future.

1,100+

Customers for two-wheeler finance in FY23

₹5+ Cr

Disbursements during the year

*Started during the fiscal year on a pilot basis.



Highlights for FY23

- Housing Loan segment disbursement stands at ₹231 Crores in FY23
- Micro Home Loan disbursement stands at ₹81.4 Crores
- Housing Loan segment witnessed momentum in Q4FY23 with disbursements at ₹70 Crores vs ₹47 Crores in Q1FY23
- Launched a new product – Micro Home Loan in FY23. Portfolio stood at ₹87 Crores as of March 2023 with No Delinquency



HOUSING LOANS (INCLUDING MICRO HOME LOAN)

The need for shelter is a necessity for every human being and the Bank strives to cater the rising demand of affordable housing loans. We offer affordable housing loans with ticket sizes between ₹8 and ₹25 Lakhs, for a tenure of 3 years to 20 years, with interest rates ranging between 10.5% and 11.5%. Moreover, there is a continued and ever-lasting process improvement drive, not only to expedite the search but also to be able to help as many customers as possible.

5,602

Total Customers including 1,726 MHL customers in FY23

₹642 Cr

Total Loan Portfolio including ₹87 Crores of MHL Loan Portfolio as on March 2023



1,800+

Customers for secured loans in FY23

₹ 405 Cr

Total Loan Portfolio in FY23



FINANCIAL INTERMEDIARY GROUP LOANS

We provide debt capital support to financial intermediaries such as NBFCs, MFIs and HFCs for onward lending purposes catering to retail segments like housing finance, loans against property, microfinance, vehicle finance and other similar sectors. This business vertical focusses mainly on strategic collaboration with these intermediaries by leveraging their distribution network, technology, and expertise to appraise the customer segment they are operating in. We offer FIG loans with ticket sizes between ₹ 1 Crore and ₹ 50 Crores, with interest rates ranging from 8.5% to 14.0% basis profile of the customer.



SECURED BUSINESS LOANS

Under this product vertical, we provide secured loans to our customers against collaterals provided by them. We offer secured loans to our customers with ticket sizes between ₹ 15 and ₹ 25 Lakhs, for a tenure of 5 to 12 years, and interest rates ranging between 12.8% and 15.8%.

Highlights for FY23

- The total Secured Business Loans disbursed during FY23 stood at ₹ 258 Crores
- The GNPA of this product segment as of March 31, 2023 was 1.8%. However, post pandemic the portfolio has fared well in terms of collection efficiency compared to other segments with a substantially lower GNPA

30+

Customers for Financial Intermediary Group loans in FY23

₹ 688 Cr

Total Loan Portfolio as on March 2023

Highlights for FY23

- In FY23, the total disbursements made under FIG loans stood at ₹ 658 Crores
- The FIG loans had an average ticket size of ₹ 30 Crores
- As of March 31, 2023, no delinquencies were recorded in this segment

CHAIRMAN'S MESSAGE

Striding Ahead with Quality Growth



Dear Shareholders,

It gives me immense pleasure to present to you Suryoday's Annual Report for FY23. The year in review saw us focus on quality growth as evident from our sound and purpose-driven performance.

The year FY23 began with a rise in geo-political instabilities and the impending war situation further dampened the global macro-economic scenario. Despite this, the 1st full year post pandemic witnessed the Indian economy's steady growth and resilience with India's economic growth being largely insulated from global shocks.

In FY23, the Indian economy was one of the fastest growing economies, in real terms. With a rebound seen on all fronts, the Indian economy performed well with GDP growth at 7.2%. The credit growth in the Banking sector reflects the growth journey. Time and again, the Indian banking system has demonstrated its resilience while addressing global challenges. According to RBI's Financial Stability Report, the Indian banking system is robust, fortified by a multi-year low level of non-performing loans and adequate level of capital and liquidity buffers.

In the recent past, deposit growth was more stable as compared to credit growth. However, in FY23, led by buoyant demand for credit growth, the CD ratio for SCBs stood at 75.8% as against 72.4% reported in FY22. Healthier balance sheets, sustained broad-based momentum of credit growth across all sectors of the economy. As per RBI's data, bank credit grew by 15% year-on-year (y-o-y) basis in the fiscal ended March 2023 on account of the lower base of the previous year and higher demand for funds with economic activity picking up.

For Small Finance banks, FY23 was the year of rebound after a muted FY22. The listed Small Finance banks put up a stellar performance during the year reporting an overall growth of about 30% in their portfolio.

Performance Review

FY23 was a year of reset for Suryoday, wherein we maintained a razor-sharp focus on quality growth resulting in steady and turnaround performance during the year. The business growth was achieved with a mix of expanded branch networks and deeper penetration in the existing branches. As of March 31, 2023, our branch network stood at 577, of which 95 branches are deposit-focussed, 324 branches are asset-focussed, the remaining 158, being rural outlets.

Signalling a turnaround in terms of profitability, we reported a profit of ₹77.7 Crores in FY23 against a loss of ₹93 Crores reported in FY22. This recovery reflects our concerted efforts to enhance operational efficiency, optimise our asset quality addressing stressed asset portfolio and improve overall financial performance.

Our inclusive finance and related lines of business demonstrated a remarkable growth almost at the pre-pandemic levels. Our retail assets business grew significantly at around 41%.

On the deposit franchise front, we continued to focus on retail granular deposit growth, wherein 50% of our retail deposits

accounted for amounts less than ₹ 5 Lakhs, and 86% of our retail deposits were related to amounts less than ₹ 50 Lakhs.

Our disbursements grew by 44.1% to ₹ 5,083 Crores from a level of ₹ 3,528 Crores during the previous year, on the back of increased demand, business activities reaching the pre-pandemic levels with strong momentum across businesses. Our inclusive finance business, which serves the unbanked and underbanked population, disbursed over ₹ 3,500 Crores constituting around 69% of the total disbursements undertaken during the year.

The Bank has had significant increase in its customer base that reflects the success of our customer-centric approach and our ability to attract new customers, by catering to evolving financial needs.

The customer base of the Bank has witnessed a substantial growth to about 23.1 Lakhs, an increase of 19.9% Y-o-Y signalling our way to cater to banking needs of 1% of the total Indian households.

We have achieved significant improvement in our asset quality with a sharp reduction in Gross Non-Performing Assets to a level of 3.1% in FY23 from 11.8% in FY22 and the Net NPA dropping to 1.5% in FY23 from 5.9% in FY22. Our Provision Coverage Ratio (excluding technical write-offs) stood at 51.5%, marginally lower than 55.6% in FY22.

Our collection efficiencies have improved steadily across all lines of businesses with the economy nearing pre-pandemic levels. Our overall collection efficiency inclusive of recovery of overdue advances stood at 102.2% during the current fiscal.

Our core earnings have improved 27.7% Y-o-Y, with Net Interest Income increasing to a level of ₹ 746.6 Crores during the year as against ₹ 584.5 Crores last year.

The year witnessed a rise in interest rates with Repo rates being raised by 2.5% in the course of the year. However, the Bank was able to maintain its cost of funds, which stood at 6.7%, marginally lower than 7.0% in the corresponding period last year. Similarly, the Bank has been able to marginally improve its cost-to-income ratio to 60% versus 60.9% in FY22.

We continue to be well capitalised with our capital adequacy ratio currently standing at 33.7%, comprising of Tier I capital at 30.8% and Tier II capital at 2.9% respectively.

Improving Efficiencies

We have strategic internal control measures in place to improve processes and overall efficiencies for better and improved customer service. We remain committed to setting the highest standards of Corporate Governance by adhering to the Industry's Best practices and requirements.

We continue to invest in technology, to aid our customer service process and digitise processes for seamless

customer servicing. During the year, we migrated to Finacle Core Banking Solution, implementing it in record time. We continue to invest in analytical tools to help us cross-sell and upsell, while enhancing the quality of our customer journey.

Our empowered human capital whom we consider as our Brand Ambassador, has ensured excellence in delivering efficient customer service.

Undertaking in-depth and incisive analysis, has helped us maintain a robust risk management mechanism, enhancing our ability to ensure asset quality and take preventive action in a timely manner.

The Bank continues to be driven by its purpose of creating and developing a financially inclusive ecosystem and accordingly continues to maintain a consistent focus on the unbanked and underbanked population.

We are leveraging our Inclusive Finance Banking outlets to offer relevant products beyond basic microfinance loans. Additionally, we have strategically partnered with our Business Correspondents to expand our network to newer geographies to help our customers make a foray into the mainstream financial system.

We have been undertaking various CSR initiatives to empower the marginalised sections of society and to help create a sustainable environment.

The Way Ahead

The recent banking crisis in US and Europe has sent shockwaves across the global banking fraternity. However, the Indian banks are well placed as compared to their US and European counterparts. Additionally, the Government of India and RBI continue their efforts to strengthening the banking ecosystem and fostering a stable financial environment.

The Bank shall continue with its prudent approach across the twin pillars of (a) being well capitalised to support future growth as well as (b) maintaining sufficient liquidity levels.

We continue to remain focussed on serving the underbanked and unbanked segment with a vision to be able to serve at least 1.0% of Indian households by 2026.

I take this opportunity to thank all our stakeholders including our customers, business partners/associates, employees and shareholders for their unwavering support and trust in us.

We are committed to delivering robust performance, so as to become "The Bank of Choice," for our customers as well as for creating long term value for our shareholders.

Best wishes,

RAMACHANDRAN R.

Chairman

MD & CEO'S MESSAGE

Leveraging Capabilities for Deeper Connect

Dear Shareholders,

Suryoday appreciates your continuing support and faith in our capabilities to deliver value-driven performance and sustainable quality growth in FY23 and beyond.



We began the year amidst the backdrop of FY22 and the turbulent global political situation while banking on the Indian economy's steely resilience to withstand such challenges and emerge stronger with a steady GDP growth. With businesses being high on sentiment as they recovered from the pandemic impact, we aimed to capitalise on this opportunity by ensuring quality growth.

We focussed on growing our portfolio across all fronts. The key challenge for us was to scale our loan book both in value and quality terms. We achieved this by maintaining strong underwriting practices and an in-depth analysis to ensure an adequate risk management system was in place with early warning signals, to spot any deterioration in asset quality.

As on March 31, 2023, 90% of our gross loan portfolio (GLP) constitute post-COVID (post June 2021) book with only the remaining 10% pertaining to legacy book prior to June 2021. With a 1-EMI adjusted collection efficiency of over 98% on the post-COVID book, the Bank has successfully adopted and implemented requisite risk mitigation strategies. We also sold a portion of our stressed portfolio to an ARC resulting in a one-time impact on our profitability.



With a 1-EMI adjusted collection efficiency of over 98% on the post-Covid book, the Bank has successfully adopted and implemented requisite risk mitigation strategies.

Financial Highlights

In FY23, we focussed on quality growth which is evident in our performance across key parameters. The main drivers that led our performance related to deepening and leveraging on the existing network and infrastructure, digitally-assisted products and partnerships for loan and liability products. Additionally, we have made strategic investments in human capital and digital capabilities.

Both our secured lending and inclusive finance business grew significantly. Our net total income stood at ₹844 Crores as compared to ₹678 Crores in FY22, an increase of 24.5% y-o-y basis. Likewise, our yield improved to 19.3% from 18.2% in FY22 while our net interest margin increased to 9.5% compared to 8.6% in FY22. Our AUM after adjusting the sale of portfolio to ARC, grew by ~ 21% and stood at ₹6,114 Crores in FY23. It was ably backed by an increase in disbursement by ~ 44% at ₹5,083 Crores over the previous year. We have also witnessed a substantial increase in our retail asset disbursement which grew by 72.8% at ₹1,580 Crores.

Vikas Loans, our flagship product for Inclusive Finance customers crossed the ₹1,200 Crores portfolio mark, growing from a modest base of ₹213 Crores in FY22 to ₹1,232 Crores in FY23, clocking a growth of 478% over the previous year.

On the liability front, we continued to focus on mobilising granular retail deposits. Our total deposits for FY23 stood at ₹5,167 Crores against ₹3,850 Crores in FY22, registering a strong y-o-y growth of 34.2%. Our CASA clientele has shown a gradual increase over time. At the end of FY23, our borrowing accounted for 28% of our total liabilities, the majority of which were from refinancing institutions. It added strength to our Asset Liability Management.

Operational Highlights

Our strategic focus in FY23 was on building a quality book with meaningful growth while developing our Vikas Loan portfolio.

As we have a geographically spread branch network focussed on inclusive finance, we identified locations with potential for expansion and for building the liability book while providing holistic financial services to the customers.

Within our inclusive finance business, we have focussed on Vikas Loans (VL), an individual loan for graduating JLG customers. The VL portfolio has a collection efficiency of > 99% and is a testimony to our stupendous achievement in FY23. Backed by our strategic focus and increased government impetus towards nurturing MSME growth,



The main drivers that led our performance related to deepening and leveraging on the existing network and infrastructure, digitally assisted products and partnerships for loan and liability products.

our customer base for the portfolio grew substantially to more than 1.9 Lakh customers. Our intent is to make our customers financially well managed by creating stability and growth for them and their entire families.

On the Retail Assets front, our focus remained on steadily increasing the book by sourcing good quality customers who have been able to weather the pandemic and are loan servicing customers. As for the mortgage vertical, we have gradually built the affordable housing book which has a 100% collection efficiency.

We focussed on going more granular on the deposit business, as is evident from the fact that 86% of our retail deposits are below ₹50 Lakhs. The strategy will help us convert our asset-focussed branches into deposit-mobilisation branches. This would help us to eventually reach other financial / insurance products to these customers and cater to their every banking need. Towards achieving this goal, we have enhanced our digital capabilities with respect to our back end and mid-ware processes. We now look forward to upgrading our front-end process to with superior digital processes and enhanced customer experience.



Our strategic focus in FY23 was on building a quality book with meaningful growth while developing our Vikas Loan portfolio.



On the customer front, our strategic focus was on gaining entry into the household through the JLG model and thereafter graduating the customer to an individual borrower and eventually at the household level.

We grew our liability franchise by focussing on deeper penetration in select geographies as well as tapping our existing asset customer base. We have expanded our branch network to 577 locations as of March 31, 2023, apart from the CSP outlets. Our branch network helps us cover about 4,673 pin codes which account for nearly 24% of India's total pin codes implying our ability to nearly reach 1 of every 4 Indian.

On the customer front, our strategic focus was on gaining entry into the household through the JLG model and thereafter graduating the customer to an individual borrower and eventually at the household level. We used the JLG model to get new-to-bank customers and the Vikas Loan product to convert existing vintage JLG customers to individual loan customers.

Digitally-led Efficiencies

We have implemented Finacle Core Banking Solution (CBS) during the year. The migration from the legacy system to the new CBS was achieved in record time. With the new



systems in place, we can now focus on cost efficiency across processes. Additionally, we have undertaken fast-paced digitisation of processes that could help further improve efficiencies and employee productivity at a lower cost over the years. Our Sarathi App for our Vikas Loan customers has significantly improved the TAT for loan origination and disbursement apart from ensuring easy on-boarding of customers with back-end credit underwriting.

We also migrated to a state-of-the-art server, network and security infrastructure that is monitored and managed by us. This investment in IT infrastructure will help us maintain a strategic focus on digitisation.

We have also introduced a new feature which helps our customers to transfer funds into their Suryoday account through UPI / other payment systems by simply transferring the funds to "<Account Number>@Suryoday". This feature helps our customers to fund their account and make loan repayments without the need to visit the branch.



Additionally, our new e-FD opening is an assisted-digital service, whereby even a new customer can post e-authorisation for KYC, open a Term Deposit through our Jyoti App available with every bank staff.

The Way Ahead

The future of the banking sector is digital banking with NPCI revolutionising financial transactions in India with its two flagship products "RuPay" and "UPI", empowering millions access to formal banking services. We have been upgrading our digital capabilities to provide our customers with end-to-end service offerings. We have also registered ourselves as a Member Lending Institution (MLI) under the CGFMU scheme, which would help us successfully navigate through cyclical events that can be experienced periodically.

For FY24, we will continue to maintain the momentum gained on the growth path both across asset and liability fronts. We would prioritise diversified growth across business segments with specific focus on Vikas Loans and Affordable Housing Loans while adopting appropriate risk management practices. Apart from graduating JLG customers, we would be extending the Vikas Loan product to "New-to-Bank" (NTB) customers with adequate credit history. On the deposit front, we strive to build on the CASA deposits by converting our asset customers into complete banking customers.

Conclusion

I would like to thank the Board of Directors and all stakeholders on behalf of the Bank and myself, for their ongoing support and patronage in this wonderful journey. I would also express my gratitude to our dedicated workforce who have consistently strived to achieve our success story.

With the government impetus on growth and a buoyant economy, we look forward to building on our FY23 performance and accelerate our quality growth in FY24 and beyond.

We will strive to build a respectable financial services institution primarily focused on financial inclusion and meet the expectations of all our stakeholders in the years ahead.

Warm Regards

Baskar Babu Ramachandran

MD & CEO

KEY PERFORMANCE INDICATORS

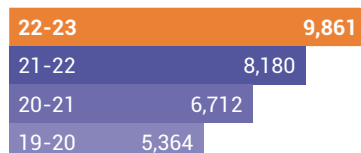
Steady and Remarkable Performance

Multiple tailwinds and being well capitalised helped us scale up at a faster pace and perform well during FY23.

Balance Sheet Metrics

Total Assets

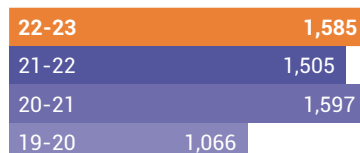
(₹ Crores)



3-year CAGR 13.7%
Y-o-y 20.6%

Shareholders' Fund

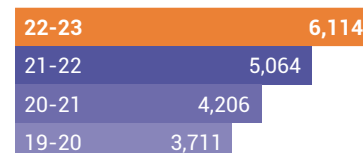
(₹ Crores)



3-year CAGR -0.3%
Y-o-y 5.3%

Gross Loan Portfolio

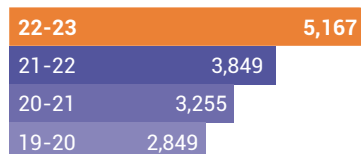
(₹ Crores)



3-year CAGR 13.3%
Y-o-y 20.7%

Deposits

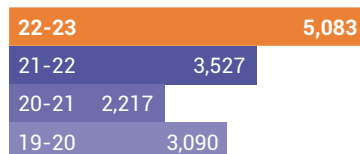
(₹ Crores)



3-year CAGR 16.7%
Y-o-y 34.2%

Disbursement

(₹ Crores)

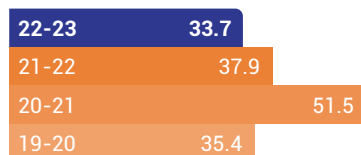


3-year CAGR 31.9%
Y-o-y 44.1%

Key Ratios

CRAR

(%)



Y-o-y -420 bps

Operating Expense as a % of Gross Advance

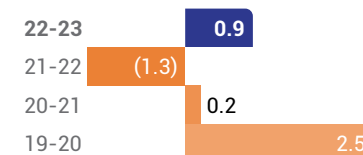
(%)



Y-o-y -90 bps

ROA

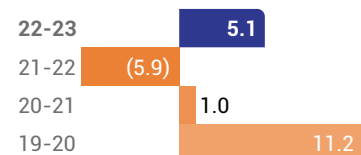
(%)



Y-o-y 220 bps

ROE

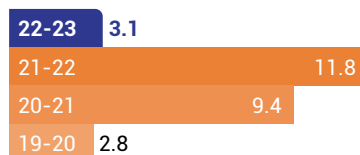
(%)



Y-o-y 1,100 bps

GNPA

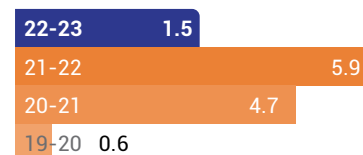
(%)



Y-o-y -870 bps

NNPA

(%)



Y-o-y -450 bps

Profit and Loss Metrics

Revenue

(₹ Crores)

22-23	1,281
21-22	1,035
20-21	852
19-20	941

3-year CAGR 14.5%
Y-o-y 23.7%

Net Total Income

(₹ Crores)

22-23	844
21-22	678
20-21	486
19-20	665

3-year CAGR 20.2%
Y-o-y 24.5%

Net Interest Income

(₹ Crores)

22-23	747
21-22	584
20-21	410
19-20	491

3-year CAGR 22.1%
Y-o-y 27.7%

Pre-provisioning Operating Profit

(₹ Crores)

22-23	337
21-22	264
20-21	181
19-20	305

3-year CAGR 23.1%
Y-o-y 27.4%

Profit After Tax

(₹ Crores)

22-23	78
21-22	(93)
20-21	12
19-20	111

3-year CAGR 86.4%
Y-o-y NA

Yield on Advances

(%)

22-23	19.3
21-22	18.2
20-21	17.8
19-20	21.9

Y-o-y 110 bps

Cost of Funds

(%)

22-23	6.7
21-22	7.0
20-21	8.0
19-20	8.6

Y-o-y -30 bps

Net Interest Margin

(%)

22-23	9.5
21-22	8.6
20-21	7.1
19-20	11.7

Y-o-y 90 bps

Cost-to-Income Ratio

(%)

22-23	60
21-22	60.9
20-21	64.4
19-20	47.1

Y-o-y -90 bps

Non-financial Metrics

Customer Base

(Lakhs)

22-23	23.1
21-22	19.2
20-21	14.9
19-20	14.6

3-year CAGR 15.7%
Y-o-y 20.3%

Employee Base

22-23	6,025
21-22	5,252
20-21	5,131
19-20	4,695

3-year CAGR 5.5%
Y-o-y 14.7%

Branches

(Lakhs)

22-23	577
21-22	565
20-21	556
19-20	477

3-year CAGR 1.2%
Y-o-y 2.1%

OPERATING ENVIRONMENT

Pursuing Excellence with a Purpose

Our tenacity and adaptability in the face of challenges have enabled us to navigate through global headwinds and capitalise on emerging opportunities to realise our objective of financial inclusion for the unbanked and underbanked.



10.4*%

Growth of Inclusive Finance Portfolio in FY23

**Adjusted for ARC ~23% of growth*

The fiscal year 2023 began with the pandemic's impact receding and the global economy witnessing a paradigm shift due to the impact of macroeconomic factors like inflation and rising interest rates. The global banking sector was rattled by the recent banking crisis in the United States and Europe also substantially impacting the global financial markets.

Despite the global economic slowdown and inflationary pressure, the Indian economy has remained resilient, supported by strong domestic demand and consumer spending across categories. In addition, India's growing middle class increased the demand for affordable housing with the Indian affordable housing market valued at \$1,824.4 million in 2022. This market is expected to grow at a CAGR of 19.8% through 2028 backed by robust demand which will create immense opportunity for the banking sector. The various government initiatives that include initiatives to nurture MSME growth and RBI's new microfinance guidelines are expected to significantly

benefit the banking sector, especially the microfinance sector in the country. Furthermore, the government's impetus to stimulate a digital banking ecosystem to extend its network to the rural regions of India indicates a commitment to strengthen the overall banking system. Also, favourable demographics, businesses returning to normalcy and a rise in income would add to the growing demand for customer loans.

Such favourable indicators augur well with our commitment to retaining our inclusive finance customers, while also onboarding new customers across the micro and non-micro loan segment and expanding our housing market portfolio. Through our strong deposit mobilisation, collection, and disbursement mechanism along with leveraging digital capabilities, we have been able to amplify our efforts in reaching out to new customers. We continue to disburse loans to new and existing customers, thus extending our outreach to the under-banked and unbanked and helping them attain financial inclusion.

Tapping Opportunities With The Right Growth Levers

We are equipped with robust growth drivers, sound business practices, well-defined Governance, Compliance and Risk Management frameworks to tap the growing opportunities while mitigating business risks and drive growth.

Our growth enablers

1.

Our customer centricity is integral to fulfilling financial inclusion and creating long-lasting value for our customers

2.

We offer a wide array of customised products that includes inclusive finance loans to affordable housing loans apart from various deposits to serve the needs of our vast customer base

3.

Our strong focus has been to emerge as a leader in the growing granular deposit franchise

4.

We extensively use and adopt digital technologies over our process spread across the entire customer lifecycle to enhance our customer journey

5.

We continue to remain well capitalised with a robust credit profile and sound risk management mechanism

6.

Our diversified distribution network operates across multiple digital and delivery channels spreading our reach far and wide

7.

Our dynamic and accomplished management team has taken our business to new heights ably supported by strategic leaders across different departments

The Way Ahead

Going forward in FY24, we aim to increase our Gross advances by ~30%, deposits by ~35% while generating ~2.2% of return on assets and 15% of return on equity, respectively.

Also, we will strive to maintain our GNPA and net NPA level below 2% and 0.5% respectively.

Leveraging our digital capabilities across multiple Apps, we will continue our focus on product diversification and bridge the gap between inclusive finance and non-inclusive finance mix to maintain a strong ratio of 55:45 each while getting CGFMU cover for JLG and Vikas Loan apart from building a robust Vikas loan book.

We would focus on engaging customers with their preferred product apart from cross-selling our offering to them.

To increase our customer outreach, we would enter the household segment through the JLG model and later graduate the customer to an individual borrower and eventually at the household level.

We will continue strengthening our foothold in existing states while slowly expanding our presence in new states and keep increasing our branch network to widen our customer outreach. Additionally, we will work towards converting our focussed branches into full-fledged branches with deposit sourcing teams. We will also work on the cross-selling and up-selling of our retail asset products to our liability customers, making the latter a full-service offering branch.

KEY FOCUS AREAS

How We Responded to the Opportunities in the Sector

At Suryoday, we remain committed to growing our gross advances and deposits portfolio to achieve higher profitability while driving growth and creating long-term value to all our stakeholders.

Key Strategies

S1

Expanding asset portfolio and maintaining focus on secured lending

S2

Consolidate retail liability portfolio

S3

Spread geographic footprint and deepen presence across existing locations

S4

Continue leveraging digital capabilities and technology to drive growth

EXPANDING ASSET PORTFOLIO AND MAINTAINING FOCUS ON SECURED LENDING



We have progressively increased our loan book size while gradually intensifying the share of secured loans in overall product mix. Our product mix includes group loans, individual loans, commercial vehicle loans, affordable housing loans and secured business loans.

During the year, we focussed on overall portfolio growth which has resulted in the significant growth of both our secured lending as well as the inclusive finance business. Despite secured lending business being of longer tenure, our portfolio had a higher mix of secured lending business compared to the inclusive finance business at 39:61 in FY23.

During FY23, our AUM grew by ₹ 1,051 Crores at 20.8% compared to ₹ 857 Crores in FY22 while disbursement increased to ₹ 5,083 Crores in FY23 over ₹ 3,528 Crores in FY22.

Our strategic focus is on growing our Individual Loan - Vikas Loan product which crossed ₹ 1,200 Crores with a collection efficiency of over 99%. In FY24, we anticipate a higher growth in Vikas Loan portfolio compared to JLG loans. The Bank boosted its disbursal across inclusive finance segment and micro home loan segment while undertaking expansive and concentrated measures with an embedded focus on augmenting Vikas loan book size and 2-wheeler business loan, a newly introduced loan product.

Our gross advances grew by 20.8% to ₹ 6,114* Crores on a year-on-year basis. Inclusive finance comprised 61% of the asset book, while affordable home loans, commercial vehicles, and secured business loans accounted for 10.5%, 6.4% and 6.6% respectively.

These measures helped us acquire new customers across segments during the year. Our customer outreach increased from 19.2 Lakhs in FY22 to 23.1 Lakhs customers in FY23.

In terms of asset quality, our GNPA and NNPA substantially reduced from 11.8% and 6% in FY22 to 3.1% and 1.5% respectively during FY23. As on March 31, 2023, our total provision stood at ₹ 98.6 Crores indicating a coverage ratio of 51.5%. There have been sequential improvements in our collection efficiency due to business and economy nearing pre-COVID levels, resulting in a decline in the portfolio's delinquency. Our collection efficiency was at 102.2% in FY23.

23.1 Lakhs

Total customer base

₹ 6,114* Cr

AUM as on March 31, 2023

₹ 5,083 Cr

Disbursement for FY23

3.1%

GNPA in FY23

1.5%

NNPA in FY23

*Adjusted for ARC is ₹ 6,541 Crores with growth of 29.2%

CONSOLIDATE RETAIL LIABILITY PORTFOLIO

S2

We have a strong foothold in the microfinance space having many inclusive finance business outlets. Each of these locations possesses great potential for expansion and extension as liability franchise outlets. As such, we continued to grow our retail liability portfolio during FY23. Additionally, we have focussed on leveraging our asset outlets by collecting deposits and turning them into deposit sourcing outlets for eventually cross-selling other bank and insurance products to such customers while catering to their every banking need.

Our total deposits stood at ₹ 5,167 Crores witnessing a strong growth of 34.2% compared to ₹ 3,850 Crores generated in FY22. Retail deposits at ₹ 3,778.6 Crores comprise 73.1% of our total deposits in the current fiscal while the balance relates to bulk deposits of ₹ 1,388 Crores at 26.9%.

The Bank's key focus was on granular deposits which comprise ~ 86% of our retail term deposits including CASA which has a ticket size of less than ₹ 50 Lakhs.

In line with our granular retail strategy, our CASA strategy has been primarily focussing on gaining the real granular

sticky mid-sized CASA to strengthen the CASA mix and raise deposits. The strategy has helped us to build our CASA base slowly and consistently. During FY23, the CASA ratio stood at 17.1% compared to 18.8% in FY22.

The Bank has been able to maintain low cost of deposit due to the retail participation.

₹ 5,167 Cr

Deposit as on March 31, 2023

73.1%

Share of Granular retail deposits

17.1%

CASA ratio in FY23



SPREAD GEOGRAPHIC FOOTPRINT AND DEEPEN PRESENCE ACROSS EXISTING LOCATIONS

S3

We continue to grow our presence and reach out to the unbanked and underserved segments of the country. We have a significant presence in the Western and Southern regions and have continued to maintain our focus on expanding our footprint across the Northern regions. Operating mainly through our bank outlets, which we regularly keep expanding, we serve the urban, semi-urban and rural sections of the country. Our business correspondent partners (BCPs) assist us in expanding our reach into existing and new territories, including remote areas. Collaborating with our BCPs will enable us to manage the rural belt while undertaking strategic corporate business correspondent tie-ups to strengthen our asset portfolio across the states we operate, for increased outreach and operational efficiency. Apart from these, we believe in promoting alternative distribution and delivery channels like ATMs, phone banking, mobile banking and Internet banking services among others for a seamless customer journey.

As of March 31, 2023, we have 577 branches catering to 4,673 pin codes covering about 24% of India's geographies.

324
Branches (Asset-focussed)

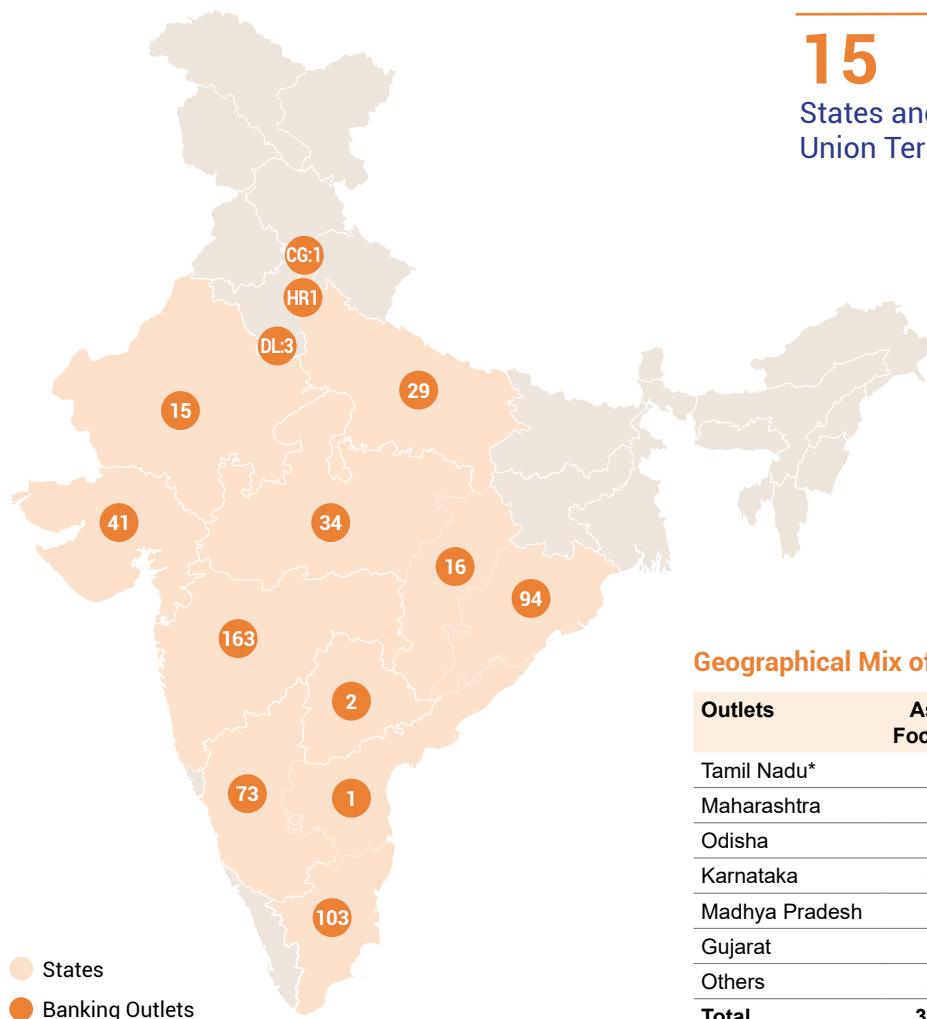
95*
Branches (Liability-focussed)

158
Rural centres

**Includes 26 Composite Branches*



Pan India Presence



15
States and
Union Territories

577
Banking
Outlets (BO)

Geographical Mix of the Branches

Outlets	Asset-Focussed	Liability-Focussed	URC	Total
Tamil Nadu*	64	22	17	103
Maharashtra	77	34	52	163
Odisha	28	10	56	94
Karnataka	45	11	17	73
Madhya Pradesh	27	2	5	34
Gujarat	36	5	0	41
Others	47	11	11	69
Total	324	95	158	577

*Tamil Nadu includes Puducherry

Some of the URC branches are full-fledged asset branches

Map not to scale. An illustrative representation only.

Way Forward

Our strategic focus in FY24 will be to build on our FY23 performance across our business categories by prioritising a diversified growth approach with a specific focus on Vikas Loans and Affordable Housing Loans. Also, to strengthen our CASA deposits by converting our asset customers into complete banking customers.

Our product strategy would focus on engaging customers with their preferred product apart from cross-selling our offering to them. To increase our customer outreach, we

would aim for gaining entry into the household through the JLG model and later graduate the customer to an individual borrower and eventually at the household level.

These strategies would be in tandem with our geographical expansion and deepened penetration in existing markets. Apart from expanding our network, we will work towards converting our focussed branches into full-fledged branches with deposit sourcing teams. We will also work on the cross-selling and up-selling of our retail asset products to our liability customers, making the latter a full-service offering branch.

CONTINUE LEVERAGING DIGITAL CAPABILITIES AND TECHNOLOGY TO DRIVE GROWTH

S4

At Suryoday, we strive to implement a digital ecosystem, improve operational excellence, and provide a superior customer experience through our consistent efforts to enhance technology and our digital front.

We continue to adopt digital technologies and analytics and partner with fintech firms.

Our Dynamic Data Analytics Capabilities

1. Enable business and risk management focussed analytical insights to analyse customer behaviour by tracking their repayment capability based on monthly repayments to multiple lenders
2. Pin code related market analysis to tap emerging markets
3. Static pool and overdue analytics
4. Insight-based Cohort analysis

Our diverse technology platforms, enable us to seamlessly manage various stages of customer journey right from onboarding to transactions to customer management.



New Technology Platforms Launched

1.

Loan Origination System (LOS) – “Sarathi” for Vikas Loan

The introduction of Sarathi App has laid a strong foundation and been a milestone in the digitally transformation journey for us. All the currently introduced platforms enabling overall seamless internal management and allowing us to provide funnelled service across entire customer journey cycle including onboarding, transactions, grievance redressal, etc.



Sarathi App Features

- Ensures easy on-boarding of customers
- Back-end credit underwriting
- Improved TAT for loan origination and disbursement
- Customer KYC captured via e-authorisation through the App making the process almost paperless
- Capturing household information facilitating service to the entire household

2.

Digital Loan Repayment Facility (UPI)

Introduced a new feature to help our customer transfer funds into their Suryoday account through UPI / other payment systems by simply transferring the funds to “<Account Number>@Suryoday”. Customers can now transfer money to their accounts and make loan repayments online eliminating the need for physical branch visit.

3.

Digital-Assisted Account Opening

Launched e-FD opening, an assisted digital service, whereby even a new customer can post e-authorisation for KYC and open a Term Deposit via our Jyoti App available with each bank staff.





Introduced in-house Sarathi App for capturing customer information at the household and house level

Robust Digital Initiatives FY23

- Our in-house digital transformation program, Pragyan went live in August 2022
- Launched digital mapping exercise for the household 'Sarathi' App for capturing house and household details of a customer from a business perspective to reduce turnaround time and improve product effectiveness and efficiency
- Partnered with a reputed technology services provider to migrate our core banking solutions to Finacle. The partnership will help support and manage our data centres, infrastructure, application and security among others for increasing operational efficiency
- Collaborated with Paytm, Airtel and Fino for providing a seamless end-to-end digital process for current accounts, savings accounts and sweep accounts. Have also undertaken fixed deposit mobilisation relationship with Fino payments bank
- Engaging with multiple fintech firms for offering digitally-enabled deposits, loan investments and insurance products to enrich customer experience
- Partnering with various technology partners for the tech-enabled assets and liability products



OUR PEOPLE

Empowering People Centricity

As a people-centric entity, our constant endeavour is to develop products and processes to create long term value for all our stakeholders while also achieving profitability and driving growth.

Fostering an Empowered Workforce

We believe in fostering a positive and harmonious work environment for achieving our broader purpose. We regularly adopt measures to boost employee morale, satisfaction and well-being while making them feel engaged and valued.

At Suryoday, our employees are encouraged to achieve their maximum potential both on the personal and professional front. For ensuring this, we maintain a safe, healthy and holistic workplace for our employees across all

our branches and outlets. We undertake various employee specific initiatives apart from regular learning and development programmes to help upgrade their skills and career prospects.

Various HR interventions in FY23

We endeavoured to create a culture based on inclusivity amongst our employees to enable them to grow as the ambassadors of the Bank for bringing smiles on the faces of all our stakeholders.

During the year the following initiatives were undertaken:

- **Product, Process, Skill Development and New Hire Training programmes** implemented across the organisation through virtual and physical modes
- **Training content simplified** and imparted for Products, Soft Skills, Systems and Processes
- Proactively conducted **Cybersecurity Training** across the organisation including senior management to address the rise in cybercrime and the need for adherence to strict cyber regulation
- **Need-based External Training Programmes** on functional expertise to stay up-to-date for nominated employees
- **Induction Programme** for all employees which covers Compliance, HR Policies, Prevention of Sexual Harassment, Customer Service Excellence, Consumer Protection, Responsible Banking, Data Privacy Protection
- 21 days training programme for newly joined Management Trainees - **Aarambh**

Employee Testimonials

Mr. Sudhir Parte

State Head - Credit

Inclusive Finance (Gujarat)

I began my journey as a Credit Officer, a role that laid my career's foundation. Today, I proudly serve as the State Head. Thinking about Suryoday's evolution during my tenure fills me with pride. The exceptional work culture at Suryoday has played the most significant role in shaping my achievements. Today, as I stand here, I see a promising journey ahead.

14 years have passed in the blink of an eye, marking my service to this remarkable organisation. The engaging environment at Suryoday has made time fly. I'm deeply grateful to Suryoday Bank's superiors for their support and guidance throughout these years. My teammates deserve equal appreciation; their collaboration has pushed me through enriching experiences.

Being a part of the Suryoday family brings me joy. The organisation recognises my potential and offers growth opportunities aligned with my talents. Looking ahead, I'm confident that Suryoday's support will help me further excel in my career.

Mr. Narayan Bagadi

Collection Manager

Maharashtra

Suryoday Bank has transparent leadership and great benefits. After completing 13 years with Suryoday, I can say we get more than promised and offered. Right from the employee benefits to the opportunity to learn and grow and the freedom to apply our skills and ideas.

Leadership and managers are very transparent and approachable. I am proud to be part of the Suryoday family. The Bank that truly values its employees and culture, and that enables us as employees to grow and feel passionate about our careers.

Reimagining Customer Interventions

At Suryoday, customer-centricity is core to our mission of achieving financial inclusion and expanding our customer base. We constantly strive to reinvent our strategies to develop innovative products and adopt digital initiatives for seamless and enriched customer experiences.

Unique Offerings

- Small ticket Fixed Deposits to customers (minimum of ₹ 1,000) are offered and processed through Customer Service Points (CSPs) within 100 seconds
- End-to-end digital services are being offered for Vikas loan product which helps the customers undertake seamless transactions right from sourcing to collection
- Natural Calamity Insurance for inclusive finance customers for covering natural disaster related losses and damages
- Recurring deposits for inclusive finance consumers to get them to the mainstream banking channel
- Increasing share of microloans and LAPs across the total loan portfolio





Awards won in recognition of our digital efforts in FY23



“Best Security Practices in Small Finance Banks” category by CISO Summit Awards 2023

GOLD “TRANSFORMATION EXCELLENCE Core Banking Transformation” by Infosys Finacle Innovation Awards 2023

Overall pleasant and comfortable experience even for a senior citizen like me. Staff are just a call away!

T S Manohar
Mylapore, Tamil Nadu

The service provided is very nice. The Bank has friendly management. The Bank supports woman staff and are very humble.

Jayalakshmi
Madurai, Tamil Nadu

CORPORATE SOCIAL RESPONSIBILITY

Empowering Communities

At Suryoday, we believe in fostering a positive and holistic environment for our stakeholders and society. To serve our purpose, we regularly undertake various CSR activities throughout the year dedicated to serving and supporting the needs of underprivileged and low-income communities.

Our CSR activities are majorly conducted through our Suryoday Foundation, wherein we focus on supporting marginalised unserved and underserved low-income communities and improve their economic and social wellbeing.

FY23 CSR Initiatives

During the year programmes on Financial Literacy for Domestic Workers, School Children and their parents, supportive livelihoods, and health were implemented in Maharashtra, Tamil Nadu, Odisha and Puducherry.

CSR programmes implemented in FY23

3

States

1

Union Territory

Financial Literacy Programmes

We strongly believe that Financial Literacy is the cornerstone for financial inclusion. Only when people have the right information and confidence, they can make informed decisions regarding money management and the usage of formal financial services.

34,071

Beneficiaries of financial literacy programmes



1.

Building Financial Capability of Domestic Workers: Adhira

Financial Literacy programmes especially for domestic workers were implemented in Mumbai and Navi Mumbai. Apart from providing training, domestic workers were allowed access to different products from banks and social security services. This training was conducted in the slums and across seven housing complexes in Mumbai and Navi Mumbai.

13,806

Domestic Workers were reached during FY23

2.

Financial Literacy Programme for School Children: Ujjwal

Financial Literacy programme was conducted for students from class 8th to 12th attending government schools. The programme focussed on preparing the children for their future, help them achieve their goals and make them aware about money management.

10,280

Students from 59 schools

Taking control of money

Nanda is the only earning member in her family comprising of her husband and two sons. Nanda goes for domestic work in the morning and by evening she runs a small chappal repairing shop. Despite working hard, she did not have a bank account and control over her money. She held a joint account with her husband, which was used by her alcoholic husband. After intervention of Suryoday Foundation, she opened her own personal bank account. She availed insurance, registered for Eshram & Abha cards and also opened a recurring deposit account of ₹ 200.

Understanding the necessity of women like her, she encouraged 4 other women in her community to avail the services. This has set a chain reaction.

Nanda Pramod Kadam

3.

Building Financial Capability of Parents: Swayamshree

We conducted financial Literacy programmes for parents of students who attended the financial literacy programme in school. The students partnered with parents to learn especially about building digital literacy.

9,445

Parents attending trainings

90%

Women

10%

Men

4.

Healthy and Happy Families: Spandan

Despite several government initiatives and programmes, many low-income households are still not aware about their basic health parameters which are crucial for them. To help such people, we undertook health awareness programmes during the year. These programmes aimed to improve access to information on health and linkages to services that will give people more control over their own health and wellbeing. Health camps were also conducted in partnership with private hospitals and government hospitals.

113

Number of Health Camps Conducted in FY23

7,070

Number of People covered



Focus Areas

- Anaemia
- Reproductive health
- Eyes
- Seasonal Infections
- Osteoporosis
- Dental

77

Women given supplementary livelihoods in FY23

5.

Supplementary Livelihoods: Udyojika

Supplementary livelihoods are given to women (domestic workers, informal workers, marginal farmers) in rural areas. The additional income could help them to save and meet emergencies. Through this programme, we engaged women as community trainers who in turn helped mobilise other women for financial literacy programme, distributing low-cost sanitary napkins and making ecofriendly cloth bags.

6.

Quality Education for all Children: VIDYA

A good learning environment helps in improving learning in children. We offered infrastructure support to Navi Mumbai Municipal Corporation (NMMC) Schools. The benefits included installation of water filter, shed construction for water filter, toilet blocks, setting up mini Science laboratory, planting fruit trees, sport items, Bluetooth speakers, LED projector, notebooks and compass boxes among others.



14

NMMC Schools covered under infrastructure support programme for providing quality education in FY23



7.

Village Development: VIKAS

Dhamole is a small tribal hamlet situated in Kharghar, Navi Mumbai. It has nearly 100 households comprising of Khatkari and Thakur tribals. Like most tribal hamlets, Dhamole too is impacted by urbanisation – their forest land is being covered by buildings. They do not have land ownership and face fear of displacement. The green cover has depleted and there is water scarcity. Women spent nearly 1 to 2 hours daily in filling water. The Anganwadi attended by 35 to 40 students was also in poor condition. Towards helping this hamlet lead better lives, we undertook installation of water lifting system and renovation of Anganwadi.

GOVERNANCE

Robust Governance Framework

At Suryoday, we adhere to the highest standards of corporate governance and adopt best industry practices towards fulfilling our broader goals. Our Board of Directors along with the management regularly examine and evaluate the corporate governance principles and ensure that every employee abides by these rules.

Board of Directors



Mr. R Ramachandran

Non-Executive Chairperson and Independent Director



Mr. Mrunjay Sahoo

Independent Director



Mr. Jyotin Mehta

Independent Director



Committees

- C Chairperson
- M Member

Name of the Committee

- Audit Committee of Board
- Nomination and Remuneration Committee
- Risk Management Committee of Board
- IT Strategy Committee
- Credit Committee of Board
- Customer Service Committee
- Corporate Social Responsibility Committee
- Stakeholders' Relationship Committee
- *Special Committee of Board for Monitoring & Follow-up of cases of Frauds and Review of Wilful Defaulters (SCBF & RWD)

* In the Board meeting held on March 24, 2023, the name of 'Committee for Review of Wilful Defaults and High Value Frauds' was changed to 'Special Committee of Board for Monitoring & Follow-up of cases of Frauds and Review of Wilful Defaulters (SCBF & RWD)'.



Mr. John Arunkumar Diaz
Independent Director

M M C M M M



Mr. Krishna Prasad Nair
Independent Director
(with effect from July 22, 2021)

M M C M M



Mr. Ranjit Shah
Investor Director

M M M M



Dr. Mandeep Maitra
Independent Director

M M C M M



Mr. Baskar Babu Ramachandran
Promoter, MD and CEO

M M M M M M M

Board demography and independence

6
Number of
Independent Directors

65 years
Average Board age

1
Number of woman
Director on Board

19
Number of Board
meetings held in FY23

92%
Board attendance
in Board meetings

Leadership Team



Baskar Babu Ramachandran
MD & CEO



Narayan Rao
Chief Services Officer



Kanishka Chaudhary
Chief Financial Officer



Himanshu Mishra
CBO – Retail Banking



Senthil Kumar
CBO – Wheels & Distribution



Gaurav Pawra
Business Head – Mortgages



Sarveish Kharangate
Business Head – Inclusive Finance



Sudhakar Mogera
Head – FIG & Partnerships



Vishwanath Bhat
Head – Micro Home Loans



Rajesh Srivastava
Head - Liability Products & Projects



Radhika Gawde
Chief Credit Officer



Anand Balaji
Head - Inclusive Finance Credit



Krishna Kant Chaturvedi
Company Secretary



Yogesh Dixit
Chief Risk Officer



Vibha Gawde
Chief Audit Officer



Vishal Singh
Chief Information Officer



Sudheer Muvva
Chief Technology Officer



Sasidhar Vavilala
Head – Business Intelligence & Analytics



Dhara Vyas
Chief People Officer & Head – CSR



R Mohan
Head – Legal



Narayan Thathai
Head – Treasury



Shankar Surender
Chief Compliance Officer



Vijay Vasudevan
Head – Business Solutions Group



Deepak Jangid
Head-Marketing & Corporate Communication

Risk Management



The Bank is exposed to various risks which broadly fall under one or more of the categories of Credit Risk, Market Risk, Liquidity Risk, Operational Risk and Information Security Risk. The Chief Risk Officer of the Bank is in charge of the risk management functions under the oversight of the Risk Management Committee of the Board (RMCB). The Bank has a robust framework for risk management in the form of regular review of products and processes by the Compliance team, periodic internal audit of processes and operations, regular review of risk policies and periodic reporting to the RMCB and the Board. The RMCB oversees the nature of the relevant risks, impact thereof on the business of the Bank, implementation of the risk management policies and processes and reviewing of these Policies.

Directors' Report

Dear Members,

Your Board of Directors ("**Board**") present the Fifteenth Annual Report on the business and operations of the Bank together with the Audited Financial Statements of the Bank for the financial year ("**FY**") ended March 31, 2023.

FINANCIAL HIGHLIGHTS

The Bank's performance during the FY ended March 31, 2023 as compared to the previous FY is summarized below:

Particulars	₹ in Crores	
	FY 2022-23	FY 2021-22
Advances*	6,015.1	4,750.9
Deposits and borrowings	7,932.1	6,405.2
Total Income	1,281.1	1,035.4
Operating and Interest Expenses	943.6	770.5
Operating Profit	337.5	264.9
Provisions and Contingencies (including tax)	259.8	357.9
Profit for the year	77.7	(93.0)
Add: Surplus brought forward from previous year	112.0	205.2
Amount available for appropriation	189.7	112.1
Statutory Reserve under Section 17 of the Banking Regulation Act, 1949	19.4	-
Investment Fluctuation Reserve	18.8	-
Capital Reserve	-	0.2
Surplus carried to Balance Sheet	151.4	112.0
EPS (Basic)	7.32	(8.76)
EPS (Diluted)	7.32	(8.76)

*Excluding ARC and Net of Provision

OVERVIEW OF OPERATIONS

The Net Interest Income of the Bank for the year was ₹ 746.6 Crores as compared to ₹ 584.5 Crores in the previous year. The Bank has achieved a Profit of ₹ 77.7 Crores for the year ended March 31, 2023, a significant improvement from the loss of ₹ 93.0 Crores in the year ended March 31, 2022. The Bank has a year-on-year basis growth of ₹ 170.7 Crores in terms of profit.

The Gross Loan Portfolio witnessed a jump of 20.8% to ₹ 6,114 Crores and there was a substantial rise in deposits by 34.2% to ₹ 5,167 Crores. The retail deposits including CASA constituted 73.1% of the overall deposits of the Bank.

The Capital Adequacy Ratio ("**CRAR**") was 33.7% as at March 31, 2023 (March 31, 2022: 37.9%) as compared to the statutory minimum required 15%.

Cost to Income ratio for the year ended March 31, 2023 was 60.0% as compared to 60.9% for the previous year. There was a substantial improvement in Return on Assets from -1.29% in FY22 to 0.87% in FY23 primarily driven by business growth coupled with improved asset quality.

The number of banking outlets increased from 565 in March, 2022 to 577 in March, 2023 including 158 Unbanked Rural Centres.

The Bank was able to completely recover from the aftershocks of the COVID-19 outbreak and lockdown. GNPA and NNPA were back to pre-covid levels. There was an increase in disbursements by more than ₹ 1,500 Crores on a Y-o-Y basis. Additionally, even the Net Interest Income ("**NI**") witnessed a strong growth of 27.8% on a Y-o-Y basis.

Suryoday Small Finance Bank Limited

Customer- related initiatives

The Bank offers a suite of deposit and loan products catering to various customer segments. During the year under review, the Bank introduced the following products and collaborations:

Digital Tie-Ups

- Partnerships with three Payment Banks to offer their customers sweep account facilities and fixed deposits.

Women Savings Account

- Launched Women's Savings Account product with added benefits and better returns on savings account.

DIVIDEND

Considering the need to preserve capital to support growth and expansion, the Board of Directors did not recommend a dividend payout for the FY ended March 31, 2023.

TRANSFER TO RESERVES

As per requirement of RBI regulations, the Bank has transferred the following amounts to various reserves during FY ended March 31, 2023:

Amount transferred to	₹ in Crores
Statutory Reserve	19.4
Capital Reserve	0
Investment Fluctuation Reserve	18.8

CHANGE IN NATURE OF BUSINESS

There has been no change in the nature of business of the Bank during the year under review.

SHARE CAPITAL

Authorised capital:

During the year under review, there was no change in the Authorised Share Capital of the Bank and as at March 31, 2023, the Authorized Share Capital stood at ₹ 125,00,00,000 (Rupees One hundred and twenty-five Crores) divided into 12,50,00,000 (Twelve Crores fifty lakh) equity shares of ₹ 10 (Rupees Ten) each.

Paid up Capital:

During the year under review, there was no change in the Paid-up Capital of the Bank and as at March 31, 2023, the Paid-up Capital stood at ₹ 106,15,87,490 (Rupees One hundred six Crores fifteen lakh eighty-seven thousand four hundred and ninety only) divided into 10,61,58,749 (Ten Crores sixty one lakh fifty eight thousand seven hundred and forty nine) equity shares of ₹ 10 (Rupees Ten) each.

During the year, the Bank has not issued any equity shares with differential voting rights.

DEBT INSTRUMENTS

As at March 31, 2023, the Bank had one series of Debentures issued on Private placement basis consisting of 1000 Nos. of 12.5% Rated, Listed, Unsecured, Subordinated, Redeemable Lower Tier II Bonds in the form of Non-Convertible Debentures having face value of ₹ 10 Lakhs each, amounting to ₹ 100 Crore which are listed on BSE Limited.

CREDIT RATINGS OF VARIOUS INSTRUMENTS

The ratings assigned by ICRA/ and CRISIL for various instruments are:

Instrument	Rating	Rating agency
Long term issuances/ Long Term issuances (NCD/Sub-Debt)	A (Stable)	ICRA
Certificate of Deposits	A 1 + (A One Plus)	ICRA
Certificate of Deposits	A 1 + (A One Plus)	CRISIL

CAPITAL ADEQUACY RATIO

- As per operating guidelines for Small Finance banks, the Bank is required to maintain a minimum Capital Adequacy Ratio (CRAR) of 15% with minimum Common Equity Tier I (CET I) of 6%.
- As at March 31, 2023, the Capital Adequacy Ratio of the Bank stood at 33.7%, well above the regulatory minimum requirement of 15%. Tier I ratio of the Bank stood at 30.8% well above regulatory requirement of 6% and Tier II capital was at 2.9%.

PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The Bank did not have any subsidiary, associate or joint venture company during the FY 2022-23. Accordingly, no statement is required to be reported in Form AOC-1.

ANNUAL RETURN

The Annual Return as mandated under the provisions of Section 92(3) read with Section 134(3) of the Companies Act, 2013 ("the Act") in prescribed Form MGT-7 is available on the website of the Bank and the same can be accessed at <https://www.suryodaybank.com/shareholders-meeting-agm-view-23-24/MGT-7-Annual-Return-Financial-Year-2022-23.pdf>

BOARD OF DIRECTORS

The composition of the Board is governed by the provisions of the Act, the Banking Regulation Act, 1949 (the "BR Act"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), other applicable laws and the Articles of Association of the Bank. As on March 31, 2023, the Board of the Bank had eight Directors, of which six were Independent Directors, one Non-Executive Non-Independent Director and one Managing Director & Chief Executive Officer ("Managing Director & CEO").

The certificate pursuant to Regulation 34(3) and sub-clause (i) of Clause 10 of Part C of Schedule V of the SEBI Listing Regulations for the FY ended on March 31, 2023 from Mr. Tushar Shridharani, Practicing Company Secretary, (FCS 2690 / COP 2190) confirming that none of the Directors on the Board of the Bank have been debarred or disqualified from being appointed or continuing as Directors of the Bank, is attached as **Annexure 1** to this Report.

During the year under review:

- (i) Mrs. Meena Hemchandra (DIN:05337181) Independent Director, has resigned from the position of an Independent Director of the Bank w.e.f. May 23, 2022.
- (ii) Dr. Mandeep Maitra (DIN:06937451) has been appointed as Non-Executive Independent Director for a period of five years effective from July 28, 2022 to July 27, 2027, at the Fourteenth (14th) Annual General Meeting ("AGM") of the Bank held on August 26, 2022.
- (iii) Mr. Ranjit Jayant Shah (DIN 00088405), Investor Director, was re-appointed at the Fourteenth (14th) AGM of the Bank held on August 26, 2022, and is liable to retire by rotation.
- (iv) Mr. Aleem Remtula (DIN:02872107), Investor Director, has resigned from the position of Director w.e.f. September 01, 2022.
- (v) Mr. Jyotin Kantilal Mehta (DIN:00033518) was re-appointed as Non-Executive Independent Director of the Bank for a period of three (3) years effective from August 31, 2022 to hold office upto August 30, 2025 at the 14th AGM held on August 26, 2022. Further, in accordance with the provisions of BR Act, the tenure of total 8 years of Mr. Jyotin Kantilal Mehta as a Director on the Board of the Bank would be completed on February 12, 2025 considering his original date of appointment as February 13, 2017. Accordingly, he would hold office as an Independent Director of the Bank upto February 12, 2025.
- (vi) The Bank has received approval from the Reserve Bank of India ("RBI") on December 26, 2022 vide RBI letter No. DoR.GOV.No.S6124/29.44.006/2022-23, for re-appointment of Mr. Baskar Babu Ramachandran (DIN:02303132), as the Managing Director & CEO of the Bank, for a further period of three (3) years effective from January 23, 2023, to January 22, 2026.
- (vii) Mr. Ranjit Jayant Shah (DIN: 00088405), Non-Executive Non-Independent Director, being liable to retire by rotation at the ensuing AGM of the Bank, and being eligible, has offered himself for re-appointment. The Board of Directors at their meeting held on July 26, 2023, basis the recommendation of the Nomination and Remuneration Committee, has recommended the re-appointment of Mr. Ranjit Jayant Shah as Non-Executive Investor Director, liable to retire by rotation.

KEY MANAGERIAL PERSONNEL

As of March 31, 2023, Mr. Baskar Babu Ramachandran, Managing Director & CEO, Mr. Kanishka Chaudhary, Chief Financial Officer and Mr. Krishna Kant Chaturvedi, Company Secretary & Compliance Officer were the Key Managerial Personnel of the Bank in terms of Section 203(1) of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Ms. Geeta Krishnan ceased to be Company Secretary & Compliance Officer of the Bank with effect from close of business hours on April 30, 2022 on account of her superannuation and Mr. Krishna Kant Chaturvedi was appointed as Company Secretary & Compliance Officer of the Bank with effect from May 2, 2022.

MEETINGS OF THE BOARD OF DIRECTORS/ COMMITTEES OF THE BOARD

During the year under review, Nineteen (19) Meetings of the Board of Directors were held and the gap between any two meetings were well within the statutorily permissible limits. The details of meetings of the Board and Board Committees together with the attendance are detailed in the Corporate Governance Report.

STATEMENT ON DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors have submitted the required declarations that they meet the criteria of Independence as laid down under Section 149(6) of the Act and Regulation 16(1)(b) and Regulation 25(8) of the SEBI Listing Regulations. The Board had assessed the veracity of the confirmations submitted by the Independent Directors, as required under Regulation 25(9) of the SEBI Listing Regulations.

In the opinion of the Board, all the Independent Directors are independent of the Management.

During the year, there has been no change in the circumstances affecting their status as Independent Directors of the Bank and they are not debarred from holding the office of Director under any SEBI Order or any other such authority.

STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

In the opinion of the Board, the Independent Directors are persons of integrity and possess the requisite experience, expertise and proficiency required under all applicable laws and the policies of the Bank.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT

As per the provisions of sub-section (3) of Section 178 of the Act, the Bank has a Policy on appointment of Directors and Senior Management employees which includes formulating criteria for determining qualifications, attributes and independence of a Director. This Policy has been disclosed on the Bank's website at:- https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Policy_on_Appointment_of_Directors_and_Senior_Management_Personnel_FY22-23_1.0.pdf.

The Board has, in accordance with the RBI guidelines on compensation, formulated the Compensation Policy which became effective in FY 2020-21. The Compensation Policy institutes a mechanism for alignment of compensation of Whole-time Directors, Chief Executive Officer, Material Risk Takers, Control Function Staff and other Senior Managerial Personnel with the extent of risks taken. The Policy also establishes standards of compensation including fixed and variable, which are in alignment with the applicable rules and regulations including the RBI guidelines in this regard and which is based on the trends and practices of remuneration prevailing in the banking industry. The remuneration of Whole-time Directors, Material Risk Takers, Key Managerial Personnel and Senior Management is governed by the Compensation Policy of the Bank. This Policy has been disclosed on the Bank's website at:- <https://www.suryodaybank.com/assets/pdf/policies/Compensation-Policy.pdf>.

The Non-Executive Directors including Independent Directors are paid remuneration by way of sitting fees for

attending the meetings of the Board and its Committees, which is determined by the Board based on applicable regulatory provisions. Further, expenses incurred by them for attending meetings of the Board and Committees, if any, are reimbursed at actuals.

PERFORMANCE EVALUATION OF THE BOARD

Pursuant to the provisions of Section 178(2) read with Schedule IV of the Act and Regulation 19 of SEBI Listing Regulations and SEBI Guidance Note on the Board Evaluation dated January 05, 2017 and as per the performance evaluation framework approved by the Nomination & Remuneration Committee ("NRC") and also concurred by the Board, the Bank has carried out the performance evaluation of the Directors including Chairman, Managing Director & CEO, Board Level Committees and Board as a whole for the FY 2022-23.

The criteria for the performance evaluation of the Board include various aspects, such as structure, meetings, appointments, agenda, discussions, roles and responsibilities, evaluation of risks, strategy, governance and compliance, conflict of interest, etc. Further, the criteria for performance evaluation of the Board Committees include various aspects, such as, mandate and composition, effectiveness, meetings, agenda, minutes, discussion and dissent, independence, etc.

The criteria for the performance evaluation of the Directors include various aspects, such as, knowledge and competence, skill sets, expertise, integrity, functioning, contribution towards Board deliberations & decision-making process, attendance, teamwork, corporate governance, etc., and in case of Independent Directors, additional parameters include fulfilment of the criteria of independence, integrity and their independence from the management.

All Directors provided their responses to the questionnaires based on the aforesaid criteria. Further, at a separate meeting of the Independent Directors, the performance of non-independent Directors and the performance of the Board as a whole were reviewed based on the abovementioned criteria. The report on Board Evaluation was placed before the NRC and Board. The Chairman of the Board and the Chairperson of the NRC and an Independent Director who chaired the meeting of the Independent Directors took the lead in the process of evaluation and shared the feedback to the Board. The Board deliberated upon the outcome of the evaluation report and found the performance of the Board as a whole, the Board Committees, the Chairman, the Managing Director & CEO and other individual Directors to be satisfactory.

FAMILIARISATION PROGRAMMES FOR INDEPENDENT DIRECTORS

The details of the familiarisation programme(s) for the Independent Directors of the Bank have been provided separately in the Report on Corporate Governance forms part of the Annual Report.

EMPLOYEES STOCK OPTION SCHEME AND OPTIONS GRANTED DURING FY 2022-23

Presently, the Bank is having two ESOP Schemes i.e., 1) Employee Stock Option Scheme 2016 2) Suryoday ESOP Scheme-2019.

The applicable disclosure with regard to Employee Stock Option granted during FY 2022-23 is provided in **Annexure 2** to this report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186(11) of the Act, loans made, guarantees given, securities provided or acquisition of securities by a banking company in the ordinary course of its business are exempted from the disclosure requirement under Section 134(3)(g) of the said Act. Details of Investments are given in Schedule 8 to the Financial Statements forms part of the Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTY

During the year under review, there were no contracts or arrangements with related parties as referred to under Section 188(1) of the Act.

RISK MANAGEMENT FRAMEWORK

The Bank is exposed to various risks which broadly fall under one or more of the categories of Credit Risk, Market Risk, Liquidity Risk, Operational Risk and Information and Cyber Security Risk etc. The Chief Risk Officer of the Bank is in charge of the risk management functions under the oversight of the Risk Management Committee of the Board ("**RMCB**"). The Bank has a robust framework for risk management in the form of regular review of products and processes by the Compliance team, periodic internal audit of processes and operations, regular review of risk policies and periodic reporting to the RMCB and the Board. The RMCB overviews the nature of the relevant risks, impact thereof on the business of the Bank, implementation of the risk management policies and processes and reviewing of these Policies.

INTERNAL FINANCIAL CONTROLS (IFC) WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Board has reviewed the adequacy and effectiveness of the Bank's internal financial controls with reference to its financial statements. During the year under review, there were no material or serious observations with respect to the inefficiency or inadequacy of such controls.

MATERIAL CHANGES AND COMMITMENTS, AFFECTING THE FINANCIAL POSITION OF THE BANK

There are no material changes and commitments, affecting the financial position of the Bank subsequent to the close of the FY 2022-23.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) read with Section 134(5) of the Act, the Board of Directors of the Bank hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as on March 31, 2023 and of the profit of the Bank for the year ended on that date;
- c. they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Bank and for preventing and detecting fraud and other irregularities;
- d. the annual accounts are prepared on a going-concern basis;
- e. the requisite internal financial controls followed by the Bank are adequate and were operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

MANAGEMENT DISCUSSION & ANALYSIS

The Report on Management Discussion & Analysis for FY 2022-23, as stipulated in SEBI Listing Regulations forms part of the Annual Report.

CORPORATE GOVERNANCE

The Bank is committed to establishing and adhering to the best Corporate Governance practices in accordance with the rules and regulations applicable to the Bank. The Report on Corporate Governance along with the Certificate issued by Mr. Tushar Shridharani, Secretarial Auditors of the Bank confirming compliance with the Corporate Governance requirements under Regulation 34 and other applicable provisions of the SEBI Listing Regulations forms part of the Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES

During the year under review, the Bank undertook a major part of its CSR initiatives through an implementing agency viz. Suryoday Foundation. The CSR activities undertaken during the year were Financial Literacy programs, Women Empowerment, Rural Livelihoods, environment and community engagement programs. The details of CSR activities in FY 2022-23 including those of ongoing projects are mentioned in the prescribed format and attached as **Annexure 3** to this Report.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, the top 1000 listed companies based on their market capitalisation as on March 31, every fiscal year, are mandatorily required to submit a Business Responsibility and Sustainability Report (“BRSR”) on the environmental, social and governance disclosures as part of their Annual Report. The said Report describing the initiatives undertaken by the Bank from environmental, social and governance perspective has been uploaded on the website of the Bank and the same can be accessed at <https://www.suryodaybank.com/shareholders-meeting-agm-view-23-24/Business-Responsibility-Report-2022-23.pdf>.

As stipulated in SEBI Listing Regulations, the Business Responsibility and Sustainability Report describing the initiatives undertaken by the Bank from environmental, social and governance perspective is forms part of the Annual Report.

STATUTORY AUDITORS AND THEIR REPORT

M/s. Walker Chandio & Co LLP, Chartered Accountants (FRN 001076N/ N500013), were appointed as Statutory Auditors of the Bank with the approval of the RBI at the Thirteenth AGM held on September 20, 2021 to hold office from the conclusion of the Thirteenth AGM until the conclusion of the Sixteenth AGM of the Bank for the audit of the accounts of the Bank for FY 2021-22 to FY 2023-24, subject to approval of the RBI for re-appointment on annual basis.

The Report, given by the Statutory Auditors on the financial statements of the Bank for the FY ended on March 31, 2023, forms part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. Also, no offence of fraud was reported by the Auditors of the Bank under Section 143(12) of the Act.

As per para 6.1 of the RBI Circular No. RBI/2021-22/25 Ref. No.DoS.CO.ARG/SEC.01/08.91.001/ 2021-22 dt. April 27, 2021, the Committee of the Board shall monitor and assess the independence of the Auditors and conflict of interest position in terms of relevant regulatory provisions, standards and best practices. Accordingly, the Audit Committee and the Board of Directors at their meetings held on May 15, 2023 have reviewed the performance of the Statutory Auditors and found the same to be satisfactory and that they were acting independently without conflict of interest with the management.

Further, as per para 3.1 of the said RBI Circular, the Bank is required to take prior approval of the RBI for their continuation on an annual basis. Accordingly, the Bank has sought and received approval from the RBI for continuation of M/s. Walker Chandio & Co LLP, Chartered Accountants (FRN 001076N/ N500013), as Statutory Auditors to the Bank for FY 2022-23.

SECRETARIAL AUDITORS AND THEIR REPORT

Pursuant to the provisions of Section 204 of the Act, the Board has appointed Mr. Tushar Shridharani, Practising Company Secretary (C.P. 2190) as Secretarial Auditor to conduct Secretarial Audit of the Bank for FY 2022-23. The Secretarial Audit Report for FY 2022-23 is annexed to this Directors’ Report as **Annexure 4**. The report is self-explanatory and does not contain any qualification, reservation or adverse remark.

The Bank has complied with the prescribed Secretarial Standards on meetings of the Board and its Committees (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India for the FY ended March 31, 2023.

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

The Bank has adopted a Policy for Prevention of Sexual Harassment (“POSH Policy”) at the workplace under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (“ICC”) has been constituted in compliance with the provisions of the Act and the POSH Policy to

review, investigate and take suitable action on complaints. An Appellate Committee has also been constituted under the Policy before whom a complainant who is not satisfied with the decision of the ICC can prefer an appeal.

Details of complaints received and resolved by the ICC during the FY 2022-23 are as follows:

Number of complaints pending at the beginning of the year	1
Number of complaints received during the year	1
Number of complaints disposed of during the year	2
Number of complaints pending at the end of the year	0

During the year, there were no appeals filed under the said Policy.

DIVERGENCE IN ASSET CLASSIFICATION AND PROVISIONING FOR NPAs

No disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for the year ended March 31, 2023 in terms of the requirements prescribed in RBI circular.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Bank has in place a Whistle Blower Policy which has been formulated as part of corporate governance norms and transparency where employees, customers and other stakeholders of the Bank including Non-Governmental Organizations ("NGOs") are encouraged to voice genuine concerns of grievances about unprofessional conduct without the fear of reprisal to the person raising the concern

The Policy provides a framework to promote responsible and secure whistle blowing with respect to any breach or violation of the Bank's Code of Conduct on any matter.

Please refer https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Whistle_Blower_Policy_FY22_23_1.0.pdf for text of the Policy. The functioning of the Whistle Blower mechanism is subject to review by the Audit Committee.

During the year under review, no complaints were received under this Policy.

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

During the year, the Bank did not undertake any activity relating to conservation of energy or technology absorption.

There was foreign exchange outgo of ₹ 26,76,718. Further, there were no earnings in foreign exchange.

DEPOSITS

Being a banking company, the disclosures relating to deposits as required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Section 73 to 76 of the Act are not applicable to the Bank.

MAINTENANCE OF COST RECORDS

The cost records as specified by the Central Government under Section 148(1) of the Act, are not applicable to the Bank.

DETAILS IN RESPECT OF FRAUDS, IF ANY, REPORTED BY AUDITORS

During the year under review, no frauds have been reported by the Statutory Auditors or the Secretarial Auditors under Section 143(12) of the Act.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

There are no significant or material orders passed by the Regulators or Courts or Tribunal which would impact the going concern status of the Bank or its future operations.

AWARDS AND RECOGNITIONS:

During the year under review, the Bank was recognised in various ways/by several institutes. Some of the key awards won by the Bank are listed below:

- Best end to end security in BFSI by Quantic India - Business Media Company.
- Transformation Excellence - Core Banking Transformation - Infosys Finacle Innovation Awards 2023.
- Best Security Practices Small Finance Bank - India CISO Summit & Awards 2023.

PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. In terms of Section 136 of the Act, the same would be available for inspection during working hours at the Registered Office of the Bank. A copy of this statement may be obtained by the Members by writing to the Company Secretary of the Bank.

The ratio of the remuneration of each Director and employees of the Bank as required under the provisions of Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report as **Annexure 5**.

ACKNOWLEDGEMENTS

The Board of Directors of your Bank would like to place on record their sincere gratitude for the guidance and co-operation received from the RBI, SEBI, Stock Exchanges, Depositories and other statutory and regulatory authorities and thank all the stakeholders of the Bank including the investors, customers, bankers, shareholders, debenture holders, vendors, trustees, Registrars and all other valued partners for their continued support. The Board also would like to express their appreciation for the sincere and dedicated efforts put in by all the employees of the Bank at all levels during the challenging situation faced during

the year and look forward to their continued contribution in building this 'Bank of Smiles' into a world class organization.

For and on behalf of the Board

Ramachandran Rajaraman
Part-time Chairperson &
Independent Director
[DIN 01953653]

Baskar Babu Ramachandran
Managing Director & CEO
[DIN 02303132]

Date: August 10, 2023

Annexure 1

10th August, 2023

To,
The Board of Directors
Suryoday Small Finance Bank Limited
Unit no.1101, Sharda Terraces, Plot No.65
Sector 11, CBD Belapur
Navi Mumbai - 400 614

Subject: Certificate in pursuance of Regulation 34(3) read with clause (10)(i) of Para C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the financial year ended on 31st March, 2023.

Dear Sir/Madam,

- Sub-clause (i) of Clause 10 of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a listed entity to obtain a certificate from the Company Secretary in practice, disclosing that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing to act as directors of companies, by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.
- As on date of issue of this certificate, the Board of Directors of Suryoday Small Finance Bank Limited (“the Company”), a listed entity, is comprised of following Directors.

Sr. No.	Name of Director	Designation	Appointment Date
1.	Mr. Ramachandran Rajaraman	Non-Executive Part-time Chairman	07-06-2014
2.	Mr. Mrutunjay Sahoo	Director	01-12-2015
3.	Mr. Jyotin Kantilal Mehta	Director	13-02-2017
4.	Mr. Ranjit Jayant Shah	Nominee Director	02-11-2018
5.	Mr. Baskar Babu Ramachandran	Managing Director & CEO	10-11-2008
6.	Mr. John Arunkumar Diaz	Director	16-12-2019
7.	Mr. Krishna Nair Prasad	Director	22-07-2021
8.	Ms. Mandeep Maitra	Director	28-07-2022

- I have been engaged to provide a certificate to the Company as referred in paragraph -1– as mentioned above.
- For the purpose; I have considered and examined annual submissions made by each Director of the Company in pursuance of provisions of Section 164(2) read with rule 14(1) of Companies (Appointment and Qualification of Directors) Rules, 2014, relevant information as displayed on the website of the Securities and Exchange Board of India as well on the website of the Ministry of Corporate Affairs and information generally available on public domain.
- And based on above; I state that none of the Directors on the board of the Company has been debarred or disqualified from being appointed or continuing as director of companies for the financial year ending on 31st March, 2023, by the Securities and Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority.

(Tushar Shridharani)
Practicing Company Secretary
FCS 2690 / COP 2190
Peer Review Certificate No.: 1509/2021
UDIN – F002690E000766959

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

Annexure 2

Employees Stock Options as on March 31, 2023.

ESOP Scheme	Opening balance of options (1.4.2022)	Options granted during the year	Options vested during the year	Options forfeited/ lapsed during the year	Options exercised and shares allotted during the year	Amount Received* (₹ in lakhs, inclusive of premium)	No. of options outstanding at the end of the year	No. of outstanding options at the end of the year (vested)	No. of outstanding options at the end of the year (yet to be vested)
ESOP Scheme 2016*	4,43,302	Nil	39,825	1,61,288	0	0	2,73,663	2,71,163	2,500
ESOP Scheme 2019**	15,72,135	14,33,850	3,14,484	7,70,975	0	0	22,30,560	5,21,760	17,08,800
Total	20,15,437	14,33,850	3,54,309	9,32,263	0	0	25,04,223	7,92,923	17,11,300

Note: There was no exercise of options granted under the ESOP Scheme-2016 & ESOP Scheme-2019 during the FY 2022-23.

Employee-wise details of options granted during the year under ESOP Scheme -2019:

1. Key Managerial Personnel:

Name of employee	Designation	Number of Options
Kanishka Chaudhury	Chief Financial Officer	1,08,000
Krishna Kant Chaturvedi	Company Secretary	35,000

2. Any other employee who received grant of option amounting to 5% or more of options granted during that year:

Name of employee	Designation	Number of Options
Senthil Kumar	Chief Business Officer - Vehicle and Equipment Finance	1,25,000
Kanishka Chaudhury	Chief Financial Officer	1,08,000

3. Identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the bank at the time of grant: Nil

Annexure 3

The Annual Report on CSR Activities during the financial year 2022-23

1. Brief outline on CSR Policy of the Bank:

The Corporate Social Responsibility Policy (CSR Policy) of the Bank sets out the broad framework guiding the Bank's CSR activities. The Policy also sets out the principles and the rules that need to be adhered to while taking up and implementing CSR activities to be undertaken as specified in Schedule VII of the Companies Act, 2013 (excluding the activities pursued in the normal course of business) and the expenditure thereon.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Dr. Mandeep Maitra (w.e.f. September 08, 2022)	Independent Director-Chairperson of the committee	1	1
2.	Mr. R. Ramachandran	Independent Director	3	3
3.	Mr. Mrutunjay Sahoo	Independent Director	3	3
4.	Mr. Aleem Remtula (upto August 31, 2022)	Investor Director	2	2
5.	Mrs. Meena Hemchandra (upto May 22, 2022)	Independent Director	1	1
6.	Mr. Baskar Babu Ramachandran	Managing Director & CEO	3	3

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company.

- web-link for Composition of CSR committee:** <https://www.suryodaybank.com/assets/pdf/policies/Board-Committees.pdf>
- web-link for CSR Policy :** <https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-CSR-Policy.pdf>
- web-link for CSR projects :** <https://www.suryodaybank.com/about-us#corporate>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set-off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in lakhs)	Amount required to be set-off for the financial year, if any (₹ in lakhs)
1	2019-20	NIL	NIL
2	2020-21	16.24	16.24
3	2021-22	2.96	2.96
	Total	19.20	19.20

Suryoday Small Finance Bank Limited

6. Average net profit of the company as per section 135(5): ₹ 13,00,20,002
7. (a) Two percent of average net profit of the company as per section 135(5) ₹ 26,00,400
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. NIL
 (c) Amount required to be set-off for the financial year, if any: ₹ 2,96,546
 (d) Total CSR obligation for the financial year (7a+7b-7c). ₹ 23,03,854
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹ in lakhs)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount (₹ in lakhs)	Date of transfer	Name of the Fund	Amount (₹ in lakhs)	Date of transfer
23,14,459	NIL	Not Applicable	Not Applicable	NIL	Not Applicable

b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the project State District	Project duration	Amount allocated for the project (₹ in lakhs)	Amount spent in the current financial Year (₹ in lakhs)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in lakhs)	Mode of Implementation Direct (Yes/No)	Mode of Implementation - Through Implementing Agency Name CSR Registration number
1	Projects undertaken by Suryoday Foundation	1,2,3	Yes	Maharashtra (Mumbai), Tamil Nadu (Chennai and Cuddalore), Pondicherry, Odisha (Cuttack, Khorda)	2 years	160.00	63.00	00.00	No	Suryoday Foundation CSR00002727
2	Rotary Club of Madras Charitable Trust	1	Yes	Tamil Nadu (Chennai)	3 years	25.00	9.00	7.00	No	Rotary Club of Madras Charitable Trust CSR00000997
Total						185.00	72.00	7.00		

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project State District	Amount spent for the project (₹ in lakhs)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency Name CSR registration number
1	Women Empowerment	3	Yes	Maharashtra, Navi Mumbai	0.30	No	Navasrushti International Trust CSR00004550
2	Rural Livelihoods	10	Yes	Tamil Nadu (Chennai)	2.00	No	CESCI
3	Education	2	Yes	Tamil Nadu (Chennai)	0.50	No	Dorai Foundation
4	Education	2	No	Kerala, Thiruvananthapuram	1.00	No	Helping Hands Organisation CSR00025490
5	Environment	4	Yes	Maharashtra, Navi Mumbai	0.54	Yes	
6	Education	2	Yes	Maharashtra, Navi Mumbai	18.80	Yes	
TOTAL					23.14		

- (d) Amount spent in Administrative Overheads: NIL
- (e) Amount spent on Impact Assessment, if applicable: Not Applicable
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 95,14,459
- (g) Excess amount for set-off, if any.: Not Applicable

Sl. No.	Particular	Amount (₹)
(i)	Two percent of average net profit of the company as per section 135(5): 26,00,400 less: amount set off from previous financial year 2,96,546	23,03,854
(ii)	Total amount Spent for the Financial Year	23,14,459
(iii)	Excess amount spent for the financial year [(ii)-(i)]	10,605
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set-off in succeeding financial years [(iii)-(iv)]	10,605

1. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (₹ in lakhs)	Amount spent in the reporting Financial Year (₹ in lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years (₹ in lakhs)
				Name of the Fund	Amount (₹ in lakhs)	Date of transfer	
NIL							
Total							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ in lakhs)	Amount spent on the project in the reporting Financial Year (₹ in lakhs)	Cumulative amount spent at the end of reporting Financial Year (₹ in lakhs)	Status of the project - Completed / Ongoing
1		Suryoday Foundation	FY 21-22	2 years	160.00	63.00	160.00	Ongoing
2		Rotary Club of Madras Charitable Trust	FY 21-22	3 years	25.00	9.00	18.00	Ongoing
Total					185.00	72.00	178.00	

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

- (a) Date of creation or acquisition of the capital asset(s): Not Applicable
- (b) Amount of CSR spent for creation or acquisition of capital asset: Not Applicable
- (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable
- (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11 Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5). Not Applicable

Baskar Babu Ramachandran
(DIN: 02303132)
(Managing Director & Chief Executive Officer)

Dr Mandeep Maitra
(DIN: 06937451)
(Chairperson of CSR Committee)

Annexure 4

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2023

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Suryoday Small Finance Bank Limited
1101 Sharda Terraces, Plot No. 65
Sector 11, CBD Belapur
Navi Mumbai – 400 614

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Suryoday Small Finance Bank Limited (**"the Bank"**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Bank's books, papers, minute books, forms and returns filed and other records maintained by the Bank and also the information provided by the Bank, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Bank has, during the period covering the financial year ended on 31st March, 2023 (**"Audit Period"**) complied with the statutory provisions listed hereunder and also that the Bank has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Bank for the financial year ended on 31st March, 2023 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- (iii) The Securities and Exchange board of India (Depositories and Participants) Regulations, 2018;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992:
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
 - (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018.

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

- (a) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For the Audit Period, the Bank has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above to the extent applicable.

Having regard to the compliance system prevailing in the Bank and on examination of the relevant documents and records in pursuance thereof, the extent applicable, on test check basis, the Bank has complied with the following regulations / laws applicable specifically to the Bank.

- (i) The Banking Regulation Act, 1949;
- (ii) Reserve Bank of India ("RBI") Guidelines / Directions as applicable to Small Finance Banks; except that there was delay in reporting of frauds and failure to report certain fraud cases to the police authorities; as per the Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) Directions, 2016 and for which RBI imposed a penalty of ₹ 57.75 lakhs, which was timely disclosed by the Bank to the Stock Exchanges and penalty amount was paid to the regulator within the timeline.

I further report that:

The Board of Directors of the Bank is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period under review were carried out in compliance with the provisions of the Act and applicable guidelines of the Reserve Bank of India.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance; and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the Audit Period, all decisions at Board Meetings and Committee Meetings were carried out unanimously.

I further report that there are adequate systems and processes in the Bank commensurate with the size and operations of the Bank to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Mumbai
Date: May 15, 2023

(Tushar Shridharani)
Practicing Company Secretary
FCS 2690 / COP 2190
Peer review certificate number – 1509/2021
UDIN - F002690E000304134

Note: This report is to be read with my letter of even date which is annexed herein next as Annexure A and forms an integral part of this report.

Suryoday Small Finance Bank Limited

Annexure A

To,
The Members
Suryoday Small Finance Bank Limited
1101 Sharda Terraces, Plot No. 65
Sector 11, CBD Belapur
Navi Mumbai – 400 614

This letter is an integral part of the Secretarial Audit Report of even date for F.Y. 2022-23 submitted to the Suryoday Small Finance Bank Limited ("**the Bank**") in pursuance of provisions of section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Members of the Bank are informed as follow.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to the Bank is the responsibility of the management of the Bank. My examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the present Secretarial Audit Report.
2. Maintenance of the secretarial and other records of applicable laws is the responsibility of the management of the Bank. My responsibility is to issue Secretarial Audit Report, based on the examination of the relevant records maintained and furnished to us by the Bank, along with explanations where so required.
3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. I believe that the processes and practices that I followed, provide a reasonable basis for my opinion for the purpose of issue of the Secretarial Audit Report.
4. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Bank.
5. Wherever required, I have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Bank nor of the efficacy or effectiveness with which the management has conducted the affairs of the Bank.

Place: Mumbai
Date: 15 May, 2023

(Tushar Shridharani)
Practicing Company Secretary
FCS 2690 / COP 2190
Peer review certificate number – 1509/2021

Annexure 5

Information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No.	Particular										
1	The ratio of the remuneration of the MD & CEO (Whole time Director) to the median remuneration of the employees of the Bank for FY 2022-23	: 55.94 : 1									
2	The percentage increase in remuneration of MD & CEO [#] , Chief Financial Officer, Chief Executive Officer, Company Secretary in FY 2022-23		<table border="1"> <thead> <tr> <th>KMP</th> <th>% increase</th> </tr> </thead> <tbody> <tr> <td>MD&CEO</td> <td>4.58%</td> </tr> <tr> <td>CFO</td> <td>11.31%</td> </tr> <tr> <td>CS</td> <td>NIL*</td> </tr> </tbody> </table>	KMP	% increase	MD&CEO	4.58%	CFO	11.31%	CS	NIL*
KMP	% increase										
MD&CEO	4.58%										
CFO	11.31%										
CS	NIL*										
3	The percentage increase in the median remuneration of employees in FY 2022-23	: 6.27%									
4	The number of permanent employees on the rolls of Bank as at 31st March, 2023	: 6025									
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration		<p>Average Percentile Increase in salaries of employees other than managerial personnel: 24.04%</p> <p>Avg. Percentile Increase in salaries of managerial personnel: 9.88%</p>								
6	Affirmation that the remuneration is as per the Remuneration Policy of the Bank	: Yes									

*Company Secretary was appointed w.e.f. May 2, 2022, therefore increase in remuneration is not applicable for him in FY 2022-23.

The RBI approval for the increase in the remuneration of the MD & CEO for FY 2021-22 and 2022-23 was received on December 26, 2022 and an amount of ₹ 11,66,340 was paid during FY-2022-23 towards arrears.

Management Discussion and Analysis

Global Environment (Global GDP Growth and Outlook)

The economic damage from the Russia-Ukraine conflict contributed to a significant slowdown in global growth in FY23 and added to inflation. Fuel and food prices have increased rapidly, hitting vulnerable populations in low-income countries hardest. In April, 2022 Global growth was projected to slow from an estimated 6.1 percent in 2021 to 3.6 percent in 2022 and 2023. War-induced commodity price increases and broadening price pressures resulted in a rise in global inflation to 8.7 percent in 2022.

Several shocks hit the world economy middle of 2022 - already weakened by the pandemic - higher-than-expected inflation worldwide (especially in the United States and major European economies), triggering tighter financial conditions; a worse-than-anticipated slowdown in China resulting from COVID- 19 outbreaks and consequent lockdowns; and further negative spillovers from the war in Ukraine.

The year gone by also witnessed the failure of 3 US banks (First Republic Bank, Silicon Valley Bank, and Signature.) primarily due to the write- down of their investments resulting from spike in interest rates.

Europe was similarly affected with one of its largest Private Bank - Credit Suisse, the second-largest bank in Switzerland - suffering a collapse in March 2023.

Rising interest rates and the Russia-Ukraine war continues to weigh on global economic activity. Global inflation is expected to fall to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic levels.

Continued rise in government debt, prolonged low global GDP growth and expectations of higher interest rates for longer period on the back of stubborn inflation are fundamentally altering the sovereign credit profiles.

(Source: IMF, Insider, Investopedia)

Indian Economy (Outlook of Indian economy)

India is one of the fastest growing economies of the world and is poised to continue on this path, with an aspiration to reach a size of \$5 trillion by 2025 and achieve a high middle-income status by 2047 (the centenary year of Indian independence). The growth of the past two decades has also led to India making remarkable progress in reducing extreme poverty. The country is estimated to have halved the share of the population living in extreme poverty, between 2011

and 2019. India's aspiration to achieve high income status by 2047 shall be realized through a climate-resilient growth process that delivers broad-based gains, especially to the bottom half of the population. India will need to address the gaps in economic participation, including bringing more women into the workforce.

In 2022, India emerged as one of the fastest growing economies in the world, despite significant challenges in the global environment - including renewed disruptions of supply lines following the rise in geopolitical tensions, the synchronized tightening of global monetary policies, and inflationary pressures.

In FY22/23, India's real GDP expanded at an estimated 6.9 percent. Growth was underpinned by robust domestic demand, strong investment activity bolstered by the government's push for investment in infrastructure, and buoyant private consumption.

The Indian government is persistent in pushing innovation in the banking sector introducing digital currency (CBDC) and fostering global partnerships in the space of UPI. India's Unified Payments Interface (UPI) has revolutionized real-time payments and strived to increase its global reach in recent years.

(Source: World Bank)

Indian Banking Industry (Outlook of Banking sector in India)

India's banking industry is an integral part of India's growth ecosystem. The Banking industry has contributed significantly to economic growth. India's banking sector is today sufficiently capitalized, with one of the lowest levels of NPAs in its history. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well.

The Indian banking industry has witnessed the rollout of innovative banking models like payments and small finance banks. In recent years India has also focused on increasing financial inclusion, through various schemes like the Pradhan Mantri Jan Dhan Yojana, Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana and roll- out of a payments bank by the ubiquitous India Post.

Additionally, development of several major public digital infrastructure, a rise of Indian NBFCs and fintechs have significantly enhanced India's financial inclusion and helped fuel the credit consumption in the country.

The digital payments space has seen a massive boom over the past few years, growing at a compound annual growth rate (CAGR) of 30% (Source: PwC Report on Indian Payments Handbook).

The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level five in the Faster Payments Innovation Index (FPII).* (Source: IBEF)

Credit and debit cards payments continue to grow within the country. The emergence of new players with a focus on digital journeys, an expanding customer base in tier 3 and 4 locations are some of the factors driving this growth. With the Government pushing for better infrastructure, acquisition of PoS devices has seen a steady rise. Similarly, deployment of QR codes has also surged and is expected to reach 170 million by the end of FY 2025–26.

(Source: PWC - The Indian payments handbook – 2021–2026)

During FY23, HDFC Ltd. and HDFC Bank received regulatory approvals for their reverse-merger, creating one of the largest financial institutions globally.

Key Measures taken by the Union Government

Union Government's emphasis on capital expenditure (Capex) has continued during the year. The Centre has also incentivised the State Governments through interest-free loans and enhanced borrowing ceilings to prioritise their spending on Capex. The Government's Capex-led growth strategy will enable India to keep the growth-interest rate differential positive, leading to a sustainable debt to GDP in the medium run. The government has adopted a multi-pronged approach to tame the increase in price levels. Timely policy intervention by the government in housing sector, coupled with low home loan interest rates has propped up demand and attracted more buyers readily in the affordable segment in FY23.

The government has incorporated the National Bank for Financing Infrastructure and Development (NaBFID), the development financial institution focused to implement

its ambitious plans for the infrastructure sector. NaBFID has raised ₹ 10,000 crore via maiden issuance of bonds. The central government-backed infrastructure financier, which began operations less than a year ago, is also looking to sanction 1 lakh crore loans this fiscal to both greenfield as well as brownfield assets in the key infra space.

Key Measures taken by the RBI

The RBI initiated its monetary tightening cycle in April 2022 and has since raised the repo rate by 2.25%, leading to moderation of surplus liquidity. While India's retail inflation rate peaked at 7.8 per cent in April 2022, the overshoot of inflation in India however has been one of the lowest in the world. The RBI's anchoring of inflationary expectations through responsive monetary policy has helped guide the trajectory of inflation in the country. Retail inflation was back within RBI's target range by November 2022. By the end of the financial year in March, 2023 the inflation reached 15 months low to 5.66%.

The Reserve Bank of India (RBI) issued its master directions on regulatory framework for microfinance on March 14, 2022. The revised regulatory framework aims to provide a level playing field to all the players involved in microfinancing activities and at the same time protect the interest of borrowers in this segment by advising on permissible levels of indebtedness of borrowers and transparency standards worth respect to pricing of financial products.

Similarly, the RBI introduced the Digital Lending Guidelines on September 02, 2022 with a focus on customer protection and transparency with respect to the growing phenomenon of lending through digital channels and applications, facilitated by smartphone usage, fast-paced internet penetration and adoption of newer technologies. The guidelines set out various compliances to be followed by banks and NBFCs while engaging with third party service providers (who may assist with customer acquisition, underwriting support, portfolio monitoring and loan recovery) and lending through digital lending applications / platforms.

Business Segments

Inclusive Finance:

As per MFI industry publication – Micrometer - the microfinance industry has a total loan portfolio of ₹ 3,48,339 Cr, as of 31 March, 2023. Total number of active loans accounts were 13 Cr with 6.6 Cr unique borrowers as on 31 March 2023.

Overall status of portfolio, unique borrowers and loan accounts

Type of entity	31-Mar-22				31-Mar-23			
	No. of entities	Unique Borrowers (Cr)	Active loan accounts (Cr)	Portfolio O/s (₹ Cr)	No. of Entities	Unique Borrowers (Cr)	Active loan accounts (Cr)	Portfolio O/s (₹ Cr)
NBFC-MFIs	84	2.7	4.2	1,00,407	82	2.9	5.1	1,38,310
Banks	12	2.9	4.3	1,14,051	13	3.2	4.7	1,19,133
SFBs	9	1.4	1.8	48,314	9	1.6	2	57,828
NBFCs	58	0.7	0.8	19,698	69	0.9	1	29,440
Others	39	0.1	0.2	2,971	38	0.1	0.2	3,629
Total	202	5.8	11.3	2,85,441	211	6.6	13	3,48,339
DPD 0 - 179	202		10.1	2,61,818	211		11.4	3,18,511

The portfolio of NBFC-MFIs has increased by 37.7% & banks by 4.5%, SFBs portfolio by 19.7%, NBFCs portfolio has increased by 49.5% & other MFIs have increased by 22.1% on a YoY basis.

Industry Trends FY 22-23

Micro Credit loan outstanding across lenders 31 March 2023

(Source: MFIN)

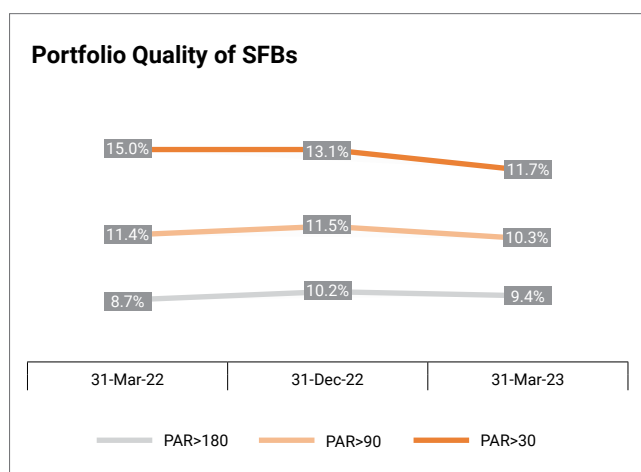
During FY 22-23, MFIs disbursed 3.1 Cr loans worth ₹ 1,30,563 Cr. Compared with FY 21-22, there has been a YoY increase of 41.1% in number of loans disbursed and 59.3% in loan amount disbursed. Top 10 MFIs in terms of loan amount disbursed accounted for 76.1% of industry disbursements in FY 22-23. Based on FY 22-23 data available for 47 NBFC MFI Members, loan amount disbursed through cashless mode is 99%. Out of 49 members who reported data on cashless disbursements, 42 have achieved 100% cashless disbursements.

Housing

India’s housing demand is expected to remain robust with structural-demographic tailwinds such as a large population base, a burgeoning middle class (emerging as the largest category of consumers), a rising pace of urbanisation (expected to increase from ~34% to ~52% by FY47), increasing trend towards home ownership, improving affordability and paucity of quality dwelling units for lower-income segments.

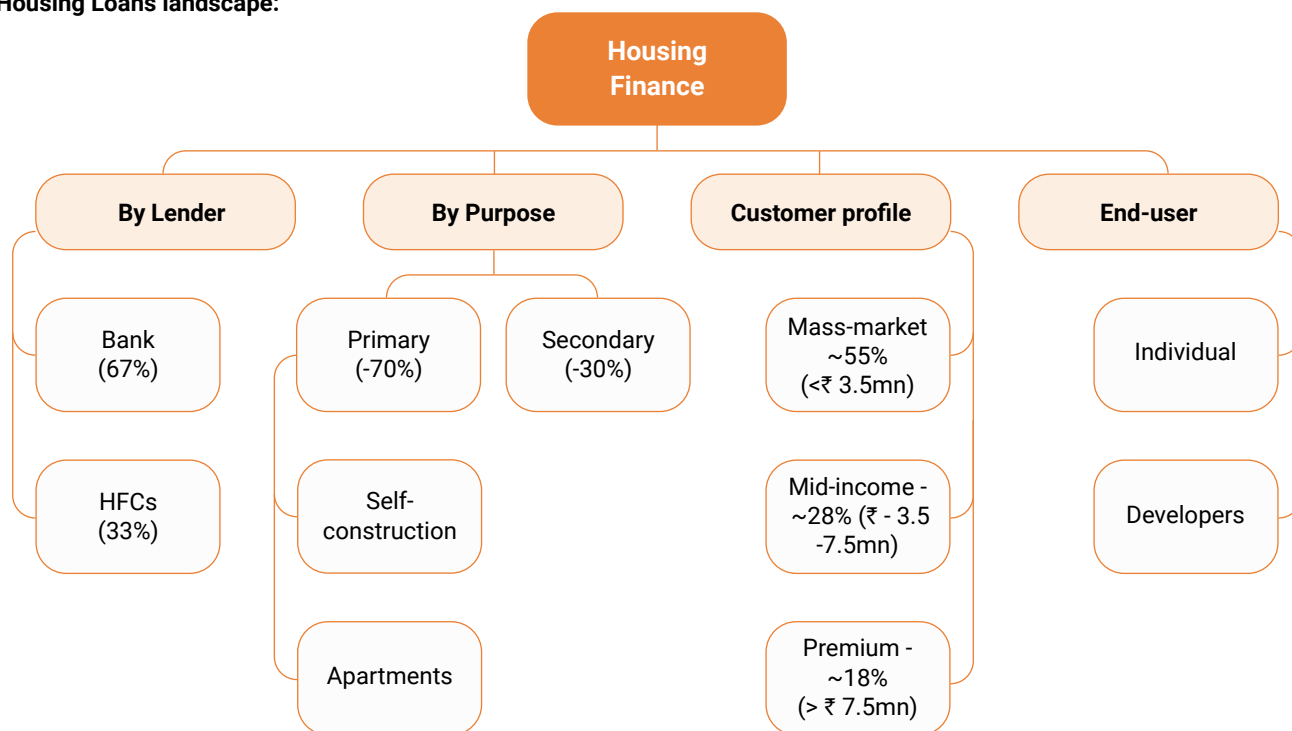
India’s home loan (HL) market, presently at around ₹ 2,60,000 crore (constituting about 17% of the overall credit) is expected to double in the next 5 years. This growth is expected on the back of improved affordability, rising urbanisation and penetration beyond Tier-I locations.

Banks are expected to continue to dominate the prime HL segment largely on account of advantage of lower cost of funds, structural shift in sourcing models and renewed focus on retail home loans. Developer funding, which underwent a tectonic shift in 2019, is once again within the radar of the banks and HFCs/NBFCs.



The portfolio quality of SFBs has improved on a YoY basis as reflected by PAR >30 of 11.7% as on 31 March 2023, in comparison to 15% as on 31 March 2022.

Housing Loans landscape:



Source: CRIF Highmark, RBI, NHB, Industry, HSIE Research

Affordable Housing:

India's urban mortgage penetration remains significantly low at around 0.14 home loans per household. While housing demand continues to remain high, affordability and pace of urbanisation remain key for translating into housing purchases.

Various regulations and costly land parcels in urban areas have pushed up the ratio of house prices to annual income, reducing affordability, especially for low-income households. Improving the functioning of the housing market and addressing affordability are key challenges.

Affordable housing refers to housing units that are affordable for those with income below the average household income. In India, affordable housing is provided for low-income people, middle income people and economically weaker sections who have considerably low levels of income (urban areas). Affordable housing is currently driving home loan growth in India. As per FSIAPL, the affordable housing finance market is expected to be at about ₹ 12,50,000 crores (around 45% of the total home loan market size).

The affordable housing segment is expected to grow at a CAGR of 12% over the next 3 years with a clear commitment of the Union Government to achieve 'Housing for All'

through budget allocation of ₹48,000 crores towards PM Awas Yojana, (FSIAPL).

Commercial vehicle loans

The Commercial Vehicle (CV) industry has grown steadily after the second wave of the COVID-19 pandemic. The industry has impressively grown across OEMs and is almost back to pre-pandemic levels. The bus segment has seen an impressive revival in this period followed by the Medium & Heavy Commercial Vehicles (M&HCV), Intermediate & Light Commercial Vehicle (I&LCV) and Small Commercial Vehicle (SCV) segments. As per Society of Indian Automobile Manufacturers (SIAM), the sales of Commercial Vehicles witnessed a 34.3% growth to 9,62,468 units in FY23 as against 7,16,566 units in FY22. As per the market report by Mordor Intelligence, the CV market is projected to grow at a CAGR of 8% over the next 5 years. This growth is expected from the increased activities in roads, mining, real estate and construction sectors, as well as focus on last-mile connectivity.

The steep increase in the price of new Commercial Vehicles has created a substantial market for the Used Commercial Vehicles. The demand for used commercial vehicles in the market is continuously growing especially among the First Time Users (FTU) and retail segment of customers due to the viability of the vehicle. This segment is further expected

to grow significantly, since the expected regulations in the near future would further increase the price for new Commercial Vehicles.

Banks, NBFCs, OEM NBFCs continue to be the preferred choices for Commercial Vehicle financing. The growth in the market size has created a potential business opportunity for prudent financiers.

Secured Business Loans (SBL) / Loans Against Property (LAP)

In India, the Loan Against Property (LAP) market is segmented based on property type, type of loan, interest rate, source, tenure, region and company. LAP growth between FY16 to FY19 was driven by rising penetration of formal channels and higher comfort for lenders to lend. Lending against LAP was moderated during pandemic, as property prices were stagnating along with a moderation in availability of additional collateral to offer lenders. However, post pandemic, there has been a rise in property prices, which revived the market with additional top-up loan being offered to existing borrowers, supporting their working capital borrowing needs with an expansion in economic activity. It is estimated that the Indian LAP market is about a fourth of the housing finance market in 2023 (FSIAPL).

LAP remains a key form of availing credit by micro and small enterprises, where the behaviour for large ticket lending and lower ticket lending varies drastically. Historically, lending to services and retail sectors has performed better compared to that to the manufacturing and trading segments. Also, lower ticket segments (average ticket size < ₹ 5 million) have performed better compared to those with an average ticket size of above ₹ 10 million. The pricing in this market remains quite competitive due to banks remaining active in the high-ticket segment; also, lenders face a higher risk of balance transfers, thereby impacting customer retention. As per FSIAPL, the LAP market is expected to grow at around 11% CAGR till FY26.

Overview – Suryoday Bank (Brief Overview of bank's performance)

Suryoday has stayed resilient through tough times and reached several new milestones during the year, that are highlighted below:

1. The retail assets portfolio increased by almost ₹ 700 crores.
2. The overall disbursements surged by 44.1% on a year-on-year basis to ₹ 5,083 crores.
3. Our pre-approved business loan product offering – Vikas Loan -, which is a pre-approved program, had a tremendous year as the portfolio grew almost 5 times

and crossed ₹ 1200 crores during the last financial year. Vikas Loan portfolio has a collection efficiency of more than >99% and Standing Instruction Clearance of more than 90% respectively.

4. This growth combined with improvement in asset quality and management of stressed asset portfolio resulted in drastic reduction in GNPA to 3.1% in FY23 compared to 11.8% in the last financial year.
5. Increased interest income, stable cost of funds and stable operating cost levels resulted in profits of ₹ 78 crores for the year.
6. Deposits grew to ₹ 5,167 crores in FY23 compared to ₹ 3,849 crores in the last financial year.

Summary of P&L

* Figures are in ₹ Crs.

Particulars	FY23	FY22	YoY
Interest Earned	1,183.7	941.8	25.7%
Interest Expended	437.1	357.4	22.3%
NET INTEREST INCOME	746.6	584.5	27.7%
Other Income	97.4*	93.6	4.1%
NET TOTAL INCOME	844.0	678.0	24.5%
Operating Expenses	506.5	413.1	22.6%
Employee Expense	242.4	228.2	6.2%
Other Expense	264.2^	184.9	42.9%
OPERATING PROFIT	337.5	264.9	27.4%
Provisions and Contingencies	236.6	392.0	-39.6%
NET Profit Before Tax	100.9	-127.1	-
Tax	23.2	-34.1	-
Profit After Tax	77.7	-93.0	-

#After netting of MTM loss (FY23 – ₹ 35.4 crores)

^Includes impact of loss of sale on stressed loans (FY23 - ₹21.5 crores)

Summary of Balance Sheet

* Figures are in ₹ Crs.

Particulars	FY23	FY22	YoY
Capital and Liabilities			
Shareholders' Fund	1,584.8	1,505.5	5.7%
Deposits	5,166.7	3,849.8	34.2%
Borrowings	2,765.4	2,551.3	8.4%
Other Liabilities and Provisions	344.4	273.8	25.8%
Total	9,861.2	8,180.5	20.5%
Assets			
Fixed Assets	164.5	115.2	42.7%
Cash and Bank	833.1	977.1	-14.7%
Investments	2,570.2	2,057.7	24.9%
Advances	6,015.1	4,750.9	26.6%
Other Assets	278.4	279.5	-0.4%
Total Assets	9,861.2	8,180.5	20.5%

Summary of Key Financial Ratios

Particulars	FY23	FY22	YoY
Yield on Gross Loan Portfolio	19.30%	18.20%	110 bps
Cost of Deposits	6.90%	7.10%	-20 bps
Cost of Funds	6.70%	7.00%	-30 bps
NIM	9.50%	8.60%	90 bps
Cost to Income	60.00%	60.90%	-90 bps
CASA Ratio	17.10%	20.20%	-310 bps
GNPA Ratio	3.10%	11.80%	-870 bps
NNPA Ratio	1.50%	5.90%	-440 bps
Provision coverage Ratio (%)	51.50%	52.60%	-110 bps

Key Highlights for FY22-23

Asset and Deposit Business:

- The Bank acquired 3.87 lakh new customers and expanded its customer base to 23.1 lakh smiling customers.
- Our Gross Loan Portfolio increased by 20.8% Y-o-Y to ₹ 6,114 crores (Adjusted for portfolio sold to Asset Reconstruction Company ("ARC") ARC, growth stands at 29.2%). Inclusive Finance business contributes 61% of overall Loan book.
- The Bank disbursed ₹ 5,083 crores during FY23 (up 44% Y-o-Y).
- Vikas Loan has witnessed robust growth in AUM as well as customer base. The Vikas Loan portfolio and customer base grew almost 5 times Year-on-Year.
- The Bank has decided to cover its unsecured book (as of March 2023 ~69% coverage) under the CGFMU credit guarantee scheme of CGTMSE, as a protection against possible future systemic credit shocks occasioned by global events and like.
- Retail Assets grew to ₹ 2,371 crores (41% Y-o-Y growth)
- During FY23, the Bank sold loans Non-Performing Assets worth ₹ 492 crores to an ARC on a Security Receipts consideration basis.
- Deposits grew ~ 34% Y-o-Y to ₹ 5,167 crores. The proportion of granular retail deposits (including CASA) having ticket size of less than ₹ 50 lakh, as on March 2023, stood at 86%.

Business Performance:

- Net interest income increased 28% Y-o-Y for the year ended 31 March 2023 to ₹ 746.6 crore.
- Improvement in the overall asset quality led to a substantial profitability improvement for the year. The PAT for the year stood at ₹ 77.7 Crores.

Balance Sheet:

- The Bank has continued to maintain a healthy Capital Adequacy Ratio of 33.7% and Tier-I ratio of 30.8%.

Financial Ratios:

- Overall yields and NIM % increased by 110bps and 90bps respectively, supported by the increase of high yield Vikas Loan increase in paying portfolio on the back of improved asset quality.
- Cost to income for FY23 was 60.0% as compared to 60.9% in FY22.
- Our average cost of funds reduced by 10 basis points to 6.7% for FY23 due to the reduction in deposit rates and borrowing rates Year-on-Year. The cost of deposits witnessed an upward trend from Q4 of FY23 in line with the market.

Asset Quality:

- GNPA stood at 3.1% as at 31 March 2023 compared to GNPA of 11.8% as at 31 March 2022.
- NNPA stood at 1.5% as at 31 March 2023 as compared to 6.0% as at 31 March 2022.
- Provision coverage ratio as on March 2023 was at 51.5%.
- Overall collection efficiency stands at 102% as of March 2023.

Product Portfolio:

Suryoday continues to be a Bank of Choice for the ~0.6% Indian Household, providing access to financial markets and relevant credit products. It has been the Bank's constant endeavor to build a strong and lasting relationship with our customers offering them products that help them in their time of need.

The Bank's product portfolio includes advances to customers in unbanked and under-banked segments as well as deposit products. The Bank launched a Women's Saving product - Blossom - in FY23 curated to cater to the needs of women.

We aspire to build and leverage our proven distribution network in offering small ticket credit and savings solutions to the unbanked/ neo-banked aspirational customer segment, supported by our significant investment in technology.

Asset Products:

The Bank's asset products are categorised into (i) loans for Inclusive Finance segment comprising loans to joint liability groups (JLGs); individuals in the form of Vikas Loan (ii) commercial vehicle loans; (iii) Mortgages and Micro Mortgages; (iv) loans to financial intermediary groups (FIGs); and (vi) other loans.

Categorisation is largely determined by customer profile, type of security (as applicable) and end-use.

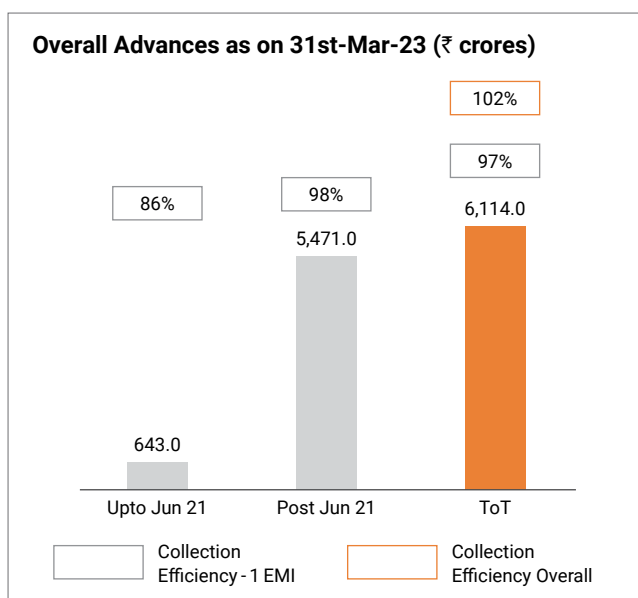
Suryoday Small Finance Bank Limited

The table below sets forth the Bank's Gross Loan Portfolio by product category:

Particulars	As of 31st March			
	2022		2023	
	(₹ crore)	% of total	(₹ crore)	% of total
Inclusive Finance (JLGs)	3,387	67%	3,743	61%
Housing Loans (Including Micro Home Loans)	456	9%	642	11%
Secured Business Loans (LAP)	236	5%	405	7%
Commercial Vehicle Loans	340	7%	391	6%
Financial Intermediary Group (FIG) Loans	380	8%	688	11%
Unsecured Business Loans and Others*	264	5%	246	4%
Gross Loan Portfolio	5,063	100%	6,114	100%

*Other includes Staff Loan, Overdraft facilities, Individual Loans, Restructuring product, WCTL and FITL, BC overdraft

Note: Figures may not add up due to rounding off



Inclusive Finance

Suryoday started as an NBFC engaged in the business of offering micro finance loans to the unbanked and underbanked sections of the country in 2009. This product is the flagship product of the Bank and contributes ~60% of the overall AUM. Inclusive Finance (IF) AUM grew 10% Y-o-Y with Business back at pre-pandemic levels.

IF offers two products viz., Group Loans known as Joint Liability Group (JLG) loans and Individual Loan known as Vikas Loan (VL). IF products are offered at ticket sizes ranging between ₹ 30,000 and ₹ 1,50,000 depending on the loan cycle and product type. Loans were predominantly offered to existing and previous customers of SSFB. In case of New-To-Bank customers, the Bank has been selective and has onboarded only customers with a good credit track

record. In FY23, the total disbursement was ₹ 3,504 Cr with an average yield of 26.7%.

The Bank focused on investing and building digital capabilities for the next phase of growth. The Key Initiatives undertaken by the Bank in this regard included:

Digitization of operations:

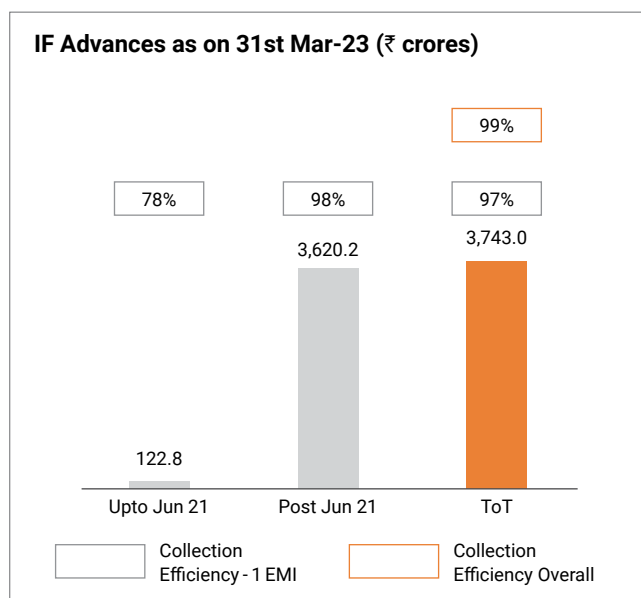
The Bank implemented Sarathi App for Vikas Loan which enabled employees as well as verified and trusted channel partners to send digitized loan applications with detailed information for risk assessment. It also enabled performance of various pre-disbursement due diligence activities and verification.

We have also introduced a new feature which helps our customers to transfer funds into their Suryoday account through UPI / other payment systems by simply transferring the funds to "<Account Number>@Suryoday". This feature helps our customers to fund their account and make loan repayments without the need to visit the branch. This feature aids our collection efforts by enabling our Inclusive Finance customers to pay their EMI through digital medium instantly.

Focus on portfolio quality and Collection Efficiency of New Book:

The Bank has reorganized its IF business with deployment of around 500 dedicated collection officers during the financial year to enhance the collection efforts in relation to its portfolio impacted during COVID.

The collection efficiency for the year, capped at 1 EMI is 97% and the overall collection efficiency is 99%. Importantly, the Bank has maintained its collection efficiency in respect of portfolio generated after June 2021 at pre-pandemic levels.



Retail Assets:

The Bank has gradually built the secured Retail Asset book, which stood at ~39% of the March 2023 loan portfolio. To ensure that a secure and profitable portfolio is built, the Bank has separate verticals within the Retail Asset business viz. Commercial Vehicles, Mortgage, Secured Business Loan and Financial Intermediary Group.

We are focused on ensuring that we build a secure and profitable portfolio by verticalization of business segments.

Commercial Vehicles (CV)

The Bank began its Commercial Vehicle financing business in FY18. As a strategy, the Bank primarily operates in the re-financing of used vehicles market segment, focused on small fleet owners ensuring diversification of risk in its portfolio. During the financial year, the Bank also made its foray into Two-Wheeler Loans.

As of 31 March 2023, Gross Loan Portfolio in this segment was ₹ 391 crore, representing 6.4% of our total Gross Loan Portfolio. The ticket size for CV loans is between ₹ 2 Lakh to ₹ 50 Lakh, for a tenure of 1 year to 5 years with interest rates ranging between 11% to 16%.

The Bank has shifted its CV financing strategy from financing large vehicles and large fleet owners to offering finance for refinancing used / medium vehicles of very small fleet owners.

The Bank intends to offer an end-to-end digital customer experience, targeting to onboard a potentially large base

of small and retail customers consuming our easy-to-avail small ticket loan facilities. The Bank focused more on the granular deals rather than big ticket size deals to reduce the risk of large defaults. Overall, the emphasis has been on expanding geographic footprint and improving customer experience.

Mortgage

In the housing segment the Bank's loan offerings are aimed at self-employed and non-professionals, desiring to either purchase apartments or self-construct their property with a focus on non-agricultural town planning approved property (NATP). These loans are primarily distributed from the banking outlets of the Bank located in urban/semi-urban areas. Loans are provided for purchase of house, construction of house, improvement/restoration/extension of home.

With a total disbursement of ₹ 231 crore in FY23, the Gross Loan Portfolio as at March 31, 2023 stood at ₹ 555 crore, representing 9% of our total Gross Loan Portfolio.

During the year, our focus was to steadily build the Micro Home Loan (MHL) book which has an average ticket size of ₹ 5.0 lakhs and the total disbursement during FY23 stood at ₹ 81 crore resulting in the Gross Loan Portfolio of ₹ 87 crore as at March 31, 2023. The customers in this segment are typically first-time home buyers who intend to buy / construct their own dwelling unit.

Customers targeted in this segment typically have stable cash flows and belong to the informal segment or are involved in informal trade or commercial activity where income is not completely documented and requires field-based credit assessment. This segment has been far more resilient in terms of collections in comparison with other segments. Although the impact of moratorium saw the collection efficiency in the segment dip, it has since returned to normalcy.

The GNPA as at March 31, 2023 was 1.7%. Out of GNPA customers, 76% are paying.

Outlook: Mortgages segment continues to be a key focus segment going forward. We anticipate growth in this segment from areas where we have an existing presence as well from new geographies. Our focus will be to disburse loans to self-employed and salaried individuals for non-agricultural properties and in particular in the affordable housing segment and leverage our existing Inclusive Finance distribution network and customer base to source newer home loan customers.

Secured Business Loan

The Bank commenced secured business loan product (SBL) in FY17. The target customer profile for this segment has evolved over the last few years based on our experience and understanding of various customer segments the Bank has interacted with. This was supported by strengthening our underwriting policies and undertaking improved credit analysis prior to onboarding. The Bank continues to refine the asset quality of loans advanced under this segment by monitoring compliance with end-use restrictions.

The Gross Loan Portfolio as of March 31, 2023 was at ₹ 405 crore backed by disbursement of ₹ 258 crore in FY23, representing 6.6% of our total Gross Loan Portfolio. With ticket sizes between ₹ 15 and ₹ 25 lakhs, for a tenure of 5 to 12 years, and interest rates ranging between 12.75 % and 15.8%, the SBL product continues to be the focus area of the bank.

As on March 31, 2023 the GNPA in this product segment was 1.8%, however, the post pandemic portfolio has fared well in terms of collection efficiency in comparison to other segments and has a substantially lower GNPA.

Outlook: The Bank looks at focusing on this segment especially with the post-pandemic portfolio quality being substantially better. With strong underwriting policies and analytics-based risk management in place, the asset quality of this portfolio is expected to be good. The Bank also proposes to introduce Micro LAP product to cater to the customer segment.

Financial Intermediary Group Loans (FIG loans)

The Bank provides term loans to financial intermediaries i.e. NBFCs, MFIs and HFCs that further lend to retail customers in the form of housing finance, loans against property, supply chain finance, microfinance, vehicle finance and similar sectors. These loans are typically provided to entities that are predominately rated BBB (+/-) or better by a recognised credit rating agency.

As of 31 March 2023, Gross Loan Portfolio in this segment was ₹ 688 crore, representing 11% of our total Gross Loan Portfolio.

In FY23 FIG loans were offered at an average ticket size of ₹ 30 crore, for tenor ranging between 12 to 60 months interest

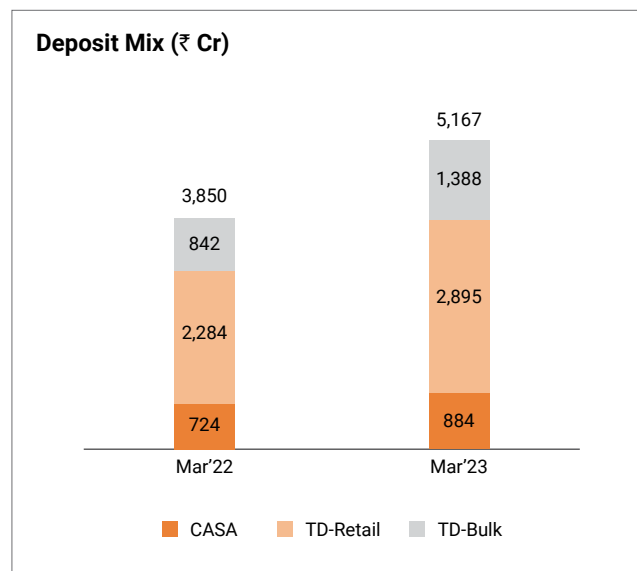
rate ranging between 8.5% to 14%. In FY23 disbursements under this segment were ₹ 658 crore.

As of 31 March 2023, the Bank did not record any NPA for this product segment.

Deposit Franchise

The Bank has seen remarkable growth in its deposit franchise, over the last three years. Since its inception as a Bank, the strategy has been to focus on growing retail granular deposit franchise.

The CASA ratio stood at 17.1% as of 31 March 2023 compared to 20.2% as of 31 March 2022. However, in absolute terms, the CASA increased to ₹ 884 crore as at March 31, 2023 against ₹ 724 crore as at March 31, 2022 registering a Y-o-Y growth of 22%.



The Bank has managed to increase its CASA base in a gradual but sustained manner. The Bank proposes to leverage its asset-focused branch network through which it intends to grow the deposit franchise in the coming years.

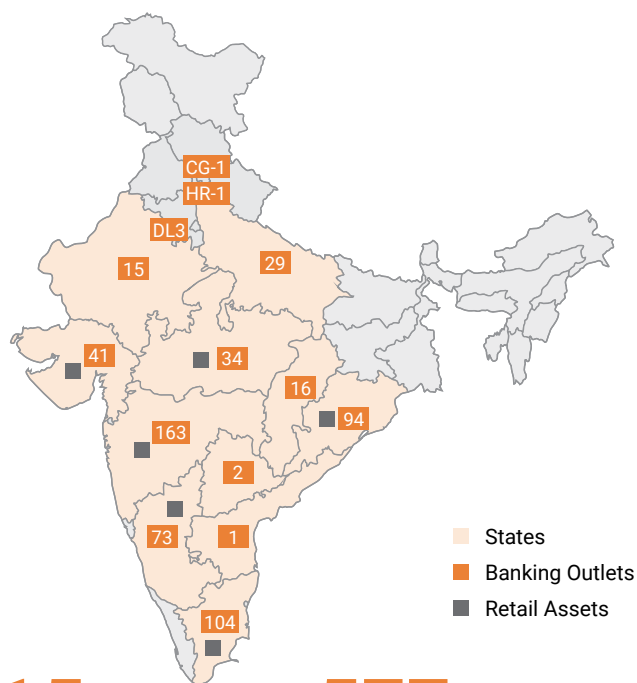
Key Highlights during the year:

- Proportion of granular retail deposits (including CASA) with ticket size < ₹ 50 lakh was 86%
- Y-o-Y increase in CASA value by ~ 22%

Geographical presence

The Bank carries out its operations through banking outlets including URCS, the BC network, PoS terminals, and various digital channels, including internet banking through our website, phone banking through our call centre, and mobile banking through the mobile application. The Bank also focuses on banking through tablets and other devices as alternative delivery channels. As of 31 March 2023, the Bank operated 577 banking outlets across 15 states and Union territories.

The map below sets out certain information on the banking outlets as of 31 March 2023:



15
States and UTs

577
Banking Outlets (BO)

*104 branches in Tamil Nadu includes 2 branches in Puducherry
Map not to scale. For illustrative purposes only.

Corporate Governance

The Board of the Bank is committed to maintaining the highest standards of corporate governance. In addition to having a continuous focus on corporate governance, the Board and the Bank management carries out, a comprehensive review and evaluation of its principles for corporate governance and its implementation.

Further, the Corporate Governance Policy of the Bank outlines the broad framework of governance through the Board of Directors and the various Board Committees. The committees deal with specific matters and the terms of reference of each Committee is defined.

As at 31 March, 2023, there were nine (9) Committees of the Board as enlisted below:

Sr. No.	Name of the Committee
1	Audit Committee of Board
2	Risk Management Committee of Board
3	Nomination and Remuneration Committee
4	Stakeholders' Relationship Committee
5	Corporate Social Responsibility Committee
6	IT Strategy Committee
7	Customer Service Committee
8	Credit Committee of Board
9	Special Committee of Board for Monitoring & Follow-up of cases of Frauds and Review of Wilful Defaulters (SCBF & RWD)*

* In the Board meeting held on March 24, 2023, the name of 'Committee for Review of Wilful Defaults and High Value Frauds' was changed to 'Special Committee of Board for Monitoring & Follow-up of cases of Frauds and Review of Wilful Defaulters (SCBF & RWD)'

Human Resources

We have always endeavoured to create a culture based on inclusivity and respect. Our employees have been our ambassadors. During the year, we:

- Product, Process, Skill Development and New Hire Training programmes implemented across the organization through both virtual/online and classroom/offline modes.
- Training content prepared and delivered for Products, Soft Skills, Systems/Applications and Processes.
 - Training content prepared and delivered for Products, Soft Skills, Systems/Applications and Processes.
 - Cybersecurity Training being implemented across the organisation, and senior management and directors nominated for certification in Cybersecurity.
 - Nomination of employees to various External Training Programmes for functional expertise.
 - 76 employees from Risk, Credit, Audit and Finance departments enrolled for Capacity Building Certification programmes.

We also have different programs for employee engagement, including session with industry experts, healthcare experts etc. Over the year, the Bank's attrition rate has been gradually moderating, displaying a sign of adequate motivating factors being provided to the employees and loyalty from the employees' perspective. At the end of March 2023, the Bank had a total of 6,025 employees on its payroll. The employees are provided with maternity/paternity benefits and are covered under Health Insurance, Accident Insurance, Provident Fund, Gratuity Scheme, Etc.

Information Technology

Over the years, use of technology has enabled us to scale up our operations in an efficient manner. We have been digitizing our processes and automating our backend operations.

The Bank's major functions, including customer experience, digital transaction processing, enterprise accounting, expense management, human resources management, process management, risk management, and governance are also supported by various technology platforms. With the use of technology, the Bank has created a paperless onboarding process for originating microfinance loans and opening bank accounts. The Bank has also enabled carrying out of customer onboarding and various transactions on handheld devices.

The Bank has also initiated engagements with certain fintech partners to leverage its digital platforms and reaching a wider network for both deposit and loan products. The Bank is investing in advanced analytics for use in identifying markets for geographical expansion, cross-sell/up-sell, pre-approved loans, credit risk analysis, delinquency prediction and early warning systems. In FY '23 the bank has successfully migrated its Core Banking Solution from FIS Profile to Finacle.

Project PRAGYAN

The Bank implemented Finacle Core Banking Solution (CBS) during the year. The migration was achieved in a seamless eight-month implementation period. Finacle powers the Bank's retail, corporate and payment engines in an on-premise model, supported by IBM's infrastructure stack. The migration was necessary since the legacy system was not capable of handling multiple products and high volume. The migration has also helped the Bank in reducing dependency on external vendors.

Corporate Social Responsibility

The Bank has adopted a Board approved Corporate Social Responsibility (CSR) policy that is focused on our core objective of financial inclusion for the unbanked and under-banked income groups. The endeavour is to serve the low-income households with focus on women and adolescent children. The CSR Committee identifies and recommends specific areas to focus on and periodically reviews the progress of the activities undertaken. The recent initiatives have been focused on financial literacy, preventive health and supplementary livelihoods.

Credit Rating

The Bank has a long-term rating of A (Stable) from ICRA for its Subordinated Debt (March 2023) and a short term rating of A1+ (A One Plus) for its CD issuance program from ICRA (March 2023) and CRISIL (Nov 2022).

Internal Controls

The Bank has in place three lines of defence for ensuring adherence to Internal Controls:

- 1) **Business** – functions on the laid down Policies and Processes approved at the appropriate level of authority.
- 2) **Risk and Compliance** – Monitors compliance with the laid down policies and processes as per the regulatory framework and the Bank's risk appetite.
- 3) **Internal Audit** – Overviews quality and effectiveness of the internal controls and their adherence by the first line of defence, their monitoring by the second line of defence. The internal audit process is based on the Risk based Audit approach prescribed by the regulator and duly approved by the Audit Committee of the Board.

All the internal control functions work independently as per regulatory guidelines and report to the Audit Committee of the Board or the Risk Management Committee of the Board as applicable.

Cautionary Statement

This report and other statements - written and oral - that the Bank periodically makes contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. The Bank has tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'will', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. The Bank cannot guarantee that these forward-looking statements will be realised, although we have attempted to be prudent in our assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Readers should keep this in mind that in the event known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. The Bank undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

Financial Review

Income

Net Total income increased by 24.5% Y-o-Y from ₹ 678.0 crore in FY22 to ₹ 844.0 crore in FY23 primarily due to asset growth, realised yield improvement coupled with reduced cost of funds. There was also an increase in PSLC fee income and processing fees driven by increased disbursement. Broad reasons are discussed below.

Interest Earned

Interest earned increased by 25.7% from ₹ 941.8 crore in FY22 to ₹ 1,183.7 crore in FY23. Gross Loan Portfolio increased by 20.8% from ₹ 5,063 crore in FY 2022 to ₹ 6,114 (Adjusted for ARC is ₹ 6,541 crores with growth of 29.2%) crore in FY 2023 predominantly on the back of higher disbursements.

Other Income

Other income increased by 4.1% from ₹ 93.6 Cr in FY22 to ₹ 97.4 Cr in FY23. Despite substantial increase in processing

fees and miscellaneous income, the growth was moderated due to one time recognition of MTM loss on investment book of 36.2 Crs.

Interest Expended

Interest expended increased by 22.3% from ₹ 357.4 crore in FY22 to ₹ 437.1 crore in FY23 due to hike in deposit rates.

Operating Expenses

Operating expenses increased by 22.6% from ₹ 413.1 crore in FY22 to ₹ 506.5 crore in FY23 primarily due to salary cost & depreciation increase.

Provisions and Contingencies

Provisions and contingencies decreased by 39.6% from ₹ 392 crores in FY22 to ₹ 236.6 crore in FY23. In FY23 primarily due to higher collections leading to lower provisions.

ARC Transaction

The Board at its meeting held on December 23, 2023, had approved the transfer of stressed loan portfolio (Financial Assets), including technically written-off loans to Asset Reconstruction Company ("ARC"). Accordingly, the Bank had conducted the bidding process in accordance with Swiss Challenge Method ("SCM") prescribed under RBI Master Direction dated September 24, 2021. The bidding process in accordance with SCM was concluded on December 28, 2022 and the Bank did not receive any counter Bid to the Base Binding Bid of Rs. 135.1 Crores from Edelweiss Asset Reconstruction Company Limited ("Edelweiss ARC") with respect to an identified pool of Financial Assets amounting to Rs. 492.05 Crores comprising of NPA and technically written-off accounts ("Stressed Portfolio"). Accordingly, the Board at its meeting held on December 28, 2022, approved Edelweiss ARC as the winner of Bid under SCM and pursuant to the Binding Bid received by the Bank from Edelweiss ARC in relation to sale of the identified pool of Stressed Portfolio, the Bank had completed the transaction.

Net profit

For the reasons discussed above, Net Profit for the year was ₹ 77.7 Crore compared to Net Loss of ₹ 93 crore in FY22.

Balance Sheet

Assets

The table below sets out the principal components of our assets as of the dates indicated:

* Figures are in ₹ Crs.

Particulars	FY23	FY22	YoY
Assets			
Fixed Assets	164.5	115.2	42.7%
Cash and Bank	833.1	977.1	-14.7%
Investments	2,570.2	2,057.7	24.9%
Advances	6,015.1	4,750.9	26.6%
Other Assets	278.4	279.5	-0.4%
Total Assets	9,861.2	8,180.5	20.5%

Total assets increased by 20.5% from ₹ 8,180.5 crore as of 31 March 2022 to ₹ 9,861.2 crore as of 31 March 2023.

Advances

The following table sets forth a breakdown of total advances as of the dates indicated:

As of March 31 (Rupees in Crore)	Fiscal	
	2022	2023
Cash credit, overdraft & loan repayable on demand	127	182
Term Loan	4,624	5,833
Total	4,751	6,015

Advances comprise micro banking (JLG) loans, home loans, commercial vehicle loans, secured and unsecured business loans and financial intermediary group loans.

Total advances increased by 20.7% from ₹ 5,063 crore as of 31 March 2022 to ₹ 6,114* crore as of 31 March 2023, primarily due to increase in disbursement and interest capitalization post moratorium.

Adjusted for ARC is ₹6,541 crores with growth of 29.2%

Fixed Assets

During FY23, the Bank had invested in Core Banking Solution which would cater to the Bank's digital needs over the next few years. The Bank also made nominal investments in network expansion in FY23, since the focus was to improve asset quality and increase profitability. The Bank follows an asset-light model for its branches with IT equipments being obtained under operating lease from financing institutions.

Capital and Liabilities

The table below sets out the principal components of our shareholders' funds and liabilities as of the dates indicated:

Particulars	FY23	FY22	YoY
Capital and Liabilities			
Shareholders' Fund	1,584.8	1,505.5	5.7%
Deposits	5,166.7	3,849.8	34.2%
Borrowings	2,765.4	2,551.3	8.4%
Other Liabilities and Provisions	344.4	273.8	25.8%
Total	9,861.2	8,180.5	20.5%

Total capital and liabilities increased by 20.5% from ₹ 8,180.5 crore as of 31 March 2022 to ₹ 9,861.2 crore as of 31 March 2023 primarily due to increase in borrowings and deposits.

Corporate Governance Report

In accordance with the applicable provisions of the Companies Act, 2013 (“**the Act**”) and the Regulation 34(3) and Clause (C) of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**SEBI Listing Regulations**”), a Report on Corporate Governance for the Financial Year (“**FY**”) 2022-23 is presented below, and forms part of the Annual Report:

1. BANK’S PHILOSOPHY ON CODE OF GOVERNANCE

Suryoday Small Finance Bank Limited (“the Bank”) believes that good governance is the foundation to build public trust and confidence of all the stakeholders. The Bank has adopted and adheres to the best practices on Corporate Governance in line with the directions of the Reserve Bank of India (“**RBI**”) and other regulators. The Bank is also continuously benchmarking itself against each such practice which enables it to be accountable and transparent and also fulfil the Bank’s fiduciary role and responsibilities and enhance long term and sustained value for all its stakeholders. The Bank believes that best board governance practices, transparent disclosures and shareholder empowerment are the backbone for creating value for the shareholders and other stakeholders. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, sustainability, etc. serve as the means for implementing the philosophy of corporate governance in letter and spirit.

The Board directs, supervises, and controls the management of the Bank and is responsible for the business including formulating the overall strategy and ensuring implementation thereof. The Managing Director and Chief Executive Officer (“**Managing Director & CEO**”) is responsible for the overall affairs of the Bank under the superintendence, guidance and control of the Board. The Board has constituted various Committees to deal with specific matters as per applicable law in this regard and the terms of reference of each Committee is defined.

The Board has adopted a Code of Conduct for Directors and Senior Management personnel and all Directors and senior management personnel affirm their adherence to the Code on an annual basis. Further, the Independent Directors also submit their annual declarations confirming that they fulfil the criteria of independence.

2. BOARD OF DIRECTORS

a) Composition and Profile of Directors:

The composition of the Board of Directors of the Bank (the “**Board**”) is governed by the relevant provisions of the Act and the rules made thereunder, the SEBI Listing Regulations, the Banking Regulation Act, 1949, (the “**BR Act**”) the guidelines/ regulations/circulars issued by the Reserve Bank of India (“**RBI**”), as amended, from time-to-time and all other applicable laws and the Articles of Association of the Bank.

As at March 31, 2023, and as on the date of this report, the Board has an optimum combination of Executive and Non-Executive Directors with Independent Directors constituting more than one-half of its total strength. The Board of Directors comprises eight (8) Directors, consisting of Six (6) Independent Directors including one Woman Independent Director, One Managing Director & CEO and One Non-Independent Non-Executive Director (Investor Director). All the Board members are senior and experienced persons having the required knowledge, skill sets, track record, integrity and relevant experience and all of them effectively meet the “fit and proper criteria” laid down by the RBI.

None of the Directors is related to each other. All the Independent Directors have submitted the requisite declarations stating that they meet the criteria of independence prescribed under Section 149(6) of the Act, Regulation 16(1)(b) of SEBI Listing Regulations and other applicable statutory provisions which have been taken on record by the Board. In the opinion of the Board, all Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are independent of the management.

Further, in terms of the Companies (Creation and Maintenance of Databank of Independent Directors) Rules, 2019 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, all the Independent Directors of the Bank are enrolled in the online databank of Independent Directors maintained by the Government.

Separation of office of Chairperson and the Managing Director & CEO

In terms of the provisions of the BR Act, your Bank has separate offices for the Chairperson and the Managing Director & CEO. Your Bank has a Non-Executive

(Independent) Part-time Chairperson and a Managing Director & CEO, the appointment of both have been approved by RBI pursuant to the provisions of the BR Act.

The Chairperson provides overall direction and guidance to the Board whereas the Managing Director & CEO of the Bank is responsible for the overall management of the Bank. The operational and functional heads assist the Managing Director & CEO in the operation, execution and functioning of the Bank.

Details of the Board of Directors as on March 31, 2023:

Sr. No.	Category	Name and DIN of the Director
1.	Independent Director(s)	(i) Mr. R. Ramachandran, (DIN: 01953653) (ii) Mr. Mrutunjay Sahoo, (DIN: 00015715) (iii) Mr. Jyotin Mehta, (DIN: 00033518) (iv) Mr. John Arunkumar Diaz, (DIN: 00493304) (v) Mr. Krishna Prasad Nair, (DIN: 02611496) (vi) Dr. Mandeep Maitra, (DIN: 06937451)
2.	Non-Executive Director(s) (Investor Director)	Mr. Ranjit Shah, (DIN: 00088405)
3.	Executive Director(s) (Managing Director & CEO)	Mr. Baskar Babu Ramachandran, (DIN: 02303132)

Brief Profile of Board of Directors as on March 31, 2023:

Mr. R. Ramachandran [DIN: 01953653]

(Part-time Chairperson with effect from March 19, 2020)

Mr. R. Ramachandran is an Independent Director of the Bank since 2015 and Part-time Chairperson w.e.f. March 19, 2020, with re-appointment for a period upto September 23, 2023, as approved by the RBI.

Mr. Ramachandran holds a Master's degree in Science and a post graduate diploma in Financial Management from the University of Madras. He has over 38 years of experience in Commercial Banking and Finance. He has served as a part-time non-official director of DICGC and a member of the Advisory Board on Banks, Commercial and Financial Frauds of Central Vigilance Commission. He has previously served as Chairperson and Managing Director at Andhra Bank, Executive

Director at Syndicate Bank and Non-Executive Director at SIDBI.

Mr. Ramachandran presently holds a position as Short-term Consultant and Lead Technical Advisor / Peer Reviewer for IFC (W) of the World Bank Group, associated with its India Investment Vehicle Project.

Mr. Ramachandran is not a director in any other company.

Mr. Ramachandran does not hold any shares in the Bank as on March 31, 2023.

Mr. Mrutunjay Sahoo [DIN: 00015715]

Mr. Mrutunjay Sahoo is an Independent Director of the Bank w.e.f. September 22, 2016 to hold office for a period of five years upto September 21, 2021. He was re-appointed as an Independent Director for a further term of three years w.e.f. September 22, 2021 upto September 21, 2024 vide Special Resolution passed at Annual General Meeting held on September 20, 2021.

Mr. Sahoo is a retired IAS Officer and has several years of experience in public administration. Previously, he was a Special Chief Secretary to the Government of Andhra Pradesh and has been associated with several PSU's as a nominee director of the Government of India for Maharatna companies and non-official independent director of Government of India for a Miniratna company. He has also been associated with Transmission Corporation of Andhra Pradesh, Andhra Pradesh Power Finance Corporation and The Singareni Collieries.

Mr. Sahoo is not a director in any other company.

Mr. Sahoo does not hold any shares in the Bank as on March 31, 2023.

Mr. Jyotin Mehta [DIN: 00033518]

Mr. Jyotin Mehta is an Independent Director of the Bank w.e.f. August 31, 2017 for a period of five years to hold office upto August 30, 2022. He was re-appointed as an Independent Director for a further term of three years w.e.f. August 31, 2022 upto August 30, 2025 vide Special Resolution passed at the Annual General Meeting of the Bank held on August 26, 2022.

Mr. Mehta holds a Bachelor's Degree in Commerce and is a fellow member of the ICAI, ICSI and ICMAI. He has over 40 years of experience in corporate laws. Previously, he was associated with ICICI Bank as a General Manager & Company Secretary, 3i Infotech Limited as Senior General Manager, Voltas Limited as

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VP & Chief Internal Auditor, Bharat Shell Limited as the VP-Finance & Company Secretary and NOCIL Limited as Head of project finance.

Mr. Mehta is Independent Director on the Board of Linde India Limited, Amal Limited and JSW Ispat Special Products Limited (*Listed Companies*), Ind Aust Maritime Private Limited, Mahindra Rural Housing Finance Limited, Mahindra Insurance Brokers Limited, ICICI Prudential Pension Funds Management Co. Limited and ICICI Prudential Trust Limited (*Unlisted public limited companies*). He is a member of the following committees in the aforesaid companies:

- (i) Linde India Limited
 - Audit Committee (Chairperson)
 - Nomination and Remuneration Committee
 - Stakeholders Relationship Committee
 - Risk Management Committee
- (ii) Mahindra Rural Housing Finance Limited
 - Risk Management Committee (Chairperson)
 - IT Strategy Committee (Chairperson)
 - Audit Committee (Chairperson)
 - Stakeholders Relationship Committee (Chairperson)
 - Nomination & Remuneration Committee
- (iii) Mahindra Insurance Brokers Limited
 - Audit Committee (Chairperson)
 - Nomination & Remuneration Committee
- (iv) ICICI Prudential Pension Funds Management Company Limited
 - Audit Committee
 - Nomination & Remuneration Committee (Chairperson)
 - Risk Management Committee (Chairperson)
- (v) ICICI Prudential Trust Limited
 - Audit Committee
 - Risk Management Committee

Mr. Jyotin Mehta does not hold any shares in the Bank as on March 31, 2023.

Mr. John Arunkumar Diaz [DIN: 00493304]

Mr. John Arunkumar Diaz is an Independent Director of the Bank w.e.f. December 16, 2019, for a period of five years to hold office upto December 15, 2024.

He holds a Bachelor's Degree in Mathematics from University of Madras and a PGDBM from XLRI,

Jamshedpur. He has over 28 years of experience in Standard Chartered Bank, based in India and overseas, where he was head of programme & change management. Additionally, he has over 18 years of experience as a consultant in banking services for several international institutions, including in Indonesia, Thailand and Mauritius by way of his association with Quest OntheFRONTIER, Bain & Company SE Asia and iCube Consortium. Further, he has also been on the boards of companies in the venture capital, horticulture and agriculture sectors, an ATM manufacturer and in two companies in the primary and secondary healthcare sector which he had promoted.

Mr. Diaz is not a director in any other listed or public limited company. He is director on the Board of several private limited companies viz, Vortex Engineering, Collateral Medical, Synergy Relationship Management Services, Aavishkaar Venture Trustees, Tribetech, Jeevanti Healthcare, Synergy Health and Medical, Lynx Healthplus Services, Aavishkaar Foundation, Old Bridge Mutual Fund Trustee, Microfinance Singapore and Nominee Director on the Board of Connect India E-Commerce Services and is an advisor to Aavishkaar Capital.

Mr. Diaz holds 22,000 Equity Shares in the Bank as on March 31, 2023.

Mr. Krishna Prasad Nair [DIN: 02611496]

Mr. Krishna Prasad Nair is an Independent Director of the Bank w.e.f. July 22, 2021, for a period of five years to hold office upto July 21, 2026.

He holds a Bachelor's Degree in Commerce from Madras University and MBA from Cochin University of Science & Technology. He is a career banker and a veteran in the financial services sector with over 38 years of experience with Indian Overseas Bank (6 years) and IDBI Bank (32 years). He has attended various trainings with IIM-A, CAFRAL, RBI and Kellogg School of Business, USA. He served as Deputy Managing Director in IDBI Bank from September 2016 to May 2019 during which he handled Retail Banking, Corporate Banking, NPA Management, HR, IT, Administration & Facilities Management and was Chair and a Member of Credit and ALCO Committees.

As on March 31, 2023, Mr. Nair was also an Independent Director on The India Cements Ltd. (listed company)

He does not hold any shares in the Bank as on March 31, 2023.

Dr. Mandeep Maitra [DIN: 06937451]

Dr. Mandeep Maitra is an Independent Director of the Bank w.e.f. July 28, 2022, for a period of five years to hold office upto July 27, 2027.

Dr. Maitra is an award-winning Global HR Leader and Leadership & Transformation Coach. Her work experience of over three decades spans Paris, London, Singapore & Mumbai.

Dr. Maitra has been credited with being the HR *architect* of HDFC Bank, India's number 1 Bank. She has been a trend setter, with many firsts to her credit - innovative HR Practices in Strategic Leadership, Talent Management, Performance Management, Compensation and Reward planning. Post HDFC Bank, she moved to Singapore for six years. Mandeep worked with clients like the Ministry of Manpower and other blue-chip organisations on Productivity, Innovation, Collaboration and Stakeholder Management and spearheaded the *Future of Work* research in Asia Pacific. Later based in Paris, Mandeep worked with Dr Julia Cooke of the *Academy of Design Thinking* and Entrepreneurship, UK.

Dr. Maitra holds a Bachelor's Degree in Psychology (Hons) from Lady Sri Ram College, University of Delhi; Post Graduate Degree in PM&IR from TISS Mumbai, Key Certifications in HR Strategy in Transforming Organizations from London Business School, and Design Thinking from ESADE Business School, Barcelona. In June 2022, Dr. Maitra was awarded an honorary Doctorate (PhD) in Leadership & Transformation by Ecole Supérieure Robert De Sorbon Université in France based on her relentless pursuit of excellence and ability to touch the professional lives of many.

Dr. Maitra is a Non-executive Director on the Board of Expressions Learning Resources Private Limited and an Independent Director on the Board of GRO Digital Platforms Limited and Hinduja Leyland Finance Limited. Also, she is a Designated Partner of M-Suite Leadership Consulting LLP and Individual Partner of Withya HR Fund LLP.

She does not hold any shares in the Bank as on March 31, 2023.

Mr. Ranjit Shah [DIN: 00088405]

Mr. Ranjit Shah is an Investor Director of the Bank w.e.f. November 2, 2018.

He holds a Bachelor's Degree in Electrical Engineering from IIT - Bombay an MBA from the University of Michigan. He has several years of experience in sectors including private equity and financial services.

He also co-founded and is currently a managing partner at Gaja Capital.

Mr. Shah is not a director in any other listed or public limited company. He is director on the Board of private limited companies namely Rams Mercantile, Gaja Alternative Asset Management (as Wholetime Director), Thyssenkrupp Industrial Solutions and Kinara Capital.

Mr. Shah does not hold any shares in the Bank in his personal capacity as on March 31, 2023.

Mr. Baskar Babu Ramachandran [DIN: 02303132]

Mr. Baskar Babu Ramachandran is the Managing Director & CEO of the Bank w.e.f. January 23, 2017. He promoted Suryoday Micro Finance Pvt Ltd in 2008 and was the Managing Director of the Company which got converted into the Bank in January 2017.

Mr. Baskar Babu Ramachandran was re-appointed as Managing Director & CEO upto January 22, 2026 with the approval of the Reserve Bank of India and the shareholders.

He holds a Bachelor's Degree in Mechanical Engineering from the University of Madras and an MBA from Pondicherry University. He has participated in the management development program for strategic management for corporate leadership at IIM - Calcutta. He has several years of experience in the banking and finance sector. Prior to co-founding Suryoday Micro Finance Private Limited, he was associated with various companies including GE Capital Transportation Financial Services, HDFC Bank and Cholamandalam.

Mr. Baskar Babu Ramachandran is not a director in any other listed or public limited company. But he is on the Board of Director of Indian Institute of Banking and Finance.

Mr. Baskar Babu Ramachandran holds 63,01,911 Equity shares in the Bank as on March 31, 2023.

b) Board Meetings, Attendance and Committee membership

During the year under review, Nineteen (19) Board meetings were held on April 28, 2022, May 18, 2022, May 19, 2022, May 26, 2022, June 02, 2022, June 21, 2022, June 28, 2022, July 05, 2022, July 21, 2022, August 04, 2022, September 15, 2022, September 29, 2022, November 11, 2022, November 24, 2022, December 23, 2022, December 28, 2022, January 27, 2023, February 09, 2023 and March 24, 2023. The gap between any two meetings did not exceed one hundred and twenty days.

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Details of attendance of Directors at Board Meetings held during the financial year 2022-23 and at the last Annual General Meeting ("AGM") and the number of directorships and committee chairmanships / memberships held by them in other public companies as on March 31, 2023, are given below:

Name of the Director and Category	No. of Board meetings attended/ held during their tenure	Attendance at last AGM (August 26, 2022)	No. of directorships in other Public Companies (Refer Note)	No. of Committee positions held in other Public Companies (Refer Note) ^{##}		Directorship in other Listed Entity and Category
				Chairperson	Member	
Mr. R. Ramachandran Part-time Chairperson and Independent Director	19/19	Yes	-	1	-	-
Mr. Mrutunjay Sahoo Independent Director	19/19	Yes	-	-	-	-
Mr. Jyotin Mehta ¹ Independent Director	19/19	Yes	8	4	4	JSW Ispat Special Products Limited-Independent Director Amal Limited-Independent Director Linde India Limited-Independent Director
Mrs. Meena Hemchandra ² Independent Director (upto May 22, 2022)	3/3	Not Applicable	1	-	-	-
Mr. John Arunkumar Diaz Independent Director	18/19	Yes	-	-	-	-
Mr. Krishna Prasad Nair Independent Director	19/19	Yes	1	-	-	The India Cement Limited-Independent Director
Dr. Mandeep Maitra ³ Independent Director (w.e.f. July 28, 2022)	8/10	Yes	2	-	1	-
Mr. Ranjit Shah ⁴ Investor Director	10/19	Yes	-	-	-	-
Mr. Aleem Remtula ⁵ Investor Director (upto August 31, 2022)	9/10	Yes	1	-	-	-
Mr. Baskar Babu Ramachandran ⁶ Managing Director & CEO	19/19	Yes	-	-	-	-

On request, leave of absence was granted to the concerned Directors who had expressed their inability to attend the respective meetings.

^{##}Note: Other directorships do not include directorships in private limited companies, foreign companies and companies under Section 8 of the Act. Chairmanships/ memberships of Board Committees shall include Audit Committee and Stakeholders Relationship Committee only in other Public Companies.

¹ Mr. Jyotin Mehta (DIN:00033518) was re-appointed at the 14th AGM held on August 26, 2022 as Non-Executive Independent Director of the Bank for a period of three (3) years effective from August 31, 2022 to hold office upto August 30, 2025. Further, in accordance with the provisions of BR Act, the tenure of total 8 years of Mr. Jyotin Mehta, as a Director on the Board of the Bank, would be completed on February 12, 2025, considering his original date of appointment as February 13, 2017. Accordingly, he would hold office as an Independent Director of the Bank upto February 12, 2025.

² Mrs. Meena Hemchandra, Independent Director, has resigned from the position of an Independent Director of the Bank w.e.f. May 23, 2022 due to personal reasons and to pursue other career opportunities. Further, the Bank has received confirmation from Mrs. Meena Hemchandra that there are no material reasons for her resignation from the position of an Independent Director of the Bank.

³ Dr. Mandeep Maitra has been appointed as an Independent Director of the Bank for a period of five years w.e.f. July 28, 2022 vide Special Resolution passed at the Annual General Meeting held on August 26, 2022.

⁴ Mr. Ranjit Shah, Investor Director, was re-appointed at the 14th AGM held on August 26, 2022, liable to retire by rotation.

⁵ Mr. Aleem Remtula, Investor Director, has been resigned from the position of Director w.e.f. September 01, 2022 due to his other pre-occupations.

⁶ Mr. Baskar Babu Ramachandran was re-appointed for further period of three years w.e.f. January 23, 2023 upto January 22, 2026 with the approval of the RBI vide its letter no. DoR.GOV. No. S6124/29.44.006/2022-23 dated December 26, 2022 and of the members of the Bank vide Special Resolution passed at the 14th AGM held on August 26, 2022.

c) Number of shares held by Non-Executive Directors:

The details of Shareholding of Non-Executive Directors as on March 31, 2023 is as under:

Name of Director	Total Number of Shares held in the Bank as on March 31, 2023
Mr. R. Ramachandran, (Part-time Chairperson and Independent Director)	Nil
Mr. Mrutunjay Sahoo, (Independent Director)	Nil
Mr. Jyotin Mehta, (Independent Director)	Nil
Mr. John Arunkumar Diaz, (Independent Director)	22,000
Mr. Krishna Prasad Nair, (Independent Director)	Nil
Dr. Mandeep Maitra (Independent Director w.e.f. July 28, 2022)	Nil
Mr. Ranjit Shah, (Investor Director)	Nil

The Bank does not have any convertible instruments. Accordingly, none of the Non-Executive Director of the Bank hold any convertible instrument of the Bank as on March 31, 2023.

The meetings of the Board/ Committees of the Board are convened by giving appropriate Notice. All members of the Board and Committees thereof strive to attend all Board/Committee meetings, as applicable. In case any member is unable to attend any meeting and requests leave of absence, the same is considered by the Board/ Committees.

Necessary compliance pursuant to circulars issued by Ministry of Corporate Affairs and SEBI were ensured for the Board/ Committee meetings held through video conferencing mode ("VC"). The Board members attending the meetings through VC confirmed that no other person was present or having access to the VC and also confirmed that audio / video was clearly audible and visible to them.

The important decisions taken at the Board are communicated to the respective department heads for the implementation of the said decisions. An Action Taken Report arising out of the discussions at earlier

meetings is prepared and placed at the next Board meeting/Committee meeting.

The Board is regularly apprised and informed of important business-related information. The Board meeting dates are finalised in consultation with all the Directors in advance. However, whenever required, additional meetings are held. Further, the agenda papers supported by comprehensive notes and relevant information, documents and presentations are circulated in advance to all the Board members which enable them to take informed decisions and discharge their functions effectively. The Agenda for the Board meetings covers the necessary information to be placed before the Board of Directors as per Regulation 17(7) of the SEBI Listing Regulations read with Part A of Schedule II thereto to the extent these are relevant and applicable. The Board reviews the items in the agenda and particularly reviews and approves the Financial Results, Annual Financial Statements, Annual Operating Plans & Budgets. The compliance reports pertaining to all laws applicable to the Bank are placed before the Board on quarterly basis and minutes of Committee meetings are placed before the Board of the Bank periodically.

3. COMMITTEES OF THE BOARD

The Board has constituted several Committees to deal with specific matters and the terms of reference of each Committee is defined. The terms of reference of the Committees were modified by the Board at its meeting held on May 15, 2023.

As of March 31, 2023, there were **nine (9)** Committees of the Board as enlisted below:

Sr. No.	Name of the Committee
1.	Audit Committee
2.	Nomination and Remuneration Committee
3.	Corporate Social Responsibility Committee
4.	Risk Management Committee
5.	Special Committee of Board for Monitoring & Follow-up of cases of Frauds and Review of Wilful Defaulters
6.	Customer Service Committee
7.	IT Strategy Committee
8.	Credit Committee
9.	Stakeholders' Relationship Committee

1. Audit Committee:

The Bank has constituted the Audit Committee of the Board (“ACB”) in line with the provisions of Section 177 of the Act, applicable RBI Guidelines and Regulation 18 of the SEBI Listing Regulations. The Committee was last reconstituted on September 08, 2022. The Composition of the ACB as on March 31, 2023, is given below:

Sr. No.	Name of Members	Designation
1	Mr. Jyotin Mehta, Independent Director	Chairperson
2	Mr. Mrutunjay Sahoo, Independent Director	Member
3	Mrs. Meena Hemchandra, Independent Director (upto May 22, 2022)	Member
3	Mr. Krishna Prasad Nair, Independent Director (w.e.f. September 08, 2022)	Member
4	Mr. John Arunkumar Diaz, Independent Director	Member
5	Mr. Ranjit Shah, Investor Director	Member

The Managing Director & CEO, the Chief Financial Officer, the Chief Compliance Officer and the Chief Audit Officer are invited for the ACB meetings. Statutory Auditors are invited for the meetings where audited financial results or results with limited review are considered. The Company Secretary acts as the Secretary to the Committee.

The scope and functions of the ACB are governed by the Board approved ACB Charter which is drawn up in line with the requirements of the relevant provisions of the Act, SEBI Listing Regulations and the RBI guidelines in this regard.

The terms of reference of the Audit Committee are as under:

- 1) Oversight of the Bank’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are true, fair, sufficient and credible.
- 2) Review the appropriateness, application and quality of the accounting policies and practices and the financial reporting process.

- 3) Recommendation for appointment, replacement, reappointment, remuneration and terms of appointment of auditors of the Bank and approval of appointment of Chief Financial Officer and Chief Audit Officer after assessing the qualifications, experience and background, etc. of the candidate. And to approve the appointment/re-appointment (including terms of appointment/ re-appointment) of the Concurrent Auditors and Legal Auditors.
- 4) Discussion with statutory auditors, internal auditors, secretarial auditors and cost auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 5) Reviewing and monitoring the auditor’s independence and performance, and effectiveness of audit process.
- 6) Reviewing, with the management, performance of statutory, secretarial and internal auditors and adequacy of the internal controls system.
- 7) Monitoring the end use of funds raised through public offers and related matters.
- 8) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the issue document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- 9) To review valuation of undertakings or assets of the Bank, wherever necessary.
- 10) 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.
- 11) To establish a vigil mechanism (whistle blower mechanism) for Directors and employees to report their genuine concerns or grievances and reviewing the Whistle blower policy and mechanism periodically.

- 12) To approve transactions of the Bank with related parties as per the provisions of the Policy for Related Party Transactions of the Bank and review significant transactions and matters related thereto; Grant of omnibus approval for related party transactions proposed to be entered into by the Bank subject to such conditions as prescribed and as amended from time to time.
- 13) To review and monitor the internal audit charter and annual internal audit plan.
- 14) Approve, review and monitor the Risk Based Internal Audit Plan.
- 15) Review with the Chief Audit Officer the internal audit budget, resource plan, activities, and organizational structure of the internal audit function.
- 16) To review with Internal Auditors on any significant findings in the internal audit reports to the management and ensure that corrective actions are being taken in a timely manner.
- 17) To review the Internal Audit reports relating to internal control weaknesses.
- 18) To review the findings of any internal investigations by the Internal Auditors/Vigilance department into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and report the matter to the Board.
- 19) To review the adequacy of internal audit function, if any, its policies including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 20) To periodically consult with the Statutory Auditors if required without the presence of management about internal controls and fair presentation of financial statements in accordance with accounting principles generally accepted in India, applicable regulatory requirements, and provisions of Companies Act, 2013.
- 21) To discuss and ascertain from the Statutory Auditors post completion of the audit, areas of concern, if any.
- 22) To review management letters / letters of internal control weaknesses issued by the Statutory Auditor.
- 23) To provide a right to be heard to the Statutory Auditors and the key management personnel in the meetings of the Audit Committee when it considers the auditor's report but not the right to vote.
- 24) To ensure that any concerns raised by the Statutory Auditors are addressed by the management and bring any unaddressed concerns to the notice of the management and/or Board.
- 25) To study the issues raised by Statutory Auditors and raise appropriate flags to the management in case of repeated issues.
- 26) Approval of payment to statutory auditors for any other services rendered by the Statutory Auditors.
- 27) To ensure that IS audit of internal systems and processes is conducted at least once in a year to assess the operational risks faced by the Bank.
- 28) Review the implementation and effectiveness of the financial and Risk Management policies and processes and highlight any gaps observed to the Board.
- 29) Review and analyse various regulatory inspection and audit reports to identify inconsistencies and understand the Bank's action plan to mitigate the same.
- 30) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- 31) Review the findings of any examinations by regulatory agencies, and auditor observations.
- 32) Review the process for communicating the code of conduct to Bank personnel, and for monitoring compliance therewith.
- 33) Obtain regular updates from management regarding compliance matters.
- 34) a) Review with the management, the annual financial statements and auditors' report

thereon before submission to the board for approval with particular reference to:

- i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report, in terms of the Companies Act, 2013;
 - ii. Changes, if any, in the accounting policies and practices, with reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal and regulatory requirements relating to financial statements;
 - vi. Disclosure of related party transactions;
 - vii. Qualifications and Modified opinions in the draft audit report;
- b) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- c) Review of the financial statement and auditors' report thereon;

35) Audit Committee shall mandatorily review:

- a. management discussion and analysis of financial condition and results of operations;
- b. statement of significant related party transactions submitted by management;
- c. management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. internal audit reports.
- e. the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the ACB; and
- f. statement of deviations as and when becomes applicable:
 - (i) quarterly statement o deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015, as amended ("Listing Regulations"); and

- (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of the Listing Regulations.
- 36) With respect to Inspection reports of the Inspecting team of Reserve Bank of India or any other regulator, approve action plans for corrective actions to be taken and monitor compliance thereof and review compliance in respect of the Annual Financial Inspection conducted by RBI on ongoing basis till the Bank furnishes full compliance. ACB should closely monitor persisting deficiencies pointed out in RBI Inspection Reports.
- 37) Reviewing processes, accounting practices and their implementation and also to perform any other activities, as the ACB or the Board deems necessary or appropriate.

Meetings of the ACB:

During the year under review, the ACB met thirteen (13) times on April 11, 2022, May 19, 2022, June 21, 2022, June 28, 2022, July 05, 2022, August 04, 2022, August 29, 2022, September 29, 2022, November 11, 2022, November 28, 2022, January 27, 2023, February 09, 2023 and March 23, 2023.

The details of attendance at the meetings of the ACB are given below:

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Mr. Jyotin Mehta	13	13
Mr. Mrutunjay Sahoo	13	13
Mrs. Meena Hemchandra <i>(upto May 22, 2022)</i>	2	2
Mr. John Arunkumar Diaz	13	13
Mr. Ranjit Shah	13	4
Mr. Krishna Prasad Nair <i>(w.e.f. September 08, 2022)</i>	6	6

2. Nomination and Remuneration Committee:

The Bank has constituted the Nomination and Remuneration Committee ("NRC") in line with the provisions of Section 178 of the Act, applicable RBI Guidelines and Regulation 19 of the SEBI Listing Regulations and the Circulars issued by RBI in this regard, from time to time, which, inter alia, deals with the matters relating to appointments on the Board

and Senior Management, performance appraisal and compensation related matters of the Bank.

The NRC evaluates fit and proper criteria of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board for their appointment and removal, and specifies the manner for effective evaluation of the performance of the Board, Board's Committees and individual Directors. The NRC formulates the criteria for determining qualifications, positive attributes and independence of a director and recommends to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees of the Bank. Criteria for performance evaluation for Independent Directors are provided in the Board's Report.

The Committee was last reconstituted on September 08, 2022. The Composition of NRC as on March 31, 2023, is given below:

Sr. No.	Name of Members	Designation
1	Mr. Mrutunjay Sahoo, Independent Director	Chairperson
2	Mr. R. Ramachandran, Independent Director	Member
3	Mr. John Arunkumar Diaz, Independent Director	Member
4	Mr. Krishna Prasad Nair, Independent Director	Member
5	Dr. Mandeep Maitra, Independent Director (w.e.f. September 08, 2022)	Member
6	Mr. Ranjit Shah, Investor Director	Member

The terms of reference of the Nomination and Remuneration Committee are as under:

- Evaluate the mix of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of independent directors and other directors.
- Formulating the criteria for determining qualifications, industry knowledge, skill sets, experience, positive attributes, and independence of a director and to recommend to the Board of Directors a policy, relating to the appointment / re-appointment of the directors.

- The person recommended to the Board for appointment as a director shall have the capabilities identified in such description.

For the purpose of identifying suitable candidates, the Committee may:

- use the services of an external agency, if required;
 - consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - consider the time commitments of the candidates.
- Formulating the criteria for remuneration payable to the Directors, Key Managerial Personnel, Senior Management Personnel and other employees of the Bank and to recommend to the Board of Directors a policy in this regard.

The Committee, while formulating the above policy shall generally ensure that the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate managerial talent, meets appropriate performance benchmarks and involves a balance between fixed and variable pay reflecting short and long term performance objectives appropriate to the Bank.

The Committee shall also ensure that the above policy is fully compliant with the statutory and regulatory guidelines issued from time to time on compensation to Key Management Personnel (KMP); Whole Time Directors (WTD); Chief Executive Officer (CEO); Material Risk Takers (MRT) and Risk Control Function Staff (RCS).

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down under applicable provisions and policies of the Bank and recommend to the Board of Directors, the appointment / re-appointment or removal thereof. In the case of appointment / re-appointment of directors, the Committee shall ensure that the persons identified adhere to the 'fit and proper' guidelines issued by RBI, the applicable provisions of the Companies Act, 2013, SEBI Listing Regulations and other applicable provisions of the BR Act in this regard.

6. Formulating /reviewing the criteria for evaluation of performance of all the directors and specifying the manner for effective evaluation of performance of the Board, its Committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
7. Recommending extension to the terms of appointment of the Independent Directors, on the basis of the report of performance evaluation of independent directors.
8. Reviewing the “fit and proper” status of all the Directors on the Board of the Bank, on an annual basis, in accordance with the statutory and regulatory guidelines in force.
9. Devising a policy on diversity of Board of Directors and accordingly to review the structure, size, composition and diversity of the Board and make necessary recommendations to the Board with regard to any changes in the composition of the Board as deemed necessary in accordance with the extant norms and reviewing the policy on diversity of Board of Directors.
10. Recommending to the Board, all remuneration, in whatever form, payable to KMP, WTD, CEO, MRT and RCS.
11. Recommending to the Board of Directors a policy on succession planning for the board and senior management and overseeing and reviewing the succession plans from time to time.
12. Advising HR related policies and thereafter reviewing the same on periodical basis.
13. To review the list of MRT, RCS and other categories of employees in accordance with extant guidelines.
14. Administering, monitoring, and formulating detailed terms and conditions of the Employees’ Stock Option Scheme of the Bank and to consider grant of Stock Options or other share linked instruments (by whatever name called) to employees of the Bank and to function as the Compensation Committee as prescribed under the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and to allot shares pursuant to exercise of Stock Options by employees.
15. Reviewing the composition of the existing Committees of the Board on annual basis and to recommend to the Board the changes in the composition of the existing Committees, if any, and also to recommend to the Board constitution of the new Committees, as and when required, considering the regulatory and / or business requirements of the Bank.
16. Carrying out any other function as is mandated by the Board from time to time and /or enforced/ mandated by any statutory notification, amendment or modification, as may be applicable; and
17. Performing such other functions as may be necessary or appropriate for the performance of its duties pursuant to the applicable Laws / Regulations / Rules thereunder.

During the year under review, the Committee met six (6) times on April 28, 2022, May 19, 2022, July 21, 2022, September 13, 2022, November 24, 2022, and February 08, 2023.

The details of the meetings of NRC attended by the members during FY 2022-23 are given below:

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Mr. Mrutunjay Sahoo	6	6
Mr. R. Ramachandran	6	6
Mr. John Arunkumar Diaz	6	6
Mr. Krishna Prasad Nair	6	6
Dr. Mandeep Maitra (w.e.f. September 08, 2022)	3	3
Mr. Ranjit Shah	6	2

All members of NRC are Non-Executive Directors, and five out of six members of the Committee are Independent Directors. The Chairperson of the Committee is an Independent Director.

3. Corporate Social Responsibility Committee:

The Bank has constituted the Corporate Social Responsibility (“CSR”) Committee in line with the provisions of Section 135 of the Act.

The Committee was last reconstituted on September 08, 2022. The Composition of CSR Committee as of March 31, 2023 is given below:

Sr. No.	Name of Members	Designation
1	Dr. Mandeep Maitra, Independent Director (w.e.f. September 08, 2022)	Chairperson
2	Mr. R. Ramachandran, Independent Director (Chairperson upto September 07, 2022 and thereafter, continued as member)	Member
3	Mr. Mrutunjay Sahoo, Independent Director	Member
4	Mr. Baskar Babu Ramachandran Managing Director & CEO	Member
5	Mrs. Meena Hemchandra, Independent Director (upto May 22, 2022)	Member
6	Mr. Aleem Remtula, Independent Director (upto August 31, 2022)	Member

The terms of reference Corporate Social Responsibility Committee are as under:

- 1) To Review and recommend to the Board, changes, as and when required, in the Corporate Social Responsibility Policy of the Bank, which shall indicate the activities to be undertaken by the Bank as specified in Schedule VII of the Companies Act, 2013, and Rules made thereunder, as amended from time-to-time;
- 2) To recommend the amount of expenditure to be incurred on CSR activities as indicated in the CSR Policy to the Board in accordance with the provisions of the Companies Act, 2013 and rules made thereunder;
- 3) To monitor the implementation of CSR objectives of the Bank;
- 4) To monitor and oversee the CSR spend on various projects/activities on periodical basis;
- 5) To formulate and recommend to the Board:
 - a) An annual action plan and status of fund utilisation, whenever required;
 - b) Details of need and impact assessment, if any, for the projects undertaken by the Bank and appoint the agency for carrying out impact assessment, as and when required;
 - c) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
 - d) The manner of execution of such projects or programmes as specified;
 - e) The modalities of utilisation of funds and implementation schedules for the projects or programmes;
 - f) Monitoring and reporting mechanism for the projects or programmes; whenever required in pursuance of Corporate Social Responsibility Policy.
- 6) To consider and recommend the Annual CSR Report to the Board for approval;
- 7) To report and communicate to the Bank’s stakeholders on the CSR activities being undertaken by the Bank for their awareness;
- 8) To perform any other functions or duties as may be assigned by the Board or as stipulated by the Reserve Bank of India or any other regulatory authority or under any applicable laws as may be prescribed from time to time.

During the year under review, the CSR Committee met three (3) times on May 10, 2022, July 21, 2022, and December 01, 2022.

The details of the meetings of the CSR Committee attended by the members during FY 2022-23 are given below:

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Dr. Mandeep Maitra <i>(w.e.f. September 08, 2022)</i>	1	1
Mr. R. Ramachandran	3	3
Mr. Mrutunjay Sahoo	3	3
Mrs. Meena Hemchandra <i>(upto May 22, 2022)</i>	1	1
Mr. Aleem Remtula <i>(upto August 31, 2022)</i>	2	2
Mr. Baskar Babu Ramachandran	3	3

The CSR Policy of the Bank has been uploaded on the website of the Bank at <https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-CSR-Policy.pdf>

4. Risk Management Committee:

The Bank has constituted the Risk Management Committee of the Board (“**RMCB**”) in line with the provisions of applicable RBI guidelines, SEBI Listing Regulations and other applicable provisions.

The Committee was last reconstituted on September 08, 2022. The Composition of RMCB as on March 31, 2023 is given below:

Sr. No.	Name of Members	Designation
1	Mr. John Arunkumar Diaz, Independent Director <i>(Chairperson w.e.f. September 08, 2022)</i>	Chairperson
2	Mrs. Meena Hemchandra, Independent Director <i>(was Chairperson upto May 22, 2022)</i>	Chairperson
3	Mr. R. Ramachandran, Independent Director#	Member
3	Mr. Jyotin Mehta, Independent Director	Member
4	Mr. Aleem Remtula, Independent Director <i>(upto August 31, 2022)</i>	Member
5	Mr. Baskar Babu Ramachandran Manging Director & CEO	Member

During the period from May 23, 2022 to September 07, 2022, as decided amongst the members of the Committee, Mr. R.

Ramachandran, the senior most member of the Committee, chaired/headed the two (2) meetings of the Committee held on June 16, 2022, and June 28, 2022.

The terms of reference of the Risk Management Committee of the Board are as under:

- 1) Formulation of a detailed Risk Management Policies which shall include:
 - a. framework for identification of internal and external risks specifically faced by the Bank, in particular including financial, operational, sectoral, sustainability, information security, cyber security risks or any other risk as may be determined by the Committee.
 - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business Continuity Plan (BCP).
- 2) To frame and govern the risk strategy, and to approve the setting up of Bank’s risk appetite and limits and to ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank.
- 3) To review all Board approved policies of the Bank from time to time which are routed through functional Committees of the Board after review and recommendation.
- 4) To evaluate and establish a framework to set and monitor limits across risk categories such as credit risk, market risk, operational risk, strategic risk, compliance risk, reputation risk, exit strategic risk, information security and access risk, cyber security risk, attrition risk etc. to mitigate any risk arising therefrom.
- 5) To review, approve and recommend to the Board, risk management policies, systems, processes, and risk management framework periodically, including by considering the changing industry dynamics and evolving complexity.
- 6) To keep the Board of Directors informed about the nature and content of its discussions, recommendations, and actions to be taken.
- 7) To conduct the Meeting of Chief Risk Officer with the Committee in accordance with RBI Circular No.DBR.BP.BC.No.65/21.04.103/2016-17 dated April 27, 2017.

- 8) To perform any other functions or duties as may be assigned by the Board or as stipulated by the Reserve Bank of India or any other regulatory authority or under any applicable laws as may be prescribed from time to time.

During the year under review, the RMCB met seven (7) times on May 18, 2022, June 16, 2022, June 28, 2022, September 14, 2022, November 28, 2022, March 03, 2023 and March 13, 2023.

The details of the meetings of RMCB attended by the members during FY 2022-23 are given below:

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Mr. John Arunkumar Diaz (w.e.f. September 08, 2022 as a Chairperson)	4	3
Mrs. Meena Hemchandra (upto May 22, 2022)	1	1
Mr. R. Ramachandran	7	7
Mr. Jyotin Mehta	7	7
Mr. Aleem Remtula (upto August 31, 2022)	3	3
Mr. Baskar Babu Ramachandran	7	7

5. Special Committee of Board for Monitoring & Follow-up of cases of Frauds and Review of Wilful Defaulters (SCBF & RWD) [Formerly known as Committee for Review of Wilful Defaulters and Monitoring High Value Frauds (RWDF)]:

The Bank has constituted the Special Committee of Board for Monitoring & Follow-up of cases of Frauds and Review of Wilful Defaulters (“SCBF & RWD”) in line with the provisions of applicable RBI guidelines. During the year the name of the Committee was changed from “Committee for Review of Wilful Defaulters and Monitoring High Value Frauds (RWDF)” to “Special Committee of Board for Monitoring & Follow-up of cases of Frauds and Review of Wilful Defaulters (SCBF & RWD)”.

The Committee was last reconstituted on September 08, 2022. The Composition of SCBF & RWD as on March 31, 2023 is given below:

Sr. No.	Name of Members	Designation
1	Mr. R. Ramachandran, Independent Director (Chairperson w.e.f. September 08, 2022)	Chairperson
2	Mr. Krishna Prasad Nair, Independent Director (Chairperson of the Committee upto September 07, 2022 and thereafter, continued as Member)	Member
3	Mr. Jyotin Mehta, Independent Director	Member
4	Mr. Mrutunjay Sahoo, Independent Director (w.e.f. September 08, 2022)	Member
5	Dr. Mandeep Maitra, Independent Director (w.e.f. September 08, 2022)	Member
6	Mrs. Meena Hemchandra, Independent Director (upto May 22, 2022)	Member
7	Mr. Baskar Babu Ramachandran, Managing Director & CEO (w.e.f. September 08, 2022)	Member

The terms of reference of the SCBF & RWD are as under:

- 1) To review cases of wilful defaults involving ₹ 25 lakhs and above and identified as such by the management. Also to monitor and follow up cases of frauds involving amounts of ₹ 1 Crore and above so as to:
 - a) Identify any lacunae in the system, that facilitate perpetration of the fraud and put in place measures to plug the same;
 - b) Identify reasons for delay in detection and reporting of frauds to top management of the Bank and the Reserve Bank of India;
 - c) Ensure that staff accountability is examined at all levels in the cases of frauds and action against staff, if required, is completed quickly, with minimum loss of time;
 - d) Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal control environment;

- 2) Analyse and review the trends of frauds and recommend strengthened monitoring in fraud-prone areas.
- 3) To review electronic / digital banking frauds;
- 4) Examine the procedures and responsibilities for timely reporting of frauds to concerned regulatory and enforcement agencies; to review any other similar organisation in respect of the cases and recovery position thereof;
- 5) To undertake NPA review on a periodic basis in order to detect signals of potential fraud / wilful default;
- 6) To review/ consider publication of the photographs of borrowers, including proprietors/ partners/directors/ guarantors of borrower firms/ companies, who have been declared as wilful defaulters and Non-cooperative borrowers; and
- 7) To perform any other functions or duties as may be assigned by the Board or as stipulated by the Reserve Bank of India or any other regulatory authority or under any applicable laws as may be prescribed from time to time.

During the year under review, the Committee met three (3) times on September 13, 2022, December 01, 2022, and March 13, 2023.

The details of the meetings of SCBF & RWD Committee attended by the members during FY 2022-23 are given below:

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Mr. R. Ramachandran (Chairperson w.e.f. September 08, 2022)	3	3
Mr. Krishna Prasad Nair (Chairperson of the Committee upto September 07, 2022 and thereafter, continued as Member)	3	3
Mr. Jyotin Mehta	3	3
Mr. Mrutunjay Sahoo (w.e.f. September 08, 2022)	3	3
Dr. Mandeep Maitra (w.e.f. September 08, 2022)	3	3

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Mrs. Meena Hemchandra (was member upto May 22, 2022)	0	0
Mr. Baskar Babu Ramachandran (w.e.f. September 08, 2022)	3	3

6. Customer Service Committee:

The Bank has constituted the Customer Service Committee (“CSC”) in line with the provisions of applicable RBI guidelines.

The Committee was last reconstituted on September 08, 2022. The Composition of CSC as of March 31, 2023 is given below:

Sr. No.	Name of Members	Designation
1	Mr. R. Ramachandran, Independent Director (Chairperson w.e.f. September 08, 2022)	Chairperson
2	Mr. John Arunkumar Diaz, Independent Director (Chairperson of the Committee upto September 07, 2022 and thereafter, continued as Member)	Member
3	Mr. Jyotin Mehta, Independent Director	Member
4	Mr. Ranjit Shah, Investor Director	Member
5	Dr. Mandeep Maitra, Independent Director (w.e.f. September 08, 2022)	Member
6	Mr. Baskar Babu Ramachandran, Managing Director & CEO	Member

The terms of reference of the Customer Service Committee are as under:

- 1) Assessing the overall implementation of the Customer Service Policies of the Bank and reviewing effective implementation of RBI directives.
- 2) Review of product approval process with respect to suitability and appropriateness for the customers and reporting of launching of any new products to the Committee.

- 3) Review of customer feedback gathered through customer satisfaction survey and suggest action for improvement and undertake appropriate measures / steps to protect customer's interests and provide best in class services to the customers.
- 4) Review of branding, marketing and customer engagement activities of the Bank and to work as a business support engine for growth of the Bank.
- 5) Review of activities undertaken to promote digital payments.
- 6) Review all the awards given by the Banking Ombudsman and those awards remaining unimplemented for more than three months.
- 7) To review at quarterly intervals the number of claims from deceased depositors.
- 8) Perform any other functions or duties as may be assigned by the Board or as stipulated by the Reserve Bank of India or any other regulatory authority or under any applicable laws as may be prescribed from time to time.

During the year under review, the CSC met four (4) times on May 17, 2022, August 03, 2022, November 07, 2022, and February 07, 2023.

The details of the meetings of CSC attended by the members during FY 2022-23, are given below:

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Mr. R. Ramachandran (was member till September 07, 2022) [appointed as Chairperson w.e.f. September 08, 2022]	4	4
Mr. John Arunkumar Diaz (Chairperson of the Committee upto September 07, 2022 and thereafter, continued as Member)	4	4
Mr. Jyotin Mehta	4	4
Mr. Ranjit Shah	4	2
Dr. Mandeep Maitra (w.e.f. September 08, 2022)	2	1
Mr. Baskar Babu Ramachandran	4	4

7. IT Strategy Committee:

The Bank has constituted the IT Strategy Committee ("ITSC") in line with the provisions of applicable RBI guidelines.

The Committee was last reconstituted on September 08, 2022. The Composition of ITSC as of March 31, 2023 is given below:

Sr. No.	Name of Members	Designation
1	Mr. Krishna Prasad Nair, Independent Director	Chairperson
2	Mrs. Meena Hemchandra, Independent Director (upto May 22, 2022)	Member
3	Mr. Jyotin Mehta, Independent Director	Member
4	Mr. John Arunkumar Diaz, Independent Director (w.e.f. September 08, 2022)	Member
5	Mr. Aleem Remtula, Investor Director (upto August 31, 2022)	Member
6	Mr. Baskar Babu Ramachandran, Managing Director & CEO	Member

The terms of reference of the IT Strategy Committee are as under:

- 1) Review of technological developments in banking industry having relevance to the operations of the Bank, risk management, cyber security etc.
- 2) To approve and recommend to the Board an annual IT related strategy, its alignment with the overall business strategy, with risk management and its budget implications. Review implementation of the above on a quarterly basis.
- 3) Review of progress in project implementation.
- 4) Review of vendor performance.
- 5) Review of Disaster Recovery Site performance, the Business Continuity Plan (BCP) and matters related thereto and exercise oversight over the efficacy of the BCP/DR process adopted by the Bank and recommend measures for its improvement.
- 6) Review IT organizational structure including IT-training matters.
- 7) Review compliance to various IT-related inspection and audit reports.

- 8) Review Cyber Security framework and related matters.
- 9) Approving policies related to IT and Information security.
- 10) Ensure that IT architecture, investment, organizational structure, resources and performance measurement parameters are geared to deliver business value and contribute to the Bank's growth.
- 11) Perform oversight functions over the IT Steering Committee (at a senior management level).
- 12) Monitoring IT risks and controls. And evaluating effectiveness of management's monitoring of IT risks.
- 13) 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.
- 14) To perform any other functions or duties as may be assigned by the Board or as stipulated by the Reserve Bank of India or any other regulatory authority or under any applicable laws as may be prescribed from time to time.

During the year under review, ITSC met eight (8) times on April 13, 2022, May 10, 2022, June 15, 2022, July 19, 2022, July 29, 2022, September 14, 2022, November 23, 2022 and February 07, 2023.

The details of the meetings of ITSC attended by the members during FY 2022-23 are given below:

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Mr. Krishna Prasad Nair	8	8
Mr. Jyotin Mehta	8	8
Mrs. Meena Hemchandra (upto May 22, 2022)	2	2
Mr. Aleem Remtula	5	4
Mr. John Arunkumar Diaz (w.e.f. September 08, 2022)	3	3
Mr. Baskar Babu Ramachandran	8	8

8. Credit Committee:

The Bank has constituted the Credit Committee of the Board ("**CCB**") in line with the provisions of applicable RBI guidelines.

The Committee was last reconstituted on September 08, 2022. The Composition of CCB as on March 31, 2023 is given below:

Sr. No.	Name of Members	Designation
1	Mr. Mrutunjay Sahoo, Independent Director	Chairperson
2	Mr. John Arunkumar Diaz, Independent Director	Member
3	Mr. Krishna Prasad Nair, Independent Director	Member
4	Mr. Aleem Remtula, Investor Director (upto August 31, 2022)	Member
5	Mr. Baskar Babu Ramachandran, Managing Director & CEO	Member

The terms of reference of the Credit Committee are as under:

- 1) Approval of the credit proposals, that are beyond the approval authority of the Executive Credit Committee / MD & CEO, within the limits stipulated in the Credit Policy of the Bank, as amended, from time to time.
- 2) Review of the quality of the credit portfolio of the Bank on a quarterly basis.
- 3) Review of the Credit Policy and other Credit related Policies of the Bank from time to time together with the credit risk management policies and suggest modifications as and when required.
- 4) Review of trend in Quick Mortality and Performance of Restructured Book vis-à-vis Overall pool.
- 5) Review of enhancement of limits in various loan products of the Bank viz., Commercial Vehicle, Housing Loan, Loan Against Property, JLG etc. and recommend to the Board for approval.
- 6) Review list of proposals approved by the MD & CEO of the Bank.

- 7) Review and recommend proposals for Sale of stressed loans for approval by the Board of Directors of the Bank.
- 8) Review and recommend creation of various provisions relating to advances of the Bank for approval by the Board.
- 9) Perform any other functions or duties as may be assigned by the Board or as stipulated by the Reserve Bank of India or any other regulatory authority or under any applicable laws as may be prescribed from time to time.

During the year under review, the CCB met eleven (11) times on May 11, 2022, June 16, 2022, July 05, 2022, September 14, 2022, September 29, 2022, November 10, 2022, November 28, 2022, December 23, 2022, March 03, 2023, March 13, 2023 and March 23, 2023.

The details of the meetings of CCB attended by the members during FY 2022-23 are given below:

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Mr. Mrutunjay Sahoo	11	11
Mr. John Arunkumar Diaz	11	10
Mr. Krishna Prasad Nair	11	11
Mr. Aleem Remtula (upto August 31, 2022)	3	3
Mr. Baskar Babu Ramachandran	11	11

9. Stakeholder's Relationship Committee:

The Bank has constituted the Stakeholder's Relationship Committee ("SRC") in line with the provisions of Section 178 of the Act and Regulation 20 of SEBI Listing Regulations.

The Committee was reconstituted twice during the year and lastly it was reconstituted on November 24, 2022. The Composition of SRC as on March 31, 2023 is given below:

Sr. No.	Name of Members	Designation
1	Mr. R. Ramachandran, Independent Director	Chairperson
2	Mr. John Arunkumar Diaz, Independent Director (was Chairperson upto September 07, 2022)	Member
3	Mr. Mrutunjay Sahoo, Independent Director	Member
4	Mr. Ranjit Shah, Investor Director	Member
5	Dr. Mandeep Maitra, Independent Director (w.e.f. September 08, 2022)	Member
6	Mr. Krishna Prasad Nair (upto September 07, 2022)	Member
7	Mr. Baskar Babu Ramachandran, Managing Director & CEO (w.e.f. November 24, 2022)	Member

The terms of reference of the Stakeholder's Relationship Committee are as under:

- 1) To Resolve the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
- 2) To Review measures taken for effective exercise of voting rights by shareholders;
- 3) To review various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank: and
- 4) To monitor and review the performance and services being rendered by the Registrar and Transfer Agents of the Bank.

- 5) To Monitor and review any investor complaints, in respect of general meetings, transfer / transmission of shares and debentures of the Bank, non-receipt of annual report of the Bank, non-receipt of declared dividends and interest on debentures, delay in receipt of new / duplicate certificates, general meetings, etc., received by the Bank or through RTA or through SEBI SCORES portal and ensure their timely and speedy redressal.
- 6) To oversee and review all matters connected with transfer, transmission, name deletion, transposition, dematerialisation, rematerialisation, splitting/subdivision, consolidation of securities issued by the Bank and transfer of unclaimed dividend/shares to Investor Education and Protection Fund (IEPF).
- 7) To review movements in shareholding and ownership structure of the Bank.
- 8) The Committee shall oversee the various aspects of interests of all stakeholders of the Bank, including the shareholders and other security holders.
- 9) The Committee may sub-delegate all or any of its powers as referred in Clause (i) to (v) above to the Managing Director & chief executive officer or the Company Secretary to ensure timely and speedy resolution of any complaints/grievances/requests etc.
- 10) To perform any other functions or duties as may be assigned by the Board or as stipulated by the Reserve Bank of India or any other regulatory authority or under any applicable laws as may be prescribed from time to time.

This Committee oversees redressal of shareholders' and debenture holders' grievances and other related matters.

During the year under review, the SRC met four (4) times on May 11, 2022, August 03, 2022, November 07, 2022 and February 08, 2023.

The details of the meetings of the SRC attended by the members during FY 2022-23 are given below:

Name of Members	No. of meetings held during their tenure	No. of meetings attended
Mr. R. Ramachandran <i>(Chairperson w.e.f. September 08, 2022)</i>	2	2
Mr. John Arunkumar Diaz <i>(was Chairperson upto September 07, 2022)</i>	2	2
Mr. Mrutunjay Sahoo	4	4
Mr. Krishna Prasad Nair <i>(upto September 07, 2022)</i>	2	2
Mr. Ranjit Shah	4	2
Dr. Mandeep Maitra <i>(w.e.f. September 08, 2022)</i>	2	1
Mr. Baskar Babu Ramachandran <i>(w.e.f. November 24, 2022)</i>	1	1

Compliance Officer:

Mr. Krishna Kant Chaturvedi acts as Company Secretary and Compliance Officer and is responsible for the compliance with the requirements of the Securities Laws and SEBI Listing Regulations with the Stock Exchanges.

The Bank maintains continuous interaction with KFIN Technologies Limited (*Formerly known as KFIN Technologies Private Limited*), Registrar and Transfer Agent ("**RTA**") and takes proactive steps and action for resolving complaints / queries of the shareholders and takes necessary initiatives in solving critical issues.

Further, the shareholders can lodge their complaints on the SEBI Complaints Redressal System (SCORES) platform also, which is an online redressal system for investor grievances. The complaints received through the said platform have also been resolved promptly by the RTA/Bank.

There were no investor complaints received and disposed-off during FY 2022-23. The Bank has also received 19 requests during the year which was attended within the prescribed timeline.

Meeting of the Independent Directors:

The separate meetings of the Independent Directors of the Bank were held on April 28, 2022 and October 20, 2022. All Independent Directors were present at the meetings.

4. REMUNERATION OF DIRECTORS:**i) Compensation Policy:**

As per the provisions of sub-section (3) of Section 178 of the Act the Bank has a Policy on appointment of Directors and Senior Management employees which includes formulating criteria for determining qualifications, attributes and independence of a Director. The Board has, in accordance with the RBI guidelines on compensation, formulated the Compensation Policy which became effective in FY 2020-21, which has been amended from time to time. The Compensation Policy institutes a mechanism for alignment of compensation of Whole-time Directors, Chief Executive Officer, Material Risk Takers, Control Function Staff and other senior managerial personnel with the extent of risks taken. The Policy also establishes standards on compensation including fixed and variable, which are in alignment with the applicable rules and regulations including the RBI guidelines in this regard and which is based on the trends and practices of remuneration prevailing in the banking industry.

ii) Remuneration paid to Executive Director:

Remuneration of the Managing Director & CEO comprises of basic salary, special allowance, perquisites and retiral benefits as may be approved by the Board, the shareholders and the RBI and performance

incentive / variable pay, as may be approved by the Board and the RBI.

Details of remuneration paid to the Managing Director & CEO in FY 2022-23

Fixed Remuneration (including allowances) for FY-2022-23 (₹) [in Lakhs]	Retirals: Contribution to Provident fund and Gratuity (₹) [in Lakhs]	Perquisites in cash or kind (₹) [in Lakhs]	Total Fixed Remuneration (₹) [in Lakhs]
148.12	11.88	0	160.00

The Variable Pay to the Managing Director & CEO for FY-2022-23 is within the limit as approved by the Members at 14th AGM of the Bank and subject to the approval of the RBI, which is awaited.

Mr. Baskar Babu Ramachandran holds 63,01,911 Equity shares in the Bank as on March 31, 2023. Being a Promoter Director, he is not eligible for grant of any stock options.

He sold 50,00,000 shares on December 16, 2022 to close a loan availed by him for exercising warrants in order to maintain the promoter's stake at the minimum of 26% for the first 5 years (i.e. upto January 22, 2022), as per the RBI Regulations. Post this transaction, his individual holding remained 63,01,911 Equity shares (5.94%).

iii) Remuneration to Non-Executive Directors:

All the non-executive directors including the Independent Directors receive sitting fees for each meeting of the Board and Board's Committees. No stock options are granted to any of the Non-Executive Directors.

Details of sitting fees paid to Non-Executive Directors during FY 2022-23 are given below:

Name of Directors	Sitting Fees paid for meetings attended (₹ in lakhs)
Mr. R. Ramachandran, Part-time Chairperson and Independent Director	20.9
Mr. Mrutunjay Sahoo, Independent Director	25.10
Mr. Jyotin Mehta, Independent Director	23.2
Mrs. Meena Hemchandra, Independent Director (upto May 22, 2022)	3.9
Mr. Ranjit Shah*, Investor Director	Nil
Mr. Aleem Remtula, Investor Director (upto August 31, 2022)	8.10
Mr. John Arunkumar Diaz, Independent Director	23.9
Mr. Krishna Prasad Nair, Independent Director	22.3
Dr. Mandeep Maitra, Independent Director	7.1

* Mr. Ranjit Shah, Investor Director, has waived the sitting fees payable to him.

5. GENERAL BODY MEETINGS

a) Details of last three Annual General Meetings:

The day, date, time and venue of the Annual General Meetings (“AGMs”) held during the last three financial years, and the special resolution(s) passed thereat by e-voting and poll are as follows:

Sr. No.	Particulars	Date and time	Location	Special Resolutions passed
1	12 th AGM of the Bank	Monday, September 28, 2020 at 3:30 p.m. Indian Standard Time (“IST”)	Through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”) pursuant to Circular issued by Ministry of Corporate Affairs and SEBI	1) To approve adoption of new set of Articles of Association (pursuant to scheduled IPO)
2	13 th AGM of the Bank	Monday, September 20, 2021 at 3:30 p.m. Indian Standard Time (“IST”)	Through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”) pursuant to Circular issued by Ministry of Corporate Affairs and SEBI	1) To re-appoint Mr. Mrutunjay Sahoo (DIN: 00015715) as an Independent Director of the Bank; 2) To ratify the new set of Articles of Association approved vide Special Resolution passed at the Annual General Meeting of the Bank on September 28, 2020 prior to listing of Equity Shares of the Bank 3) To ratify the “Suryoday ESOP Scheme 2019” 4) To approve revised remuneration payable to the Managing Director & Chief Executive Officer (MD & CEO), Mr. Baskar Babu Ramachandran (DIN: 02303132)
3	14 th AGM of the Bank	August 26, 2022 at 3:30 p.m. Indian Standard Time (“IST”)	Through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”) pursuant to Circular issued by Ministry of Corporate Affairs and SEBI	1) To re-appoint Mr. Jyotin Kantilal Mehta (DIN:00033518) as an Independent Director of the Bank. 2) To appoint Dr. Mandeep Maitra, (DIN: 06937451) as an Independent Director of the Bank. 3) To approve the re-appointment of Mr. Baskar Babu Ramachandran (DIN: 02303132) as Managing Director & Chief Executive Officer (MD & CEO) of the Bank. 4) To approve remuneration payable to Mr. Baskar Babu Ramachandran (DIN: 02303132), Managing Director & Chief Executive Officer (MD & CEO) of the Bank.

b) During the year under review, there were no Extra Ordinary General Meeting held.

c) Whether any Special Resolution passed last year through postal ballot: No.

6. MEANS OF COMMUNICATION

The Bank has provided timely and adequate information in transparent manner to its members through the Stock Exchanges and hosting of the information/ disclosures on the website of the Bank simultaneously.

Further, the unaudited and audited financial results, after approval by the Board, are disclosed to the Stock Exchanges as per the requirements of the SEBI Listing Regulations. They are published in one English and Regional language (Marathi) newspapers viz. Business Standard and Mumbai Lakshdweep respectively and also displayed on the Bank's website at <https://www.suryodaybank.com/Financial-Result>. The Presentations made by the management to Institutional Investors/Analysts/Media are uploaded on the Bank's website at <https://www.suryodaybank.com/Disclosures-to-Stock-Exchanges>.

7. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting of the Bank:	Thursday, September 14, 2023 at 04:30 p.m.
Date, Time, Venue	Through video Conferencing/ Other audio-visual means
Financial Year	April 01 to March 31
Names and addresses of Stock Exchange where Equity Shares of the Bank are listed and Stock Code and confirmation on payment of Listing fees	<ol style="list-style-type: none"> National Stock Exchange of India Limited ("NSE") Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051 Stock Code: SURYODAY BSE Limited ("BSE") Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400001 Stock Code: 543279 <p>The Equity Shares of the Bank are listed on the aforesaid Stock Exchanges with effect from March 26, 2021 and the annual listing fees for FY 2022-23 have been paid.</p> <p>The securities of the Bank have not been suspended from trading on the said Stock Exchanges or by any Regulatory/ Statutory Authority.</p>
ISIN	INE428Q01011
Dividend Payment date	The Bank has not proposed any Dividend for the FY 2022-23.
Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity	None
Listing of Debt securities of the Bank	<p>The Bank has one series of the Non-Convertible Debentures bearing ISIN INE428Q08073, with the Security Code 960033 listed on the Wholesale Debt Segment of the BSE Ltd.</p> <p>Further, Non-Convertible Debentures bearing ISIN INE428Q08032, with the Security Code 954948 was redeemed on July 26, 2022 and Debenture Trustee of these Non-Convertible Debentures was the Catalyst Trusteeship Limited.</p>
Name and addresses of Debenture Trustee	Beacon Trusteeship Limited 4C & D Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club Bandra (East), Mumbai 400 051

Registrar and Share Transfer Agent for Equity Shares and Non-Convertible Debentures	<p>KFin Technologies Limited <i>(Formerly known as KFin Technologies Private Limited)</i> Unit: Suryoday Small Finance Bank Limited Selenium Building, Tower B, Plot No. 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telegana-500 032, India Phone No: 040-6716 2222; Fax No.: 040 -23001153 Toll Free No. 1- 800-309-4001 Email: einward.ris@kfinotech.com</p>																				
Dematerialisation of shares and liquidity	<p>The equity shares of the Bank are available for trading in the dematerialised form under both the depositories in India - National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). Trading in Bank's equity shares can be done only in the dematerialised form. Position of Equity shares as on March 31, 2023:</p> <table border="1" data-bbox="620 721 1477 917"> <thead> <tr> <th>Sr. No.</th> <th>Description</th> <th>Number of Equity Shares</th> <th>% to Equity Share Capital</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>NSDL</td> <td>9,11,58,606</td> <td>85.87</td> </tr> <tr> <td>2</td> <td>CDSL</td> <td>1,49,98,052</td> <td>14.13</td> </tr> <tr> <td>3</td> <td>Physical</td> <td>2,091</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td></td> <td>10,61,58,749</td> <td>100.00</td> </tr> </tbody> </table>	Sr. No.	Description	Number of Equity Shares	% to Equity Share Capital	1	NSDL	9,11,58,606	85.87	2	CDSL	1,49,98,052	14.13	3	Physical	2,091	0.00	Total		10,61,58,749	100.00
Sr. No.	Description	Number of Equity Shares	% to Equity Share Capital																		
1	NSDL	9,11,58,606	85.87																		
2	CDSL	1,49,98,052	14.13																		
3	Physical	2,091	0.00																		
Total		10,61,58,749	100.00																		
SEBI Complaints redressal systems (SCORES):	<p>The Bank is registered with SEBI Complaints redressal systems (SCORES).</p>																				
Distribution of shareholdings	Details provided below																				
Demat Suspense Account	<p>196 Equity shares, which were allotted to 4 shareholders during the IPO in March 2021, were lying the Demat Suspense Account as on March 31, 2021. Of 196 Equity shares, 147 equity shares had already been transferred to 3 shareholders during FY-2021-22 and remaining 49 equity shares have been transferred to respective Shareholder's Demat Account on December 07, 2022. As on March 31, 2023 there was NIL shares in the Demat Suspense Account.</p>																				
Details of credit ratings	<p>The details of all credit ratings obtained by the Bank for all debt instruments are furnished in the Directors' Report.</p>																				
Address for correspondence	<p>Company Secretary and Compliance Officer Unit No. 1101, Sharda Terraces, Plot no. 65, Sector-11, CBD Belapur, Navi Mumbai-400614</p>																				
Shareholders' Helpdesk:	<p>Dedicated email id for Shareholders' queries/grievances: company.secretary@suryodaybank.com Dedicated email id for Investors' queries /grievances: inv.relations@suryodaybank.com</p>																				
Banking Customer Helpdesk	<p>In the event of any queries/complaints, banking customers can directly approach to the Branches or can call/write to the Bank using the following contact details of Smile Centre Call: Customer care (Phone Banking) Numbers: 1800 266 7711 or Write to smile@suryodaybank.com</p>																				

Distribution of Shareholding as on 31/03/2023 (TOTAL)

Sl. No.	Category (Shares)	No. of. Holders	% To Holders	No. of Shares	% To Equity
1	1 - 5000	93681	99.32	13290525	12.52
2	5001 - 10000	303	0.32	2310078	2.18
3	10001 - 20000	151	0.16	2180602	2.05
4	20001 - 30000	51	0.05	1274066	1.20
5	30001 - 40000	34	0.04	1212682	1.14
6	40001 - 50000	23	0.02	1101182	1.04
7	50001 - 100000	25	0.03	1885740	1.78
8	100001 & Above	53	0.06	82903874	78.09
	Total	94321	100.00	106158749	100.00

Shareholding pattern as on March 31, 2023:

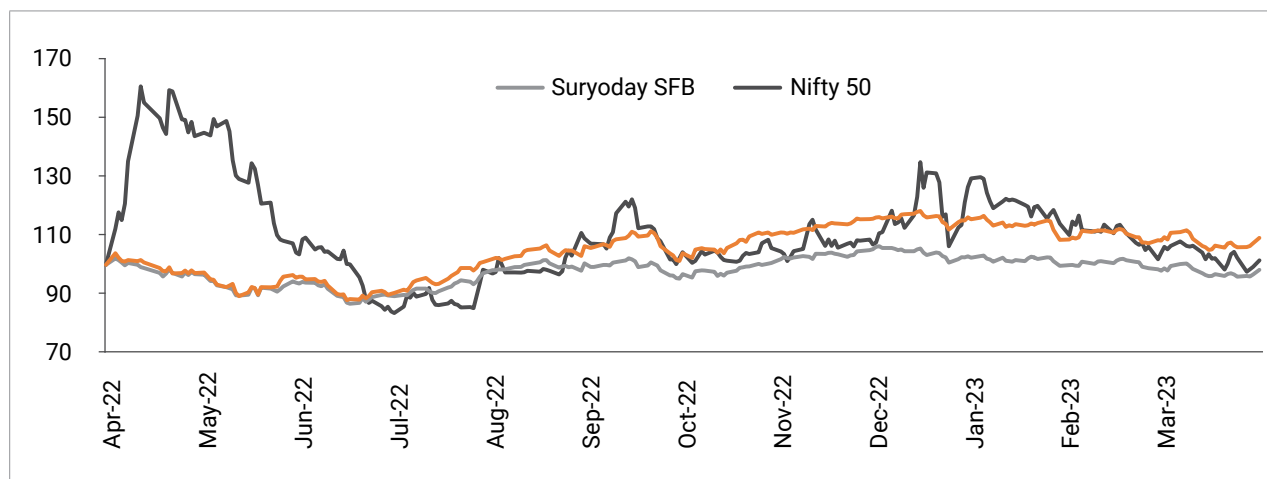
Sr No.	Category and name of shareholder	No. of fully paid up equity shares held	%
A	Promoter & Promoter Group		
A1	Indian		
a	Individuals/Hindu undivided Family	12801398	12.06
b	Central Government/ State Government(s)	0	0.00
c	Financial Institutions/ Banks	0	0.00
d	Any Other (specify)	11933334	11.24
	Sub-Total (A)(1)	24734732	23.30
A2	Foreign		
a	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0.00
b	Government	0	0.00
c	Institutions	0	0.00
d	Foreign Portfolio Investor	0	0.00
e	Any Other (specify)	0	0.00
	Sub-Total (A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	24734732	23.30
B	Non-Promoters' holding or Public shareholder		
B1	Institutions		
a	Mutual Funds/	4841291	4.56
b	Venture Capital Funds	2948971	2.78
c	Alternate Investment Funds	5223528	4.92
d	Foreign Venture Capital Investors	0	0.00
e	Foreign Portfolio Investors	1239423	1.17
f	Financial Institutions/ Banks	1056742	1.00
g	Insurance Companies	8140997	7.67
h	Provident Funds/ Pension Funds	0	0.00
i	Any Other (specify)	0	0.00
	Sub-Total (B)(1)	23450952	22.09

Suryoday Small Finance Bank Limited

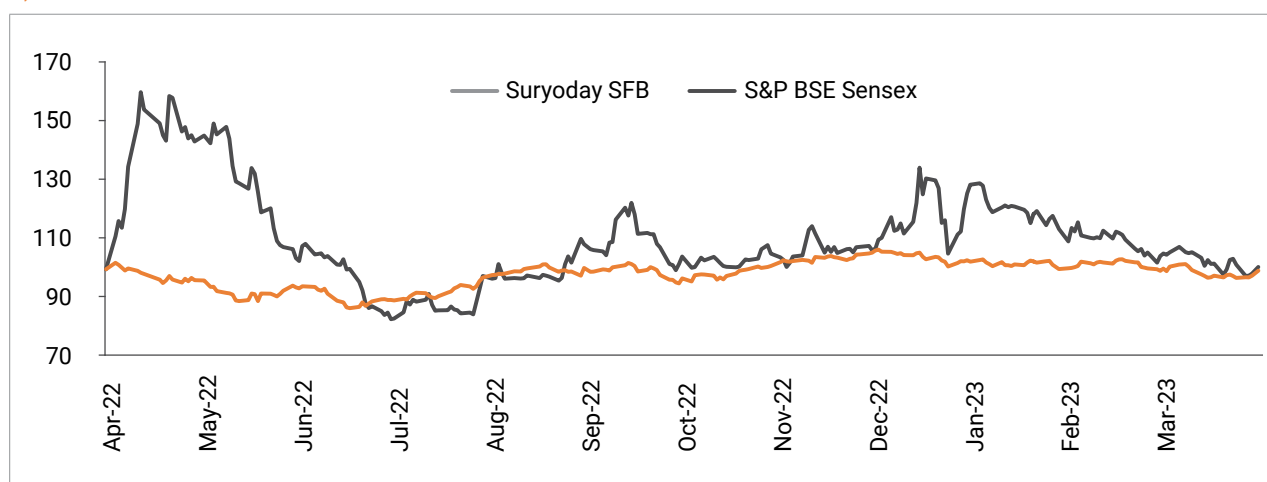
Sr No.	Category and name of shareholder	No. of fully paid up equity shares held	%
B2	Central Government/ State Government(s)/ President of India	0	0.00
	Sub-Total (B)(2)	0	0.00
B3	Non-institutions		
a	Individuals -		
i	Individual shareholders holding nominal share capital up to ₹ 2 lakhs.	15961498	15.04
ii	Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs.	10640613	10.02
b	NBFCs registered with RBI	6450	0.01
c	Employee Trusts	0	0.00
d	Overseas Depositories (holding DRs) (balancing figure)	0	0.00
e	Any Other (specify)	31364504	29.54
	Sub-Total (B)(3)	57973065	54.61
	Total Public Shareholding (B)= (B)(1)+(B)(2)+(B)(3)	81424017	76.70
C	Non-Promoters' holding or Non-Public shareholder (GDRs)		
1	Custodian/DR Holder	0	0.00
2	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0.00
	Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)	0	0.00
	Grand total (A+B+C)	106158749	100.00

Market price Data: High, Low during each month in last financial year:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
Apr-22	151.85	94.3	11,88,549	151.7	105.4	1,45,10,066
May-22	141.7	97.95	3,77,504	141.1	97.75	44,88,804
Jun-22	102.6	78.1	3,45,918	102.6	78.15	27,93,259
Jul-22	92.15	79.7	4,42,551	92.2	79.75	36,45,993
Aug-22	104.2	90.65	7,88,703	104.15	90.7	61,52,564
Sep-22	115.9	94.05	7,37,196	115	94	61,90,768
Oct-22	102.15	94.95	2,95,510	101.9	94.8	24,29,966
Nov-22	108.35	95.05	5,98,054	108.4	95	61,56,033
Dec-22	127.35	99.4	1,08,12,549	127.1	99.8	2,67,79,441
Jan-23	122.3	103.4	10,99,113	122.25	103.45	87,39,972
Feb-23	109.6	96.5	6,66,014	109.75	95.6	77,96,980
Mar-23	101.58	92.15	6,31,612	101.4	91.55	67,93,496

Performance of the Bank's Equity shares as compared with indices:**A) SSFB vis-a-vis NIFTY – FY 2022-23**

Particulars	Market Cap as on 31st March 2023 (₹ Cr)	31-Mar-23	01-Apr-22	% Change
Suryoday Small Finance Bank Ltd.	1,011	95.25	93.80	1.5%
NIFTY 50		17,359.75	17,670.45	-1.8%
NIFTY BANK		40,608.65	37,148.50	9.3%

B) SSFB vis-a vis SENSEX- FY 2022-23

Particulars	Market Cap as on 31st March 2023 (₹ Cr)	31-Mar-23	01-Apr-22	% Change
Suryoday Small Finance Bank Ltd.	1,009	94.30	95.06	-0.8%
S&P BSE Sensex		58,991.52	59,276.69	-0.5%

Commodity Price Risk or Foreign Exchange Risk and Hedging activities:

The Bank is not exposed to foreign exchange risk and hedging activities.

Share transfer system:

As mandated by SEBI, securities of the Bank can be transferred /traded only in dematerialised form. Further, SEBI vide its circular dated January 25, 2022, mandated that all service requests for issue of duplicate certificate, claim from unclaimed suspense account, renewal/ exchange of securities certificate, endorsement, subdivision/splitting/ consolidation of certificate, transmission and transposition which were allowed in physical form should be processed in dematerialised form only. Further, the shareholders holding shares in physical form are requested to avail the facility of dematerialisation. The Bank's shares are traded under compulsory dematerialised mode. A half-yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI Listing Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges and available on the website of the Bank at [https://www.suryodaybank.com/assets/pdf/Certificate_under_Regulation_40\(9\)_for_the_Year_ended_March_31_2023_April_12_2023.pdf](https://www.suryodaybank.com/assets/pdf/Certificate_under_Regulation_40(9)_for_the_Year_ended_March_31_2023_April_12_2023.pdf).

Board Diversity:

The Bank believes that Board diversity plays a very important role in the transparency and in the decision-making process in the Boardroom. The Bank has formulated and implemented Policy to Promote Diversity of Board of Director to comply with the Regulation 19(4) read with Part D of SEBI Listing Regulations and other applicable circulars / guidelines issued by RBI.

The objective of this Policy is to provide a framework and set standards for having a diversified Board which would facilitate better decision making leveraging different qualifications, skills, knowledge, and experience of the Board members and offering broader perspectives that are directly relevant to the business.

The Bank further believes that a diversified Board enhances board effectiveness and contributes towards driving business results, making corporate governance more effective, enhancing the quality and decision-making capability, ensuring sustainable development, and enhancing the reputation of the Bank.

The Board Diversity Policy is available on the website of the Bank www.suryodaybank.com

Succession Planning:

Succession planning is an effective tool for any organization to ensure smooth succession generally across employees of all levels and specifically with members of the Board and senior management personnel without affecting the current roles and responsibilities and facilitating leadership and management continuity. Succession planning involves identification and assessment of potential and developing the next generation of leaders to assume higher responsibilities and key leadership roles in the Bank.

In terms of SEBI Listing Regulations and other applicable circulars / guidelines issued by RBI, the Bank has formulated Policy on Succession Planning for the Managing Director/Whole-time/Executive directors, Non-executive directors, Independent directors and other members of the Board and senior management personnel of the Bank.

Plant Locations:

Being a Banking Company, the Bank operates its business through a network of 577 Branches. The details of the Branch Addresses are available on the website of the Bank at <https://locate.suryodaybank.com/#/> .

8. OTHER DISCLOSURES:

a) Related Party transactions:

The Bank has a Board-approved Policy to deal with related party transactions and the same has been uploaded on the Bank's website at:-

https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Related_Party_Transaction_Policy_FY_22_23_2.0.pdf

During the year, there were no related party transactions undertaken by the Bank.

b) Vigil Mechanism/ Whistle Blower Policy:

In line with the provisions of SEBI Listing Regulations, the Act and the principles of good governance, the Bank has devised and implemented a vigil mechanism. The Bank has a Board approved Whistle Blower Policy which has been uploaded on Bank's website at:-

https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Whistle_Blower_Policy_FY22_23_1.0.pdf

and details of the vigil mechanism are furnished in the Directors' Report. No person has been denied access to the Audit Committee.

c) **Disclosures under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

Disclosures are furnished in the Directors' Report.

Particulars	No. of Complaints
Number of Complaints carries forward from last year (FY'22)	1
Number of Complaints filed during the Financial Year (FY'23)	1
Number of Complaints disposed of during the Financial Year (FY'23)	2
Number of Complaints pending as on the end of the Financial Year (FY'23)	0

The Policy on Prevention of Sexual Harassment has been uploaded on Bank's website at:- <https://www.suryodaybank.com/assets/pdf/policies/sexual-harassment-policy.pdf>

d) **Familiarisation Programme for Independent Directors:**

The Independent Directors of the Bank have attended various programs conducted online or in physical mode by CAFRAL, MFIN, ASSOCHAM in association with Centre for Corporate Governance & Citizenship, IIM Bangalore and other organisations. They have also attended programs organised by the management team of the Bank. The details of the programs attended by the Independent Directors is provided in the website of the Bank at:- <https://www.suryodaybank.com/assets/pdf/policies/Familiarisation-Programs-for-Independent-Directors.pdf>

e) **Total fees for all services paid by the Bank to the Statutory Auditors for FY 2022-23 are detailed below:**

Sr. No.	Name of Members	Designation
1	Audit fees (existing and Former Statutory Auditors)	97
2	Fees for certification and other attestation services	0
3	Non-Audit Fees (Fees for certification and other attestation services)	8
Total		105

f) **Compliance with Mandatory Requirements of the SEBI Listing Regulations and Adoption of Non-mandatory requirements of the SEBI Listing Regulations**

i. **Compliance with Mandatory Requirements of SEBI Listing Regulations:**

The Bank has complied with all applicable mandatory requirements of the Code of Corporate Governance as per the SEBI Listing Regulations.

ii. **Adoption of Non- mandatory requirements of the SEBI Listing Regulations (Discretionary requirements as specified in Part E of Schedule II of SEBI Listing Regulations):**

• **The Board:**

The Bank has a non-executive Part-time Chairperson in terms of the provisions of the BR Act and his office is separate from the office of the Managing Director & CEO and the appointment of both the Chairperson and the Managing Director & CEO, is approved by RBI pursuant to the provisions of the BR Act.

Further, the Chairperson of the Bank is not related to the Managing Director & CEO of the Bank as per the definition of the term "relative" defined under the Act.

• **Shareholders' Rights:**

Apart from the quarterly update on the financial performance, the Bank also provides detailed update in form of Investor presentation for information of the shareholders.

The Bank also publishes its financial results, investors' presentations, call transcripts and Press releases every quarter and also when there is any investor event, on its website at www.suryodaybank.com which is accessible to the public at large.

Further, information pertaining to important developments of the Bank such as, technology transformation etc. was brought to the knowledge of the public at large and to the shareholders through communications sent to the stock exchanges where the shares of the Company are listed.

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- **Modified opinion(s) in audit report:**
The financial statements of the Bank for FY 2022-23 are with unmodified audit opinion.
- **Reporting of Internal Auditor:**
The Chief Audit Officer of the Bank reports directly to the Audit Committee of the Board.

g) Web link where policy for determining 'material' subsidiaries is disclosed:

The Bank does not have subsidiaries.

h) Strictures and Penalties for last three financial years:

There were no strictures during last three financial years. During the year under review, the Reserve Bank of India had imposed a monetary penalty of ₹57.75 lakh (Rupees Fifty-seven lakh seventy-five thousand only) on the Bank for non-compliance with the 'Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) directions 2016' due to delayed reporting of frauds and failure to report fraud complaints to the police authorities in certain cases.

i) Performance Evaluation:

The Bank has put in place a mechanism for performance evaluation of the Directors. The details of the same have been included in the Directors' Report.

j) Details of utilisation of funds raised through preferential allotment or qualified institutional placement:

During the year under review, the Bank has not raised any funds through preferential allotment or qualified Institutions placement as specified under Regulation 32(7A) of the SEBI Listing Regulations.

xiv. Any other matter the special knowledge of, and practical experience in, which would, in the opinion of the RBI, be useful to the Bank's Business / Sectors:

k) In terms of Schedule V of the SEBI Listing Regulations and the BR Act, the details of core skills / expertise / competencies, identified by the Board as required in the context of the Bank's businesses and sector(s) for it to function effectively and those actually available with the Board, are as follows:

The Board has identified the following areas of special knowledge or practical experience which would be considered for appointment of persons as Directors of the Bank in line with the relevant provisions of the BR Act and relevant circulars issued by the Reserve Bank of India from time to time, as required under SEBI Listing Regulations and other applicable regulations.

- Accountancy,
- Agriculture and Rural Economy,
- Banking,
- Co-operation,
- Economics,
- Finance,
- Law,
- Small-Scale Industry,
- Information Technology,
- Payment & Settlement Systems,
- Human Resources,
- Risk Management,
- Business Management

Sr. No.	Name	Designation	Expertise
1.	Mr. R. Rajaraman	Part-time Chairperson and Independent Director	Agriculture and Rural Economy, Banking, Small-Scale Industry, Finance, Risk management and Business management.
2.	Mr. Mrutunjay Sahoo	Independent Director	Agriculture and Rural Economy, MSME sector, Finance, Banking, co-operation, Economics, Small Scale Industry, Banking
3.	Mr. Jyotin Kantilal Mehta	Independent Director	Accountancy, Banking, Risk Management, Small Scale industry, Information Technology,
4.	Mr. John Arunkumar Diaz	Independent Director	Agriculture and Rural Economy, Banking, Finance, Small Scale industry, healthcare and distribution, Manufacturing
5.	Mrs. Meena Hemchandra (upto May 22, 2022)	Independent Director	Banking, Accountancy, Finance, Small Scale Industry, Risk Management, Information Technology

Sr. No.	Name	Designation	Expertise
6.	Mr. Krishna Prasad Nair	Independent Director	Corporate Banking, Retail Banking, Human Resources, Information Technology and Administration & Facilities Management
7.	Dr. Mandeep Maitra (w.e.f. July 28, 2022)	Independent Director	Human Resource, Personnel Management & Industrial Relations, CSR related activities, Banking, Finance
8.	Mr. Ranjit Shah	Investor Director	Business Management, Information Technology, consumer, finance, Infrastructure
9.	Mr. Aleem Remtula (upto August 31, 2022)	Investor Director	Business Management, Venture Capital, Economics, Finance, Agriculture, Small-Scale Industries, Advisor
10.	Mr. Baskar Babu Ramachandran	Managing Director & CEO	Rural Economy, Banking, Small Scale Industry, Business Management, Finance, Engineering, Risk Management

Brief profile of the Directors of the Bank has been uploaded on the website of the Bank at <https://www.suryodaybank.com/about-us>

l) Terms and Conditions for Appointment of Independent Directors

A formal Letter of Appointment is addressed to the Independent Director(s) at the time of their appointment. The terms and conditions of Appointment of Independent Directors have been disclosed on the website of the Bank at:- <https://www.suryodaybank.com/assets/pdf/policies/Independent-Directors-T&C.pdf>.

As mentioned earlier in the report, All the Independent Directors have submitted the requisite declarations stating that they meet the criteria of independence prescribed under Section 149(6) of the Act, Regulation 16(1)(b) of SEBI Listing Regulations and other applicable statutory provisions which have been taken on record by the Board. In the opinion of the Board, all Independent Directors fulfil the conditions specified in the SEBI Listing Regulations and are independent of the management.

m) Directors and Officers Insurance ('D&O')

In line with the requirements of Regulation 25(10) of the SEBI Listing Regulations, the Bank has taken D&O Insurance for all its Directors and Officers for such quantum and for such risks as determined appropriate by the Board of Directors.

n) Criteria for Appointment of Independent Directors

The Nomination & Remuneration Committee while considering the proposal for appointment of Independent Directors also considers the criteria of independence prescribed under the Act, SEBI Listing and other applicable Rules and Regulations.

o) Queries at Annual General Meeting

Shareholders who wish to ask questions/express their views on the items of the businesses to be transacted at the meeting are requested to write to the Bank's investor e-mail-id: company.secretary@suryodaybank.com with regard to the accounts at least 48 hours before the time fixed for the AGM mentioning their name, demat account number/folio number, e-mail ID, mobile number etc. The queries may be raised precisely and in brief to enable the Bank to answer the same suitably depending on the availability of time at the AGM.

p) Policies of the Bank

The Bank has adopted various policies/ codes over period of time as a part of good Corporate Governance practices and same is available on the website of the Bank at <https://www.suryodaybank.com/Corporate-Governance-Policies>.

q) Accounting Treatment

The financial statements have been prepared in accordance with requirements prescribed under the Third Schedule (Form A and Form B) of the BR Act and the guidelines issued by the Reserve Bank of India (RBI) from time to time. The accounting and reporting policies of the Bank used in the preparation of these financial statements conform to Generally Accepted Accounting Principles in India (Indian GAAP), the guidelines issued by the Reserve Bank of India (RBI) from time to time, the accounting standards notified under Section 133 of the Act and Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and practices generally prevalent in the banking industry in India. The Bank follows the accrual method of accounting and the historical cost convention, unless otherwise stated by RBI guidelines.

r) Code of Conduct for Prevention of Insider Trading:

The Bank has formulated the Code of Conduct for Prevention of Insider Trading ("Bank's Code"), in accordance with the SEBI (Prohibition of Insider Trading Regulations) 2015 (the "PIT Regulations"), as amended from time to time, to regulate, monitor and report trading by the Designated Persons specified therein and their Immediate Relatives in securities of the Bank and for dealing in securities listed or proposed to be listed (other than securities of the Bank), by the Designated Persons specified therein and their Immediate Relatives, and enumerating practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information.

Thus, Bank endeavours to preserve the confidentiality of unpublished price sensitive information and to prevent misuse of such information. The Bank is committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all laws and regulations.

The Prevention of Insider Trading Policy is available on the website of the Bank at https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Insider_Trading_Policy_FY_22-23_1.0.pdf.

Further, the Bank has also maintained Structured Digital Database ("SDD") in compliance with the Regulation 3(5) and 3(6) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. Further, the SDD is fully updated in accordance with the abovementioned Rules.

s) Dividend Distribution policy

In terms of the provisions of Regulation 43A of the SEBI Listing Regulations, the Board of Directors of the Bank has formulated and approved the Dividend Distribution Policy with the objective of providing clarity to its stakeholders on the profit distribution strategies of the Bank. The policy is in line with the parameters prescribed thereunder for payment / distribution of dividend to the shareholders.

The said Policy is available on the website of the Bank at:- https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Insider_Trading_Policy_FY_22-23_1.0.pdf.

t) Code of Conduct and Ethics

The Board has formulated and adopted Code of Conduct and Ethics for the Board of Directors and Senior Management. The same has been hosted on the website of the Bank at https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Code_of_conduct_applicable_to_Directors_&_Sr_Mgmt_of_the_Bank_FY22-23_1.0.pdf.

The Declaration signed by the Managing Director & CEO of the Bank stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management is annexed and forms part of this Report.

u) Compliance certificate on Corporate Governance

The Bank has obtained a certificate affirming the compliance with the Corporate Governance requirements under SEBI Listing Regulations from Mr. Tushar Shridharani, Practicing Company Secretary, Mumbai which forms part of this report. Tushar Shridharani has confirmed that the Bank has complied with the conditions of Corporate Governance as prescribed under SEBI Listing Regulations.

v) Recommendations of Committee not accepted by Board of Directors:

There are no recommendations of the Committee that are not accepted by the Board of Directors of the Bank.

w) Managing Director & CEO / CFO Certification

The Managing Director & CEO and the Chief Financial Officer have issued certificate pursuant to the provisions of Regulation 17(8) of the SEBI Listing Regulations, for the FY 2022-23 and the same was placed before the Board of Directors at its meeting held on May 15, 2023.

**For and on behalf of the Board
Suryoday Small Finance Bank Limited**

R. Ramachandran
Part-time Chairperson &
Independent Director
[DIN 01953653]

Baskar Babu Ramachandran
Managing Director & CEO
[DIN 02303132]

Date: August 10, 2023

COMPLIANCE WITH CODE OF CONDUCT AND ETHICS

I confirm that all the Directors and Members of the Senior Management have affirmed compliance with the Code of Business Conduct and Ethics for the Board of Directors and Senior Management of Suryoday Small Finance Bank Limited.

For Suryoday Small Finance Bank Limited

Baskar Babu Ramachandran
Managing Director & CEO
(DIN:02303132)

Place: Navi Mumbai
Date: May 15, 2023

CEO & CFO Certification

To,
The Board of Directors
Suryoday Small Finance Bank Limited

Dear Sir/Madam,

COMPLIANCE CERTIFICATE FOR THE QUARTER (Q4) AND FINANCIAL YEAR ENDED MARCH 31, 2023

[Pursuant to Regulation 17(8) read with Part B of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015]

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

Place: Navi Mumbai
Date: May 15, 2023

Baska Babu Ramachandran
Managing Director & CEO
(DIN:02303132)

Kanishka Chaudhary
Chief Financial Officer

CERTIFICATE FROM PRACTICING COMPANY SECRETARY ON COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To
The Members of –
Suryoday Small Finance Bank Limited

I have examined the compliance of conditions of corporate governance by Suryoday Small Finance Bank Limited (**the Bank**) for the year ended March 31, 2023, as prescribed in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**LODR**) as amended from time to time pursuant to the Listing Agreement of the Bank with the National Stock exchange Limited and the BSE Limited.

I state that the compliance of conditions of Corporate Governance is the responsibility of the management, and my examination was limited to procedures and implementation thereof adopted by the Bank for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Bank.

In my opinion and to the best of my information and according to the explanations given to me and the representation provided, I certify that the Bank has complied with the conditions of Corporate Governance as stipulated in the LODR.

I further state that such compliance is neither an assertion as to the future viability of the Bank nor the efficiency or effectiveness with which the management has conducted the affairs of the Bank.

This certificate is addressed and provided to the members of the Bank solely for the purpose to enable the Bank to comply with the requirement of the LODR, and it should not be used by any other person or for any other purpose. Accordingly, I do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without my prior consent in writing.

Place: Mumbai
Date: August 10, 2023

(Tushar Shridharani)
Practicing Company Secretary
FCS 2690 / COP 2190
Peer Review Certificate No.: 1509/2021
UDIN: F002690E000767014

Business Responsibility and Sustainability Reporting

SECTION A- GENERAL DISCLOSURES

I. Details of the listed entity

1. **Corporate Identity Number (CIN) of the listed entity** - L65923MH2008PLC261472
2. **Name of the listed entity** - SURYODAY SMALL FINANCE BANK LIMITED
3. **Year of incorporation** - 2008
4. **Registered office address** - Unit No. 1101, Sharda Terraces, Plot No.65, Sector 11, CBD Belapur, Navi Mumbai 400614
5. **Corporate address** - Unit No. 1101, Sharda Terraces, Plot No.65, Sector 11, CBD Belapur, Navi Mumbai 400614
6. **E-mail** - inv.relations@suryodaybank.com
7. **Telephone** - 022-41856700, 022-40435800
8. **Website** - <https://www.suryodaybank.com/>
9. **Financial year for which reporting is being done** - FY2022-23
10. **Name of the Stock Exchange(s) where shares are listed** - National Stock Exchange of India Limited, BSE Limited
11. **Paid-up Capital** – 1,06,15,87,490
12. **Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report.**
 Mr. Himadri Das - Investor Relations
inv.relations@suryodaybank.com
 Land line number: 022-41856700, 022-40435800
13. **Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).** - Standalone Basis

II. Products/services

14. **Details of business activities (accounting for 90% of the turnover):**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	The Bank offers a range of deposit and loan products, to suit varying customer needs. These include Savings Accounts, Current Accounts, Fixed/Recurring Deposits, Microfinance Loans for Financial Inclusion, Affordable Housing Loans, Commercial Vehicle Loans, Etc.	Financial service activities, other than Insurance	100%

15. **Products/Services sold by the entity (accounting for 90% of the entity's Turnover):**

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	India's National Industrial Classification 2008(NIC 2008): Section K – Financial and Insurance Activities Division 64 – Financial service activities, except Insurance and pension funding Inclusive Finance Loans, Commercial Vehicle Finance Loans, Affordable Home Loans, Secured Business Loans. Demand Deposits, Time Deposits	As per Code: 64191	100%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of Plants	Number of Offices	Total
National	0	575	575
International	0	0	0

Remarks: 575 branches in 13 states and UTs, of which 158 branches are rural locations and dedicated to rural outreach, engagement and upliftment.

17. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of States)	13
International (No. of Countries)	0

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Nil, As per the nature of business and services, exports as a activity is not applicable.

c. A brief on types of customers

The Bank's customer base is primarily comprised of the microfinance segment and also includes customers engaged in sectors such as MSME/SME, Agriculture and Allied Activities, Etc.

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

No.	Particulars	Total (A)	Male		Female	
			No (B)	% (B/A)	No (C)	% (C/A)
Employees						
1	Permanent (D)	6,025	5,536	91.88%	489	8.12%
2	Other than Permanent (E)	1,924	1,682	87.42%	242	12.58%
3	Total employees (D + E)	7,949	7,218	90.80%	731	9.20%
Workers						
1	Permanent (F)	0	0	0.0%	0	0.0%
2	Other than Permanent (G)	0	0	0.0%	0	0.0%
3	Total Workers (F + G)	0	0	0.0%	0	0.0%

b. Differently abled Employees and workers:

No.	Particulars	Total (A)	Male		Female	
			No (B)	% (B/A)	No (C)	% (C/A)
Differently Abled Employees						
1	Permanent (D)	0	0	0.0%	0	0.0%
2	Other than Permanent (E)	0	0	0.0%	0	0.0%
3	Total differently abled employees (D + E)	0	0	0.0%	0	0.0%
Differently Abled Workers						
1	Permanent (F)	0	0	0.0%	0	0.0%
2	Other than Permanent (G)	0	0	0.0%	0	0.0%
3	Total Workers (F + G)	0	0	0.0%	0	0.0%

Suryoday Small Finance Bank Limited

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No (B)	% (B/A)
Board of Directors	8	1	12.50%
Key Management Personnel	3	0	0.00%

20. Turnover rate for permanent employees and workers. (Disclose trends for the past 3 years)

No.	Particulars	(Turnover rate in current FY)			(Turnover rate in previous FY)			(Turnover rate in the year prior to the previous FY)		
		Male	Female	Total	Male	Female	Total	Male	Female	Total
	Permanent Employees	34.87	3.98	38.85	38.74	2.86	41.64	41.06	4.19	45.25
	Permanent Workers	0	0	0	0	0	0	0	0	0

V. Holding, Subsidiary and Associate Companies (including joint ventures)

21. (a) Names of holding / subsidiary / associate companies / joint ventures.

S. No.	Name of the holding/subsidiary/ associate companies/ joint ventures (A)	Indicate whether holding/Subsidiary/ Associate/Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	NA	NA	NA	NA

VI. CSR Details

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes
(ii) Turnover (in Rs.) - 12,81,10,45,000
(iii) Net worth (in Rs.)- 14,78,56,88,000

VII Transparency and Disclosures Compliances

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities							
Investors (other than shareholders)							
Shareholders							
Employees and workers							
Customers	Yes, https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Policy_on_Customer_Service_FY21-22_2.0.pdf	13,545	630		6,596	91	
Value Chain partners							
Other (please specify)							

24. Overview of the entity's material responsible business conduct issues. Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Compliance with Regulatory oversight under The RBI Act 1949, The Companies Act 2013, The SEBI Act , specifically with respect to listing of shares on BSE and NSE	Opportunity	Critical aspect of both Banking Industry and as Corporate enterprise, and full compliance entails good reputation, commensurate business opportunity, investor support		Positive
2	Compliance with Regulatory oversight under The RBI Act 1949, The Companies Act 2013, The SEBI Act , specifically with respect to listing of shares on BSE and NSE	Risk	Non-compliance has financial, reputational and pecuniary risks such as penalties and regulatory strictures which can curb Board independence and Management of Business opportunities	The Bank conducts frequent reviews of the products and processes through various committees set under the Risk Management Committee of the Board to ensure compliance under various regulations.	Negative
3	Financial Inclusion and inclusive Banking	Opportunity	The genesis of the Bank as micro-finance lending institution has meant that it has financial inclusion in its DNA. The Bank plays a crucial role in rural, semi-urban areas, as also the target segment which is unbanked, financially non-literate, economically weaker section.		Positive
4	Financial Inclusion and inclusive Banking	Risk	a. Unsecured lending b. loan repayments collected through cash	a. Suitable pricing, Robust Credit Underwriting, Strong In-house Collection Team and Coverage under Credit Guarantee b. insurance , Audit Check, Moving towards Standing Instruction Clearance	Negative
5	Transparency & Disclosure	Opportunity	Reputation Compliance Stakeholder involvement – as investor for economic benefits, As customer – for asset segment (viz fairness and customer orientation for deposit segment)		Positive
6	Transparency & Disclosure	Risk	Limited to what is disclosed and/ or not disclosed	All the policies are published on the Bank's website. Complete disclosure about product details to the customers at the time of disbursement. Bank also conducts periodic customer interaction and customer awareness programme.	Negative
7	Corporate Governance & Ethics	Opportunity	Basic and fundamental concept of Banking and ESG principles revolve around Corporate Governance and Ethics. The positive affects span across all stakeholders and has business implications		Positive

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S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
8	Corporate Governance & Ethics	Risk	Wrong perception, misconception and/or misinformation regarding the said aspect can have negative implications for business and management independence.	The Bank follows best in class governance practices.	Negative
9	Economic Performance and Financial Capital	Opportunity	Economic performance leads to enhancement in financial capital and vice versa. Both are crucial for business performance and crucial for nature of business / sector the Bank is functioning in.		Positive
10	Economic Performance and Financial Capital	Risk	Failure in one can constrain the other and vice versa	The Bank maintains adequate liquidity and capital buffer above the regulator prescribed limits.	Negative
11	Data Security	Opportunity	Appropriate and adequate safety systems create trust and confidence in the Bank Operations and its Management and generates customer satisfaction		Positive
12	Data Security	Risk	Failure in any aspect can lead to regulatory censure and customer dissatisfaction	External Controls: Antivirus, Data Classification, Encryption, Application Control, Proxy, TACACS – Radius, NSX – Zero Trust, Decoy Internal Controls: Penetration Test, Dark-Web Monitor, Anti-Phishing, Brand Monitor, Malware Monitor, Rouge App Monitor, DDoS Service, Firewall, Intrusion Prevention IT Security Risk Governance, IT Policies / Processes Check, IT Security Risk Reporting, IT Audits	Negative
13	Customer Privacy	Risk	Failure in any aspect can lead to regulatory censure and customer dissatisfaction	Masking of KYC documents, OTP enabled transactions, M-PIN enabled mobile login, Timely password change for digital banking	Negative
14	Customer Satisfaction	Opportunity	Appropriate customer orientation in products, policies, services, and communication; results in commensurate satisfaction.		Positive
15	Customer Satisfaction	Risk	Failure in any aspect can lead to loss of business opportunities and business traction.	The Bank has put in place all the regulatory grievance redress mechanism and also proactively reaches out to customers through various mediums.	Negative
16	Risk Management	Opportunity	As a financial institution the Risk Management framework is critical in every respect to every stakeholder identified – internal and external. The Risk Management function reports to the MD&CEO and is independent of Operations and Business. The Bank is embarking on a detailed program to enhance its Risk Management Systems to include assessment on Environment Risk – transition and mitigation.		Positive

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
17	Lending Practices	Opportunity	The Bank ensures that its lending practices and sales efforts are underlined with good and fair conduct- mainly ensuring non-mis-selling of products, transparency in terms and conditions, pro-active measures to ensure the customer interest is addressed upfront. The published marketing material and literature & statements are cogent, clear and non-ambiguous. The Bank is in the process of reviewing its policies and relevant frameworks are meant to abide by.		Positive
18	Consumption Emissions Reduction	Opportunity	As a reducing long-term operations cost and also positive perception of stakeholders such as investors. The Bank proposes during FY24 to systematically track emissions across the Scope 1 and Scope 2 and set targets and set the measures to achieve the targets. From FY25, it will systematically track Scope 3 emissions, and set combined targets and measures to achieve the targets		Positive
19	Consumption Emissions Reduction	Risk	Failure to achieve and work towards climate amelioration, can create negative perception of Bank amongst its stakeholders.	The Bank plans to form an ESG Committee in the current fiscal to address this aspect.	Negative
20	Employee Training & Development	Opportunity	To attract and retain high quality talent across departments and regions of the Bank etc.		Positive
21	Employee Training & Development	Risk	Inadequate training and development can deter business development both in mid and long term, and result in employee attrition	The Bank has been regularly conducting digital and physical training for all employees both on internal products and processes, regulatory and business related updates, including behavioural trainings.	Negative
22	Community Engagement	Opportunity	The nature of business and customer segment the Bank caters to provides an opportunity for creating positive interface and has potential for business enhancement		Positive

SECTION B- MANAGEMENT AND PROCESS DISCLOSURES

Policy and management processes

Disclosure Questions	P1	P2	P3
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	No	No	No
c. Web Link of the Policies, if available	<ol style="list-style-type: none"> 1. https://www.suryodaybank.com/Corporate-Governance-Policies 2. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Code_of_conduct_applicable_to_Directors_&_Sr_Mgmt_of_the_Bank_FY22-23_1.0.pdf 3. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Corporate_Governance_Policy_FY22-23_1.0.pdf, https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Policyon_Familiarization_Programs_for_Independent_Director_FY22-23_1.0.pdf 4. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Whistle_Blower_Policy_FY22_23_1.0.pdf 5. https://www.suryodaybank.com/assets/pdf/policies/Independent-Directors-T&C.pdf 6. https://www.suryodaybank.com/assets/pdf/policies/Familiarisation-Programs-for-Independent-Directors.pdf 7. https://www.suryodaybank.com/assets/pdf/policies/Fair-Practices-Code.pdf, 8. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Policy_on_Appointment_of_Directors_and_Senior_Management_Personnel_FY22-23_1.0.pdf 9. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Policy_for_Evaluation_of_Performance_of_Board_FY22_23_1.0.pdf, 10. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Policy_on_Succession_Planning_FY22-23_1.0.pdf, 11. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Policy-to-Promote-Diversity-of-Board-of-Directors_FY21-22_2.0.pdf 12. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Insider_Trading_Policy_FY_22-23_1.0.pdf 13. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Related_Party_Transaction_Policy_FY_22_23_2.0.pdf 	<ol style="list-style-type: none"> 1. https://www.suryodaybank.com/assets/pdf/policies/Social-and-Environmental-Sustainability-Policy.pdf, 2. https://www.suryodaybank.com/assets/pdf/policies/Social-Media-Policy-FY-21-22.pdf 3. Social and Environmental Sustainability Policy: https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-ESG_Policy.pdf 	<ol style="list-style-type: none"> 1. https://www.suryodaybank.com/assets/pdf/policies/Compensation-Policy.pdf 2. https://www.suryodaybank.com/assets/pdf/policies/sexual-harassment-policy.pdf
2. Whether the entity has translated the policy into procedures. (Yes / No)	No	No	No
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	No	No	No
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	N/A	N/A	N/A
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	No	No	No
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	No	No	No

Disclosure Questions	P4	P5	P6
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	No	No	No
c. Web Link of the Policies, if available	<p>1. https://www.suryodaybank.com/assets/pdf/policies/Citizens-Charter.pdf</p> <p>2. https://www.suryodaybank.com/assets/pdf/policies/Policy-on-Appointment-of-Statutory-Auditors.pdf</p> <p>3. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Dividend_Distribution_Policy_FY_22_23_1.0.pdf</p> <p>4. https://www.suryodaybank.com/assets/pdf/policies/Social-Media-Policy-FY-21-22.pdf</p>	<p>1. https://www.suryodaybank.com/assets/pdf/policies/sexual-harassment-policy.pdf</p> <p>2. https://www.suryodaybank.com/assets/pdf/policies/Customer-Compensation-Policy.pdf</p>	<p>1. https://www.suryodaybank.com/assets/pdf/policies/Social-and-Environmental-Sustainability-Policy.pdf</p>
2. Whether the entity has translated the policy into procedures. (Yes / No)	No	No	No
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	No	No	No
4. Name of the national and international codes/certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	N/A	N/A	N/A
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	No	No	No
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	No	No	No

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Disclosure Questions	P7	P8	P9
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	-	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	No	No	No
c. Web Link of the Policies, if available	-	<p>1. https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-CSR-Policy.pdf,</p> <p>2. https://www.suryodaybank.com/assets/pdf/policies/SSFB-Policy-for-Resolution-of-Covid-19-related-stress-of-Micro-Small-and-Medium-Enterprises-(MSMEs)-FY-21-22.pdf</p> <p>3. https://www.suryodaybank.com/assets/pdf/policies/SSFB-Policy-for-Resolution-Framework-2.0_Resolution-of-Covid-19-related-stress-of-Individual-and-Small-Business-FY-21-22.pdf</p> <p>4. https://www.suryodaybank.com/assets/pdf/policies/CodeOfBankMSE2015.pdf</p> <p>5. https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-CSR-Policy.pdf</p> <p>6. https://www.suryodaybank.com/assets/pdf/policies/SSFB-Policy-for-Resolution-of-Covid-19-related-stress-of-Micro-Small-and-Medium-Enterprises-(MSMEs)-FY-21-22.pdf</p> <p>7. https://www.suryodaybank.com/assets/pdf/policies/SSFB-Policy-for-Resolution-Framework-2.0_Resolution-of-Covid-19-related-stress-of-Individual-and-Small-Business-FY-21-22.pdf</p>	<p>1. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Policy_on_Customer_Service_FY21-22_2.0.pdf</p> <p>2. https://www.suryodaybank.com/assets/pdf/policies/Code-of-Conduct-for-Collection-Agents.pdf</p> <p>3. https://www.suryodaybank.com/assets/pdf/policies/Code-of-Conduct-for-Direct-selling-Agents.pdf</p> <p>4. https://www.suryodaybank.com/assets/pdf/policies/Model-Operational-Procedure-for-Settlement-of-Claims-for-Deceased-Depositor_FY20-21.pdf</p> <p>5. https://www.suryodaybank.com/assets/pdf/policies/Grievance-Redressal-Policy.pdf,</p> <p>6. https://www.suryodaybank.com/assets/pdf/policies/Suryoday_Comprehensive_Deposit_Policy_FY23-24_1.0.pdf</p> <p>7. https://www.suryodaybank.com/assets/pdf/policies/CBCC2018.pdf, https://www.suryodaybank.com/assets/pdf/policies/Customer-Protection-Policy.pdf,</p> <p>8. https://www.suryodaybank.com/assets/pdf/policies/Collection-and-Recovery-Policy-(1).pdf, https://www.suryodaybank.com/assets/pdf/policies/Customer-Compensation-Policy.pdf,</p> <p>9. https://www.suryodaybank.com/assets/pdf/policies/Suryoday-Cheque-Collection-Policy.pdf,</p> <p>10. https://www.suryodaybank.com/assets/pdf/policies/Social-Media-Policy-FY-21-22.pdf,</p> <p>11. https://www.suryodaybank.com/assets/pdf/policies/Grievance-Redressal-Policy.pdf</p> <p>12. https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-Social-Media-Policy.pdf</p>
2. Whether the entity has translated the policy into procedures. (Yes / No)	No	No	No
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	-	No	No
4. Name of the national and international codes/certifications/ labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	N/A	N/A	N/A
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	No	No	No
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	No	No	No

Governance, leadership and oversight

- 7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)** **ESG with for a clearer, transparent and deeper connect.**
- The more we delve on ESG, the more it becomes clear that this path is not a question of choice, but an integral part of our existence. However small or miniscule the immediate results might seem, as a responsible entity and an active participant in the financial ecosystem, we are embarking on this journey. We are committed to taking steps that will help address the issues faced (as it relates to climate change, for example) and to making significant progress for a better tomorrow.
- We have taken certain initial steps such as digitization of processes in an effort to eliminate the use of paper, encouraging the use of sustainable glass bottles instead of plastic bottles, etc.
- We are in the process of establishing a formal structure, charter and policies to integrate ESG aspects into our mainstream activities not just as compliances accomplished, but to ingrain the principles in the way we conduct our operations.
- 8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).**
1. DIN : 02303132
 2. Name : Mr. Baskar Babu Ramachandran
 3. Designation : Managing Director & Chief Executive Officer
- (b) Details of the BR head:**
1. DIN (if applicable) : 02303132
 2. Name : Mr. Baskar Babu Ramachandran
 3. Designation : Managing Director & Chief Executive Officer
 4. Telephone number : 022-40438000
 5. e-mail id : ceo.office@suryodaybank.com
- 9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.** No, the Bank currently does not have a separate committee.
- 10. Details of Review of NGRBCs by the Company:** Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee

Subject for Review	Indicate whether review was undertaken by Director/Committee of the Board/Any other Committee								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24	Proposed for FY24

Subject for Review	Frequency (Annually/Half yearly/Quarterly/Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually	Proposed Annually

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

Sr. no	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	No	No	No	No	No	No	No	No	No

12. If answer to question (1) above is No i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the Principles material to its business (Yes/No)	No	No	No	No	No	No	Yes	No	No
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
The entity does not have the financial or/ human and technical resources available for the task (Yes/No)	No	No	No	No	No	No	No	No	No
It is planned to be done in the next financial year (Yes/No)	Under Impleme-ntation	Under Impleme-ntation	Under Impleme-ntation	Under Impleme-ntation	Under Impleme-ntation	Under Impleme-ntation	NA	Under Impleme-ntation	Under Impleme-ntation
Any other reason (please specify)	NA	1. Nature of business is different	Under impleme-ntation in various stages	Detailed Policy being formulated and implemented in FY24	Currently underway on accessibility	Commenced in FY23	NA	NA	NA

SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

PRINCIPLE 1 Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**Essential Indicators**

1. Percentage covered by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programs held	Topics/principles covered under the training and its impact	Percentage of persons in respective category covered by the awareness programmes
Board of directors	3	The Board's Legal Environment: Duties, Responsibilities & Liabilities of a Director; Independent Directors: Improving Corporate credibility and Governance standards; Board Committees: Enhancing Effectiveness and Accountability; Internal Audit: A critical player in organizational governance; Microfinance business – Board's role and asking the right questions	33%
Key Managerial personnel	2	Compliance, HR Policies, Prevention of Sexual Harassment, Data Privacy Protection	33%
Employees other than BoD and KMPs	270	Compliance, HR Policies, Prevention of Sexual Harassment, Customer Service Excellence, Consumer Protection, Responsible Banking, Data Privacy Protection	70%
Workers	N/A	N/A	N/A

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website)

Monetary

Category	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/ Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil

Non-Monetary

Category	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil

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3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

S. No.	Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
1	NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web link to the policy.-

The Bank has put in place a Code of Conduct which covers all its employees. The Code articulates the ethical principles and acceptable behavior that the employees are expected to demonstrate throughout their tenure as employees of the organization. It also guides all employees to uphold the values of the Bank. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. The Bank has also adopted Code of Conduct for Directors & Senior Management to provide a framework to the Board members and Senior Management in ensuring adoption of highest ethical standards in managing the affairs of the Bank. The Bank's commitment to ethics and accountability is emphasised upon in interactions with all its stakeholders. Code of Conduct for Directors and Senior Management of the Bank: <https://www.suryodaybank.com/assets/pdf/policies/Code-of-Conduct-for-Directors-and-Senior-Management-of-the-Bank.pdf> Whistle Blowers Policy: <https://www.suryodaybank.com/assets/pdf/policies/Corporate-Governance-Policies-Whistle-Blower-Policy.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Category	(Current Financial Year)	(Previous Financial Year)
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. Details of complaints with regard to conflict of interest:

Category	Number (CY)	Remarks (CY)	Number (PY)	Remarks (PY)
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	Nil	0	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	Nil	0	Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.- NA

Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

S. No.	Total number of awareness programmes held	Topics / principles covered under the training	%age of value chain partners covered (by value of business done with such partners) under the awareness programmes
1	0	0	0

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.-

The Board has formulated and adopted Code of Conduct and Ethics for the Board of Directors and Senior Management. The same has been hosted on the website of the Bank at <https://www.suryodaybank.com/assets/pdf/policies/Code-of-Conduct-forDirectors-and-Senior-Management-of-the-Bank.pdf>. The Declaration signed by the MD & CEO of the Bank stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management is annexed and forms part of this Report.

PRINCIPLE 2 Businesses should provide goods and services in a manner that is sustainable and safe

Essential Indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

Category	Current Financial Year	Previous Financial Year	Details of improvements in environmental and social impacts
R&D	0	0	The Bank proposes to encourage environment mitigation measures, by resorting to renewable energy and water conservation activities
Capex	0	0	The Bank proposes to introduce products which would contribute to sustainability and environment.

Remarks: Not Applicable in Financial Services sector

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No): N/A
- b. If yes, what percentage of inputs were sourced sustainably?: N/A
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.- (a) Plastics (including packaging) : NA (b) E-waste: NA (c) Hazardous waste: NA (d) other waste: NA
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same: NA

Leadership Indicators

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?

S. No.	NIC Code	Name of Product/ Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
1	NA	NA	NA	NA	NA	NA

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

S. No.	Name of Product / Service	Description of the risk / concern	Action Taken
1	NA	NA	NA

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3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY2022-23	FY2021-22
Nil		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed, as per the following format:

Category	FY2022-23			FY2021-22		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

Remarks: Safely Disposed E-waste of 650 kgs in the financial year 2020-21 The Bank follows a policy to periodically dispose of E-waste namely office equipment etc., which is carried out by retaining services of registered and authorised e-waste disposal service providers.

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

S. No.	Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
1	N/A	N/A

PRINCIPLE 3 Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees (Permanent Employees).

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	5,536	5,536	100.00%	5,536	100.00%	0	0.00%	154	2.78%	0	0.00%
Female	489	489	100.00%	489	100.00%	12	2.45%	0	0.00%	0	0.00%
Total	6,025	6,025	100.00%	6,025	100.00%	12	0.20%	154	2.56%	0	0.00%
Other than permanent Employees											
Male	1,682	113	6.72%	113	6.72%	0	0.00%	0	0.00%	0	0.00%
Female	242	37	15.29%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Total	1,924	150	7.80%	113	5.87%	0	0.00%	0	0.00%	0	0.00%

b. Details of measures for the well-being of workers. (Permanent Workers).

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male											
Female						NA					
Total											
Other than permanent Workers											
Male											
Female						NA					
Total											

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	No. of employees covered as a % of total employees (CY)	No. of workers covered as a % of total workers (CY)	Deducted and deposited with the authority (Y/N/N.A.) (CY)	No. of employees covered as a % of total employees (PY)	No. of workers covered as a % of total workers (PY)	Deducted and deposited with the authority (Y/N/N.A.) (PY)
PF	100	NA	Y	100	NA	Y
Gratuity	100	NA	Y	100	NA	Y
ESI	NA	NA	NA	NA	NA	NA
Others - please specify	NA	NA	NA	NA	NA	NA

3. Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.-

Yes. The Bank has made conscious efforts in this direction at its Corporate Office, and intends to take similar measures across its branches in the future.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.-

Yes, Equal Opportunity is covered under the Bank's Employee Policy.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	75%	87%	NA	NA
Female	67%	80%	NA	NA
Total	71%	84%	NA	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Category	Yes/No (If Yes, then give details of the mechanism in brief)
Permanent Workers	Not Applicable
Other than Permanent Workers	Not Applicable
Permanent Employees	Yes
Other than Permanent Employees	Yes

7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

Category	FY2022-23			FY2021-22		
	Total employees/workers in respective category (A)	No. of employees/workers in respective category, who are part of association(s) or Union(B)	% (B/A)	Total employees/workers in respective category (C)	No. of employees/workers in respective category, who are part of association(s) or Union(D)	% (D/C)
Total Permanent Employees	6,025	0	0.00%	5,223	0	0.00%
- Male	5,536	0	0.00%	4,784	0	0.00%
- Female	489	0	0.00%	439	0	0.00%
Total Permanent Workers	0	0	0.0%	0	0	0.0%
- Male	0	0	0.0%	0	0	0.0%
- Female	0	0	0	0	0	0.0%

8. Details of training given to employees and workers:

Category	FY2022-23					FY2021-22				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	7,218	3,654	50.62%	4,511	62.50%	5,530	3,388	61.27%	3,933	71.12%
Female	731	405	55.40%	341	46.65%	610	381	62.46%	290	47.54%
Total	7,949	4,059	51.06%	4,852	61.04%	6,140	3,769	61.38%	4,223	68.78%
Workers										
Male	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
Female	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
Total	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%

9. Details of performance and career development reviews of employees and workers

Category	FY2022-23			FY2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	7,218	0	0.00%	5,530	0	0.00%
Female	731	0	0.00%	610	0	0.00%
Total	7,949	0	0.00%	6,140	0	0.00%
Workers						
Male	0	0	0.0%	0	0	0.0%
Female	0	0	0.0%	0	0	0.0%
Total	0	0	0.0%	0	0	0.0%

10. a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?
Yes. All branches and offices have CCTV cameras and fire extinguishers. Mock drills are performed periodically.
10. b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?
Fire safety hazards are identified at periodic intervals and mock drills are conducted for emergency preparedness.
10. c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)
The Bank continuously monitors potential work related hazards and takes necessary action as may be required. In respect of any Work-related incidents and potent, are reported to the respective HR and Admin point of contacts by employees.
10. d. Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)-
Yes.

11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY2022-23	FY2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy work place. –

- The Bank has enhanced the coverage for critical illnesses in the Group Medical Cover
- Conducted annual health check-ups, blood donation camps, eye and dental checkup camps.
- Organised multiple webinars on health and nutrition
- The Bank has also undertaken several programmes to enhance gender diversity and inclusivity, including creating awareness about the POSH Act
- CCTV Camera and Fire extinguishers are in place at branches and offices.

13. Number of complaints on the following made by employees and workers

Category	FY2022-23			FY2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0		0	0	
Health & Safety	NA	NA		NA	NA	

14. Assessments for the year:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	0
Working Conditions	0

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.- As there were no safety-related incidents, there were no corrective actions that needed to be taken.

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).-

Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.-

The Bank expects all its value chain partners to ensure statutory compliances in totality. The Bank shall now look at introducing this as a part of the contract with such partners.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY2022-23	FY2021-22	FY2022-23	FY2021-22
Employees	0	0	0	0
Workers	NA	NA	NA	NA

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)-

No

5. Details on assessment of value chain partners:

Category	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	0
Working Conditions	0

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.- NA

PRINCIPLE 4: Businesses should respect the interests of and be responsive to all its stakeholders**Essential Indicators****1. Describe the processes for identifying key stakeholder groups of the entity.-**

The Bank has its roots in micro-finance and hence has various outreach and enablement linkages which provide insight into the grass root level stakeholders. As regards other stakeholders, the Bank has during FY23 defined relevant key stakeholders according to its business profile and corporate profile. The ESG Committee, which is proposed to be set up, would be tasked with the mandate to further develop this program as may be required.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

S. No.	Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
1	Communities	The Bank identifies its business model with grass root level enterprises promoted by women, underprivileged and socially backward areas, persons with disabilities, etc.	Across various modes	Frequently through outreach	Awareness building and inclusive financing
2	Investors	No	Interactive and well defined formats of communication and engagement	Quarterly or as required	Quarterly or as required
3	Employees	No	Interactive and well defined formats of communication and engagement	Frequently through outreach	Engagement and outreach
4	Customers	No	Across various modes	Frequently through outreach	Awareness building and inclusive financing
5	Value Chain Partners	No	Propose to commence in FY24	Propose to commence in FY24	Propose to commence in FY24
6	Other	No	Propose to commence in FY24	Propose to commence in FY24	Propose to commence in FY24

Leadership Indicators**1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.-**

The ESG Committee shall be tasked with the activity and shall commence the process during FY24.

2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.-

NA as of now

3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.-

NA as of now

PRINCIPLE 5 Businesses should respect and promote human rights
Essential Indicators

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY2022-23			FY2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	6,025	6,025	100.00%	5,223	5,223	100.00%
Other than permanent	1,924	1,917	99.64%	917	917	100.00%
Total Employees	7,949	7,942	99.91%	6,140	6,140	100%
Workers						
Permanent	0	0	0.0%	0	0	0.0%
Other than permanent	0	0	0.0%	0	0	0.0%
Total Workers	0	0	0.0%	0	0	0.0%

2. Details of minimum wages paid to employees, in the following format:

Category	FY2022-23					FY2021-22				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent	6,025	734	12.18%	5,291	87.82%	5,223	628	12.02%	4,595	87.98%
Male	5,536	686	12.39%	4,850	87.61%	4,784	581	12.14%	4,203	87.86%
Female	489	48	9.82%	441	90.18%	439	47	10.71%	392	89.29%
Other than Permanent	1,924	1	0.05%	1,923	99.95%	917	3	0.33%	914	99.67%
Male	1,682	1	0.06%	1,681	99.94%	746	1	0.13%	745	99.87%
Female	242	0	0.00%	242	100.00%	171	2	1.17%	169	98.83%
Workers										
Permanent	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
Male	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
Female	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
Other than Permanent	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
Male	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%
Female	0	0	0.0%	0	0.0%	0	0	0.0%	0	0.0%

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)	7	Not Applicable as only sitting fees are applicable	1	Not Applicable as only sitting fees are applicable
Key Managerial Personnel	3	93,22,225	0	0
Employees other than BoD and KMP	5,533	2,67,000	489	2,80,644
Workers	0	0	0	0

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)-

No. The Bank proposes to institute a committee during FY 24, comprising the CEO and Senior Management representation with adequate gender diversity.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.-

The Bank currently has adequate processes in place as part of the HR Policy.

6. Number of Complaints on the following made by employees and workers:

	FY2022-23			FY2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	1	0		2	1	
Discrimination at workplace	0	0		0	0	
Child Labour	0	0		0	0	
Forced Labour/Involuntary Labour	0	0		0	0	
Wages	0	0		0	0	
Other human rights related issues	0	0		0	0	

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

The Bank has Code of Conduct Committee which addresses such issues.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)-

No. The Bank currently does not have any clauses or obligations related to human rights, in its business agreements.

9. Assessments for the year:

Category	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	0
Forced/involuntary labour	0
Sexual harassment	0
Discrimination at workplace	0
Wages	0
Others – please specify	0

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10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.-

N/A. Assessments have not been conducted.

Leadership Indicators

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.-

N/A

2. Details of the scope and coverage of any Human rights due-diligence conducted.-

N/A

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

In progress

4. Details on assessment of value chain partners:

Category	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	0
Discrimination at workplace	0
Child Labour	0
Forced Labour/Involuntary Labour	0
Wages	0
Others – please specify	0

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.-

NA

PRINCIPLE 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity.

Parameter	FY2022-23	FY2021-22
Total electricity consumption (A)	7,836.97	Not Available
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	7,836.97	Not Available
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees)	6.12 GJ / Crore	Not Available
Energy intensity (optional) – the relevant metric may be selected by the entity		

Remarks: The Bank has started compiling electricity purchase data across all our branches from FY 2022-23, hence records from FY 2021-22 are not available.

1. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.- No
2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.- Not Applicable - No
3. Provide details of the following disclosures related to water, in the following format: Water withdrawal by source (in kilolitres)

Parameter	FY2022-23	FY2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	1,39,289.28	Not Available
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	1,39,289.28	0
Total volume of water consumption (in kilolitres)	Not Available	Not Available
Water intensity per rupee of turnover (Water consumed / turnover)	Not Available	Not Available
Water intensity (optional) – the relevant metric may be selected by the entity. KL / of		

Remarks: The Bank has started compiling water purchase data across all our branches from FY 2022-23, hence records from FY 2021-22 are not available. For FY 2022-23, the water consumption has been estimated from purchase records using state-level data sources and accepted standards. Going forward, this process will be done on a quarterly basis and will include consumption values as well.

3. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.- No
4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.- N/A
5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	Current Financial Year	Previous Financial Year
NOx	0	0	0
SOx	0	0	0
Particulate matter (PM)	0	0	0
Persistent organic pollutants (POP)	0	0	0
Volatile organic compounds (VOC)	0	0	0
Hazardous air pollutants (HAP)	0	0	0
Others – please specify	0	0	0

Remarks: The nature of the business and activities of the Company, there are no other air emissions apart from GHG on account of power consumption and commuting of its employees.

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6. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.- No

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	tCO ₂ e	Not Applicable	Not Applicable
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	tCO ₂ e	1,763.32	Not Available
Total Scope 1 and Scope 2 emissions per rupee of turnover	tCO ₂ e/ rupee of turnover	1.3764 tCO ₂ e/Crore	Not Available
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	tCO ₂ e / of		

Remarks: N/A

6. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.- No

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.- No

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY2022-23	FY2021-22
Total Waste generated (in metric tonnes)		
Plastic waste (A)	0	0
E-waste(B)	0	0
Bio-medical waste (C)	0	0
Construction and demolition waste (D)	0	0
Battery waste (E)	0	0
Radioactive waste (F)	0	0
Other Hazardous waste.Please specify, if any. (G)	0	0
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	0	0
Total (A + B + C + D + E + F + G + H)	0	0

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of waste - Plastic

(i) Recycled	0	0
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
Total	0	0

Category of waste - E-Waste

(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	NA	NA

Parameter	FY2022-23	FY2021-22
Category of waste - Bio-medical waste		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	NA	NA
Category of waste - Construction and demolition waste		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	NA	NA
Category of waste - Battery waste		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	NA	NA
Category of waste - Radioactive waste		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	NA	NA
Category of waste - Other Hazardous waste		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	NA	NA
Category of waste - Other Non-Hazardous waste		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	NA	NA
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste - Plastic		
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	0	0
Total	0	0

Parameter	FY2022-23	FY2021-22
Category of waste - E-Waste		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
Total	NA	NA
Category of waste - Bio-medical Waste		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
Total	NA	NA
Category of waste - Construction and demolition waste		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
Total	NA	NA
Category of waste - Battery		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
Total	NA	NA
Category of waste - Radioactive		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
Total	NA	NA
Category of waste - Other Hazardous waste. Please specify, if any		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
Total	NA	NA
Category of waste - Other Non-hazardous waste generated		
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
Total	NA	NA

8. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency:- No
9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The bank has adopted digital onboarding of customers for both the deposit and asset franchise thereby minimizing usage of paper. The Bank has a facility for employees at the Corporate Office to deposit their electronic waste such as batteries for safe disposal. The Bank has introduced glass water bottles and cups in place of plastic bottles and paper cups.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	NA	NA	NA

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

S. No.	Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
1	NA	NA	NA	NA	NA	NA

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
1	Refer remarks below			

Remarks: The Company ensures that it follows the norms and local laws as applicable at its various branches/offices pan-India. It has not anyway /in any particular case or event been called upon for any non-compliances or been penalised in anyway.

Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable sources, in the following format:

Parameter	FY2022-23	FY2021-22
From renewable sources		
Total electricity consumption (A)	0	0
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	0	0
From non-renewable sources		
Total electricity consumption (D)	7,836.97	Not Available
Total fuel consumption (E)	Not Available	Not Available
Energy consumption through other sources (F)	0	
Total energy consumed from non Renewable sources (D+E+F)	7,836.97	Not Available

Remarks: The Bank has started compiling electricity purchase data across all our branches from FY 2022-23, hence records from FY 2021-22 are not available.

Suryoday Small Finance Bank Limited

1. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.- Not Applicable
2. Provide the following details related to water discharged: Water discharge by destination and level of treatment (in kilolitres)

Parameter	FY2022-23	FY2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(ii) To Groundwater		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iii) To Seawater		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iv) Sent to third-parties		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(v) Others		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
Total water discharged (in kilolitres)	NA	NA

2. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.- Not Applicable
3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):
 - (i) Name of the area - Not Applicable
 - (ii) Nature of operations- Not Applicable
3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres): Water withdrawal, and consumption in the following format:

Parameter	FY2022-23	FY2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	NA	NA
(ii) Groundwater	NA	NA
(iii) Third party water	NA	NA
(iv) Seawater / desalinated water	NA	NA
(v) Others	NA	NA
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	NA	NA
Total volume of water consumption (in kilolitres)		
Water intensity per rupee of turnover (Water consumed / turnover)	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity. KL / of	NA	NA

Parameter	FY2022-23	FY2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(ii) To Groundwater		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iii) To Seawater		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(iv) Sent to third-parties		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
(v) Others		
- No treatment	NA	NA
With treatment – please specify level of treatment	NA	NA
Total water discharged (in kilolitres)	NA	NA

3. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.- No
4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)			
Total Scope 3 emissions per rupee of turnover	/ rupee of turnover	0.0000 / Crore	0.0000 / Crore
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity			

4. Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency.- NA
5. 5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.- NA
6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	0	0	0

Suryoday Small Finance Bank Limited

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.-
Yes, the Bank has a BCP and DR Policy.
8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.- Not Applicable - Nil
9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.- Not Applicable

PRINCIPLE 7 Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

Essential Indicators

1. a. Number of affiliations with trade and industry chambers/ associations.-
Indian Banks Association FIMMDA , MFIN, ASFBI
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. NO	Name of the trade and industry chambers/associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Banks Association	National
2	FIMMDA	National
3	MFIN	National
4	ASFBI	National
5	0	0
6	0	0
7	0	0
8	0	0
9	0	0
10	0	0

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

S. No.	Name of authority	Brief of the case	Corrective action taken
1	0	0	0

Remarks: Not applicable. The Bank does not subscribe to and/or employ any measures which are akin to public policy advocacy or that of attempting to influence policy in favour of the Bank. The Bank's Management contributes at industry for its mission and vision strategy.

Leadership Indicators

1. Details of public policy positions advocated by the entity:

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes/No)	Frequency of Review by Board (Annually/ Half yearly/ Quarterly / Others – please specify)	Web Link, if available
1	0	0	0	0	0

PRINCIPLE 8 Businesses should promote inclusive growth and equitable development**Essential Indicators**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

S. No.	Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
1	0	0	0	0	0	0

Remarks: The Bank does not undertake any projects nor has borrowing which requires social impact assessments. The Bank however, intends to make a broad based assessment impacts created by its lending policy and products. This project is envisaged to commence during FY24.

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
1	0	0	0	0	0	0

3. Describe the mechanisms to receive and redress grievances of the community:

The Bank has mentioned in the customer service SOP that the customer may walk up to branch or contact the call centre to report any complaint. The Officer at the Branch or Call Centre would understand the exact complaint and raise a Service Request for further follow up and timely closure. Once resolution is received, the customer is informed and the complaint closed in the system post customer confirmation.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Category	Current Financial Year	Previous Financial Year
Directly sourced from MSMEs/ small producers	NA	NA
Sourced directly from within the district and neighbouring districts	NA	NA

Leadership Indicators

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

S. No.	Details of negative social impact identified	Corrective action taken
1	NA	NA

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
1	0	0	0

Suryoday Small Finance Bank Limited

3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)-

No. The Bank currently does not have any procurement of scale, which warrants and requires any special policy on vendor groups etc.

- b. From which marginalized /vulnerable groups do you procure?-

- c. What percentage of total procurement (by value) does it constitute?- Case to case

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
1	0		0	0

Remarks: Not applicable vis a vis nature of the business

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

S. No.	Name of authority	Brief of the Case	Corrective action taken
1	0	0	0

6. Details of beneficiaries of CSR Projects

S. No.	CSR Project	No. of persons benefited from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Educational Infrastructure in municipal schools in NMMC and Chennai	40,504	100%

Sr. No	Name of the School	Infrastructure work done
1	NMMC Secondary School No. 117, Diwale	Installation of Water Filter Shed construction for water filter Toilet Block for Boy's
2	NMMC Ward School 102, Nerul	Installation of Water Filter Plantation of Fruit trees
3	NMMC Secondary School <o. 112, Karave	Installation of Water Filter
4	NMMC school No. 92, Kukshet	Setting up of a Mini Science Lab Digital Painting in 4 Class rooms
5	NMMC School No.119, Rabale (Gothale)	Setting up up of a Mini Science Laboratory Repairing, painting and fixing of 2 new doors One Trophy Cabinet
6	NMMC School No. 118, Pawne Gaon	Setting up of a Mini Library Renovation of the Mini Science Lab Two Trophy Cabinets
7	NMMC School No. 107, Turbhe	Installation of Water filter One bluetooth speaker with 2 mikes Sports items (as per school requirement) Installation of 10 School posters for school compliance
8	NMMC School No. 110, Kopri (Vashi)	Installation of Water filter

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
2	Dental Healthcare in Chennai municipal schools	15,993	100%
3	Financial Literacy and capability of Domestic Workers ("Adhira") Financial Literacy program specially for Domestic workers implemented in Mumbai and Navi Mumbai. Along with training the domestic workers are supported to access different products from banks and social security services. The training for Domestic Workers were conducted in the slums and in the housing complexes. Financial Literacy camps were conducted in seven housing complexes in Mumbai and Navi Mumbai.	13,806	100%
4	Financial Capability for Students "Ujjwal" In municipal schools between 8 and 12 standards, scaled up from 8th – 10th standards during FY22. Financial Literacy program is conducted for students form class 8th to 12th attending government schools. The focus of this program is to prepare the children for their future, help them their goals and make them aware about money management. 59 schools participated in financial literacy training in different locations.	10,820	100%
5	Financial Capability for Parents "Swayamshree" In Odisha Financial Literacy program for parents of students who have attended financial literacy program in school. The students are made partners in parents learning especially to build their digital literacy. 90% of the participants of financial literacy program were women and 10% Men	9,445	100%
6	Health Interventions with focus on women and adolescent girls "Spandan" ••• Key focus areas are anemia , reproductive and menstrual health, seasonal infections, eye care and Osteoporosis. Tie up with Public Health Centers for medicine distribution for ailments identified during health check ups On menstrual health - low cost Sanitary napkins made available to the community by creating a distribution network. Despite of several government initiatives and programs many low- income households are still not aware about their basic health parameters and this is very crucial for them. Many low- income households work as informal workers and daily wage earners – ill health means loss of income and sometimes are even forced to take loans to meet daily expenses – these further pushes them to cycle of poverty. Hence, along with the Financial Education program embedding health awareness is essential. This has a direct impact on their financial condition. The program aims to improve access to information on health and linkages to services that will give people more control over their own health and wellbeing. Focus Areas • Anemia • Reproductive health • Eyes • Seasonal Infections • Osteoporosis • Dental Number of Health Camps Conducted: 113	7,070	100%

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
7	<p>Complimentary Livelihoods “Udyojika”</p> <ul style="list-style-type: none"> Community trainers for financial literacy eventually explore being CSPs as being complimentary livelihoods. <p>Supplementary livelihoods is given to women (Domestic Workers, informal workers, marginal farmers in rural area).The additional income could help them to save and also meet some of the emergencies. The women are engaged as community trainers who help in mobilizing other women for financial literacy program, distribution of low-cost sanitary napkin and making ecofriendly cloth bags.</p>	77	100%
8	<p>Complimentary Livelihoods “Udyojika”</p> <ul style="list-style-type: none"> Community trainers for financial literacy eventually explore being CSPs as being complimentary livelihoods. Selling of Low Cost Sanitary Napkins through distribution network is being currently piloted. Producing low cost environment friendly cloth bags and distribution tie up with local vendor is piloted Village Development Dhumale Gaon a tribal hamlet in Kharghar has been identified for community development. The hamlet faces acute water shortage during summers. Water supply arrangement and Anganwadi upgradation activities were taken up for this village. 	77	100%
9	<p>Dhamole gaon is a small tribal hamlet situated in Kharghar, Navi Mumbai. It has nearly 100 households comprising of Khatkari and Thakur tribals.</p> <p>Like most tribal hamlets, Dhamole gaon too is impacted by urbanization – their forest land is slowly getting covered by buildings, they do not have ownership to the land and face fear of displacement, green cover has depleted, there is scarcity of water. Women spent 1 to 2 hours daily in filling water.</p> <p>The Aangan wadi where 35 to 40 students attend was also in poor condition. Following activities were undertaken for the village</p> <ul style="list-style-type: none"> Installation of water lifting system Renovation of Anganwadi 	300	100%

PRINCIPLE 9 Businesses should engage with and provide value to their consumers in a responsible manner

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.-

The Bank has suitable grievance redress mechanism in place and also has a toll-free number where the customer can lodge a complaint or provide their feedback. A dedicated customer service team addresses the customer complaints and feedbacks. The customers can also use internet banking and mobile banking applications to raise their queries, complaints and feedbacks, in addition to the traditional approach of raising such issues through the branch banking network.

2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

Category	As a percentage to total turnover
Environmental and social parameters relevant to the product	N/A
Safe and responsible usage	N/A
Recycling and/or safe disposal	N/A

Remarks: Not Applicable as per the nature of the business The Bank believes that it has a critical role to carry out in furthering financial inclusion in the nation to accomplish inclusive and equitable growth. the Bank caters to those who do not have access to formal system of finance and helps such unbanked and underbanked people by offering loan products such as Joint Liability Group loans, loans for , Affordable housing, Savings Accounts, Recurring Deposits, etc. The Bank principally deals with financially vulnerable sections of the society and hence it is even more mindful and responsible in its lending practices.

3. Number of consumer complaints in respect of the following:

	FY2022-23			FY2021-22		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at the end of year	Remarks
Data privacy	Nil	Nil	Nil	Nil	Nil	Nil
Advertising	Nil	Nil	Nil	Nil	Nil	Nil
Cyber-security	Nil	Nil	Nil	Nil	Nil	Nil
Delivery of essential services	Nil	Nil	Nil	Nil	Nil	Nil
Restrictive Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Unfair Trade Practices	Nil	Nil	Nil	Nil	Nil	Nil
Other	Nil	Nil	Nil	Nil	Nil	Nil

4. Details of instances of product recalls on account of safety issues:

Category	Number	Reasons for recall
Voluntary recalls	Nil	Nil
Forced recalls	Nil	Nil

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.-

The Bank follows a highly structured and regulated framework on cyber security and ensures that cyber security related risks (example data privacy) as also safety and security of banking operations for customers via internet banking or branch banking is optimally secure and safe.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.-

Not applicable- No cases that related to relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).
www.suryodaybank.com
2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.-
The bank has a publicly accessible product literature and it endeavours to have a real-time interaction between its staff and potential clients or existing clients, to guide them in every respect regarding the products- its features, suitability, benefits, risks to the customer etc. Furthermore, the Bank has proposed to embark on detailing a customer centric charter of responsibilities and action by the Bank. This project should be available to customers and public by FY24.
3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.-
The Bank proposes a business continuity plan for its clients, which is under progress. This project should be available to customers and public by FY24.
4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)-
The Bank endeavours to provide transparent information on its products & services through its website which has detailed information on product features, service charges and applicable fees. the Bank publishes interest rates for various deposit schemes on the website. SMS alerts are sent to customers when charges or fees are levied.
5. Provide the following information relating to data breaches: a. Number of instances of data breaches along-with impact-
Nil
6. Provide the following information relating to data breaches: b. Percentage of data breaches involving personally identifiable information of customers-
Nil.

Independent Auditor's Report

To the Members of
Suryoday Small Finance Bank Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of **Suryoday Small Finance Bank Limited** ('the Bank'), which comprise the Balance Sheet as at 31 March 2023, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 as well as the Companies Act, 2013 ('the Act') and circulars and guidelines issued by the Reserve Bank of India ('the RBI'), in the manner so required for banking companies and give a true and fair view, in conformity with the Accounting Standards specified 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 2023, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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 ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report

Identification of Non-Performing Advances (NPA) and provisioning and write off for loans and advances

- As at 31 March 2023, the Bank reported total loans and advances (net of provisions) of ₹ 6,015 crores (2022: 4,751 crores), gross NPAs of ₹ 191 crores (2022: ₹ 598 crores), and provision for non-performing assets of ₹ 98 crores (2022: ₹ 314 crores). The Bank has written off loans of ₹ 275 crores during the year ended 31 March 2023.

The provision coverage ratio (excluding write-offs) as at 31 March 2023 is 51.42% (2022: 52.57%)

[Refer schedules 9, schedule 17 and schedule 18(4) to the financial statements]

Key Audit Matter	How our audit addressed the key audit matter
<p>Identification of NPA and measurement of provision for loans and advances is made based on the assessment of various criteria stipulated in the Reserve Bank of India ('RBI') guidelines on 'Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to advances' ('IRACP').</p> <p>The Bank is required to have a Board approved policy as per the IRACP guidelines for NPA identification and provision and write off for loans and advances.</p> <p>The IRACP guidelines stipulate the requirement to identify NPA through defined criteria such as past due status, out of order status etc. Provisions in respect of such NPAs and restructured advances are made based on minimum provisioning levels prescribed under the IRACP and Bank's internal credit policy. The provision on NPAs are also based on the valuation of the security available. In case of restructured accounts, provision is made for erosion/diminution in fair value of restructured loans, in accordance with the IRACP guidelines. Further, NPA classification is made borrower wise whereby if one facility to the borrower becomes an NPA then all facilities to such a borrower will be treated as an NPA.</p> <p>The Bank is also required to apply its judgement to determine the identification of NPA and provision required for loans and advances by applying quantitative as well as qualitative factors. The risk of identification of NPA is affected by factors like stress and liquidity concerns in certain sectors, profile of borrowers etc. Similarly, the Bank is also required to make judgements to identify the loans and advances which are non-recoverable and thereby determined to be written off.</p> <p>The Bank had extended benefits to its borrowers in line with the various guidelines and circulars related to COVID-19 – Regulatory Packages and Resolution Framework for COVID-19-related Stress announced by RBI in 2020 and 2021.</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> Understood the process and controls and tested the design and operating effectiveness of key internal controls (including application controls) over: <ul style="list-style-type: none"> Approval, recording and collection of loans; Identification and classification of NPA in line with IRACP guidelines; and Measurement of provision on loans and advances in line with IRACP guidelines including valuation of security and collateral against loans. Substantive procedures included: <ul style="list-style-type: none"> Evaluated the Bank's accounting and internal policies for identification of NPAs and provisioning and write off on loans and advances; For borrowers, assessed the appropriateness of asset classification and adequacy of related provisioning by performing procedures such as computation of ageing, assessment of borrower level NPA identification and verification of applicable provision rates as per IRACP norms and Bank's Policy on test check basis; Verified performing loans on test check basis to assess whether they should be classified as NPA; Performed inquiries with the management of the Bank to ascertain if there were indicators of stress, perceived credit risk or occurrence of an event of default in any particular class of borrowers, product category or loan account that warrants NPA assessment; Verified on a sample basis that the loan write-offs during the year is in accordance with Board approved policy;

Independent Auditor's Report

Key Audit Matter	How our audit addressed the key audit matter
<p>During the current year, the Bank has entered into non-recurring transaction for transfer of stressed loans to Edelweiss Asset Reconstruction Company in accordance with the RBI's guidelines governing the transfer of stressed loans - Reserve Bank of India (Sale of Loan Exposures) Direction, 2021 (RBI/DOR/2021-22/86 DOR. STR.REC.51/21.04.048/2021-22 dated 24 September 2021 (Updated 05 December 2022). ("RBI Master Directions") as further detailed in note 18(3)(f) to the accompanying financial statements.</p> <p>Considering the significance of the above matter to the financial statements, the heightened regulatory compliances, and significant auditor attention required, we have identified this as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> • Verified restructured accounts on test check basis to assess compliance with the Resolution Framework and adequacy of provisioning requirements as per RBI norms. • Verified whether the transfer of stressed loans is in accordance with RBI Master Directions and the de-recognition of loans transferred and subsequent loss on transfer has been accounted as per the RBI Master Directions • Obtained and read the latest RBI Annual Financial Inspection report and other communications with regulators during the year • Assessed disclosures included in the financial statements in respect of asset classifications and provisioning, including specific disclosures made in accordance with the requirements of the COVID-19 Resolution Framework and RBI Master Directions on transfer of stressed loans.

Information Technology ("IT") Systems and Controls for the financial reporting process

Key Audit Matter	How our audit addressed the key audit matter
<p>The IT environment of the Bank is complex as it involves a number of independent and inter-dependent IT systems which are used in the operations of the Bank for processing and recording a large volume of transactions at numerous locations on a daily basis.</p> <p>As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Bank which impacts key financial accounting and reporting items such as loans, interest income, provision on loans amongst others. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p> <p>Our area of audit focus for the IT systems and the related control environment included:</p> <ul style="list-style-type: none"> ➤ IT general controls over user access management and change management across applications, networks, database, and operating systems; ➤ IT application controls (automated controls) relevant for financial reporting. 	<p>We included specialized IT auditors as part of our audit team to perform audit procedures which included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the Bank's IT related control environment and identified IT applications that are relevant to our audit. Also, obtained an understanding of the changes that were made to the identified IT applications during the audit period and tested those changes that had a significant impact on financial reporting. • Tested IT general controls particularly access rights over applications, change management across identified applications, password policies, security configuration etc. We also assessed the design and operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested segregation of duties, including preventive controls to ensure that access to change applications, the operating system or databases in the production environment were granted only to authorized personnel.

Independent Auditor's Report

Key Audit Matter	How our audit addressed the key audit matter
<p>Migration of IT systems during the year</p> <p>During the year, the Bank has migrated to a new core banking system for its retail assets and liabilities.</p> <p>Such significant system change increases the risk to the internal financial control environment. These changes represent a financial reporting risk while migration takes place as controls and process that have been established earlier are updated and migrated to a new environment.</p> <p>Hence, our audit strategy focused on this migration of IT systems due to the risk of error and the impact such an error could have on the Bank's financial accounting and reporting process.</p> <p>Accordingly, due to the importance of the impact of the IT systems and automated controls, new system implementation and related control environment on the Bank's financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> • Tested related application level controls relevant to the audit mainly for loans, interest income, provision for loan assets, deposits amongst others, for evaluating completeness and accuracy; • Where deficiencies were identified, tested compensating controls or performed alternative procedures. <p>Apart from above, below procedures were performed in relation to migration of IT systems which included:</p> <ul style="list-style-type: none"> • Obtained an understanding of the migration process and evaluated the controls established by the Bank for such migration activity; • Verified system migration reports approved by appropriate personnel, mock runs observations and remediations, general ledger wise balance transfer, system access controls reconciliations, etc to ensure accuracy and completeness of transfer of data between the systems; • Verified on sample basis for transfer of amount outstanding as on the cutoff date for advances; • Verified on sample basis for transfer of deposit balances as on the cutoff date for deposit account holders; and • Obtained the observations of the management arising from their testing of the data migration activity and ensured that exceptions if any have been rectified and concluded.

Information other than the Financial Statements and Auditor's Report thereon

6. The Bank's Board of Directors are responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Report on Corporate Governance, and Directors' Report but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information

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

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

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

7. The accompanying financial statements have been approved by the Bank's Board of Directors. The Bank's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to

Independent Auditor's Report

the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the Accounting Standards specified under section 133 of the Act, read with the Companies (Accounting Standards) Rules, 2021 and other accounting principles generally accepted in India, and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by the RBI from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

10. 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 Standards on Auditing 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.

11. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act, 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 with reference to financial statements in place and the operating effectiveness of such controls;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' 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.

Independent Auditor's Report

- 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.
12. 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.
 13. 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.
 14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- c) We have visited 25 branches to examine the books of accounts and other records maintained at the branch for the purpose of our audit. Since the key operations of the Bank are automated with the key applications integrated to the core banking system, the audit is carried out at centrally as all the necessary records and data required for the purposes of our audit are available therein.
17. With respect to the matter to be included in the auditor's report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under the Banking Regulation Act, 1949; the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section is not applicable.

Further, as required by section 143 (3) of the Act, based on our audit, we report, to the extent applicable, that:

Report on Other Legal and Regulatory Requirements

15. 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 section 133 of the Act.
 16. As required by sub-section (3) of section 30 of the Banking Regulation Act, 1949, we report that:
 - a) We have 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, have been within the powers of the Bank;
- 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 of the accompanying financial statements;
 - 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 financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2021, to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - e) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank as on 31 March 2023 and operating effectiveness of such controls, refer to our separate Report in Annexure A wherein we have expressed an unmodified opinion; and
 - f) 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

Independent Auditor's Report

best of our information and according to the explanations given to us:

- i. The Bank, as detailed in schedule 12 and schedule 18 - note (20)(b) to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2023;
- ii. The Bank has made provision as at 31 March 2023, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Bank does not have any derivative contracts as at 31 March 2023;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank during the year ended 31 March 2023. Refer schedule 18 – note 20(n);
- iv.
 - a. The management has represented that, to the best of its knowledge and belief, as disclosed in schedule 18 - note 20(w)(i) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Bank to or in any person(s) or entity(ies), including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, as disclosed in schedule 18 - note 20(w) (ii) to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Bank shall, whether 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; and
- c. Based on such audit procedures performed, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Bank has not declared or paid any dividend during the year ended 31 March 2023.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 requires all companies which use accounting software for maintaining their books of account, to use such an accounting software which has a feature of audit trail, with effect from the financial year beginning on 1 April 2023 and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 (as amended) is not applicable for the current financial year.

For Walker Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782
UDIN: 23105782BGXTBZ7571
Place: Mumbai
Date: 15 May 2023

Annexure A referred to in paragraph “17(e)” under the heading “Report on Other Legal and Regulatory Requirements” in the Independent Auditor’s Report of even date to the members of Suryoday Small Finance Bank Limited on the financial statements for the year ended 31 March 2023

Independent Auditor’s Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (‘the Act’)

1. In conjunction with our audit of the financial statements of Suryoday Small Finance Bank Limited (‘the Bank’) as at and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Bank as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Bank’s Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal controls 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 the Bank’s 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 Act.

Auditor’s Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Bank’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (‘ICAI’) prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (‘the Guidance Note’) issued by the ICAI. Those Standards and the Guidance Note

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A Bank’s internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Bank’s internal financial controls with reference to financial statements include 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

Independent Auditor's Report

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

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

Opinion

8. In our opinion, the Bank has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2023, based on internal financial controls with reference to financial statements criteria established by the Bank considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For **Walker Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782
UDIN: 23105782BGXTBZ7571
Place: Mumbai
Date: 15 May 2023

Balance Sheet

As at March 31, 2023

(₹ in '000)

	Schedule	As at March 31, 2023	As at March 31, 2022
CAPITAL AND LIABILITIES			
Capital	1	1,061,587	1,061,587
Reserves and Surplus	2	14,785,688	13,989,591
Deposits	3	51,667,199	38,538,828
Borrowings	4	27,654,139	25,513,350
Other liabilities and provisions	5	3,443,599	2,698,477
TOTAL		98,612,212	81,801,833
ASSETS			
Cash and balances with Reserve Bank of India	6	7,842,266	6,074,525
Balances with banks and money at call and short notice	7	488,748	3,702,419
Investments	8	25,701,865	20,576,805
Advances	9	60,150,511	47,508,836
Fixed Assets	10	1,644,775	1,152,496
Other Assets	11	2,784,047	2,786,752
TOTAL		98,612,212	81,801,833
Contingent liabilities	12	222,919	41,461
Bills for collection			
Significant accounting policies and Notes to accounts	17 & 18		

The schedules referred to above form an integral part of the balance sheet

As per our Report of even date
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

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

Sudhir N. Pillai
Partner
Membership No: 105782

R. Ramachandran
Chairperson
DIN-01953653

Baskar Babu Ramachandran
Managing Director and
Chief Executive Officer
DIN-02303132

Jyotin Mehta
Director
DIN-00033518

Krishna Kant Chaturvedi
Company Secretary

Kanishka Chaudhary
Chief Financial Officer

Place: Navi Mumbai
Date: May 15, 2023

Profit and Loss Account

for the year ended March 31, 2023

(₹ in '000)

	Schedule	Year ended March 31, 2023	Year ended March 31, 2022
I. INCOME			
Interest earned	13	11,836,821	9,418,210
Other income	14	974,224	935,584
TOTAL		12,811,045	10,353,794
II. EXPENDITURE			
Interest expended	15	4,371,081	3,573,652
Operating expenses	16	5,065,385	4,131,045
Provisions and contingencies		2,597,670	3,579,417
TOTAL		12,034,136	11,284,114
III. PROFIT			
Net profit for the year		776,909	(930,320)
Net balance in profit and loss account brought forward		1,119,623	2,051,532
TOTAL		1,896,532	1,121,212
IV. APPROPRIATIONS			
Transfer to Statutory Reserve		194,227	-
Transfer to Investment Fluctuation Reserve		188,428	-
Transfer to Capital Reserve		-	1,589
Balance carried over to Balance Sheet		1,513,877	1,119,623
TOTAL		1,896,532	1,121,212
V. EARNINGS PER EQUITY SHARE (Face value of ₹ 10 per share)			
Basic	18	7.32	(8.76)
Diluted	18	7.32	(8.76)

Significant accounting policies and Notes to accounts 17 & 18

The schedules referred to above form an integral part of the Profit and Loss Account

As per our Report of even date
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

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

Sudhir N. Pillai
Partner

Membership No: 105782

R. Ramachandran
Chairperson

DIN-01953653

Baskar Babu Ramachandran
Managing Director and
Chief Executive Officer

DIN-02303132

Jyotin Mehta
Director

DIN-00033518

Krishna Kant Chaturvedi
Company Secretary

Kanishka Chaudhary
Chief Financial Officer

Place: Navi Mumbai
Date: May 15, 2023

Cash Flow Statement

for the year ended March 31, 2023

(₹ in '000)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash flows (used in)/from operating activities		
Net profit before tax	1,008,562	(1,270,627)
Adjustments for:		
Depreciation on fixed assets	433,304	193,809
Provision for non performing assets	398,788	1,022,211
Provision for standard assets	39,165	58,014
Write off of advances	2,410,709	2,181,967
Provision on depreciation on investment	(145,458)	83,839
Other provision	(651,088)	658,421
Loss on discard of fixed assets	650	-
Profit on sale of fixed assets	(118)	(758)
Amortisation of premium on held to maturity investment	28,228	26,556
Employee stock option expenses	25,292	9,302
Floating provision	178,436	-
Loss on transfer of stressed assets	215,271	-
	3,941,741	2,962,734
Adjustments for:		
(Increase) in investments	(3,330,338)	(1,288,880)
(Increase) in advances	(15,775,115)	(10,959,685)
Increase in deposits	13,128,371	5,941,259
(Increase) in others assets	(242,319)	(136,260)
Increase in other liabilities and provisions	1,287,255	169,301
	(4,932,146)	(6,274,265)
Direct taxes paid (net of refunds)	13,402	(153,601)
Net cash flow used in operating activities	(977,003)	(3,465,132)
Cash flow used in investing activities		
Purchase of fixed assets (Including capital work in progress)	(926,353)	(914,227)
Proceeds from sale of fixed assets	133	877
Investment in fixed deposit	(53,368)	(1,320)
Net investment in banking book	(690,921)	(661,353)
Investment in security receipts	(1,148,350)	-
Security receipts redeemed	161,879	-
Net cash used in investing activities	(2,656,980)	(1,576,024)

Cash Flow Statement (Contd.)

for the year ended March 31, 2023

(₹ in '000)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Cash flow from financing activities		
Proceeds from issue of share capital (inclusive of issue expense) [Refer note - 18(1)(b)]	(6,104)	3,224
Proceeds from Borrowings	7,502,189	14,500,000
Repayment of Borrowings	(5,361,400)	(5,652,850)
Net cash flow from financing activities	2,134,685	8,850,374
Net (decrease)/increase in cash and cash equivalents	(1,499,298)	3,809,218
Cash and cash equivalents at the beginning of the year	9,741,124	5,931,906
Cash and cash equivalents at the end of the year (Refer note below)	8,241,826	9,741,124

Note:

Components of cash and cash equivalents:

Cash and Balances with Reserve Bank of India (Refer Schedule 6)	7,842,266	6,074,525
Balances with banks in current Accounts (Refer Schedule 7 I (i) (a))	399,560	417,647
Money at call and short notice (Refer Schedule 7 I (ii))	-	3,248,952
Cash and cash equivalents at the end of the year	8,241,826	9,741,124

As per our Report of even date
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

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

Sudhir N. Pillai
Partner

Membership No: 105782

R. Ramachandran
Chairperson

DIN-01953653

Baskar Babu Ramachandran
Managing Director and
Chief Executive Officer

DIN-02303132

Jyotin Mehta
Director

DIN-00033518

Krishna Kant Chaturvedi
Company Secretary

Kanishka Chaudhary
Chief Financial Officer

Place: Navi Mumbai
Date: May 15, 2023

Schedules to the Financial Statements

As at March 31, 2023

SCHEDULE 1 - CAPITAL

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
Authorised Capital		
125,000,000 (March 31, 2022: 125,000,000) equity shares of ₹ 10 each	1,250,000	1,250,000
Issued, Subscribed and Paid-up Capital		
106,158,749 (March 31, 2022: 106,158,749) equity shares of ₹ 10 each fully paid up [Refer note -18 (1.a)]	1,061,587	1,061,587
Total	1,061,587	1,061,587

SCHEDULE 2 - RESERVES AND SURPLUS

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Statutory Reserve¹		
Opening balance	699,626	699,626
Addition during the period [Refer note - 18(1)(c)(i)]	194,227	-
Total	893,853	699,626
II. Capital Reserve		
Opening balance	13,857	12,268
Addition during the period [Refer note - 18(1)(c)(ii)]	-	1,589
Total	13,857	13,857
III. Share Premium		
Opening balance	11,871,399	11,871,399
Addition during the period	-	-
Amounts utilized toward share issue expenses [Refer note - 18(1)(b)]	(6,104)	-
Total	11,865,295	11,871,399
IV. General Reserve		
Opening balance	23,953	7,185
Addition during the period	29,596	16,768
Total	53,549	23,953
V. Employee Stock Options Reserve		
Opening balance	92,100	101,083
Employee compensation expense for the period	25,292	9,302
Transfer to Share Premium Account/Share Capital on exercise of stock options	-	(1,517)
Transfer to General Reserve for Non- exercise of ESOP's	(29,596)	(16,768)
Total	87,796	92,100
VI. Investment Reserve		
Opening balance	-	-
Addition during the period	-	-
Total	-	-
VII. Investment Fluctuation Reserve²		
Opening balance	169,033	169,033
Addition during the period [Refer note - 18(1)(c)(iii)]	188,428	-
Total	357,461	169,033

Schedules to the Financial Statements

As at March 31, 2023

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
VIII. Balance in Profit and Loss Account		
Balance brought from Profit and Loss	1,513,877	1,119,623
Total	1,513,877	1,119,623
Total	14,785,688	13,989,591

- 1 Statutory reserve has been created pursuant to section 17(1) and section 11(2)(b)(ii) of Banking Regulation Act, 1949. Also, refer note 18 (1)(c)(i).
- 2 Represents an amount transferred to Investment Fluctuation Reserve (IFR) from disposable profit. As per the RBI guidelines, an amount not less than the lower of net profit on sale of AFS and held-for-trading (HFT) category investments during the year or net profit for the year less mandatory appropriations is required to be transferred to IFR, until the amount of IFR is at least 2% of the HFT and AFS portfolio. The Bank can drawdown balance available in IFR in excess of 2% of its AFS and HFT portfolio. Also, refer note 18(1)(c)(iii).

SCHEDULE 3 - DEPOSITS

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
A. I. Demand Deposits		
i) From banks	277,579	375,259
ii) From others	1,638,611	581,239
Total	1,916,190	956,498
II. Savings Bank Deposits	6,924,694	6,283,298
III. Term Deposits		
i) From banks	6,763,034	7,922,688
ii) From others	36,063,281	23,376,344
Total	42,826,315	31,299,032
Total	51,667,199	38,538,828
B. I. Deposits of branches in India	51,667,199	38,538,828
II. Deposits of branches outside India	-	-
Total	51,667,199	38,538,828

SCHEDULE 4 - BORROWINGS

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Borrowings in India*		
i) Reserve Bank of India	7,500,000	7,500,000
ii) Other institutions and agencies	19,154,139	16,763,350
iii) Unsecured redeemable debentures and term loan (Subordinate debts included in Tier 2 capital)	1,000,000	1,250,000
	27,654,139	25,513,350
II. Borrowings outside India	-	-
	27,654,139	25,513,350

*Secured Borrowings is ₹ 2,295 crores (March 31, 2022: ₹ 2,426 crores) other than Tri-Party Repo and Repo.

Schedules to the Financial Statements

As at March 31, 2023

SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Bills payable	258,922	355,727
II. Inter - office adjustments (net)	-	-
III. Interest accrued	494,460	217,351
IV. Others (including provisions)		
(i) Contingent provisions against standard assets	233,790	194,625
(ii) Others liabilities	2,456,427	1,930,774
Total	3,443,599	2,698,477

SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Cash in hand	77,702	83,287
II. Balances with Reserve Bank of India		
i) in Current account	2,534,564	1,511,238
ii) in Other accounts	5,230,000	4,480,000
Total	7,842,266	6,074,525

SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. In India		
i) Balances with banks		
a) In Current accounts	399,560	417,647
b) In Other deposit accounts	89,188	35,820
Total	488,748	453,467
ii) Money at call and short notice		
a) With banks	-	750,000
b) With other institutions	-	2,498,952
Total	-	3,248,952
Total	488,748	3,702,419
II. Outside India		
i) In Current account	-	-
ii) In other Deposit account	-	-
iii) Money at call and short notice	-	-
Total	-	-
Total	488,748	3,702,419

Schedules to the Financial Statements

As at March 31, 2023

SCHEDULE 8 - INVESTMENTS

	(₹ in '000)	
	As at March 31, 2023	As at March 31, 2022
A. Investments in India		
i) Government securities	24,505,796	19,671,172
ii) Other approved securities	-	-
iii) Shares	7,702	7,702
iv) Debentures and bonds	201,796	402,265
v) Subsidiaries and/or joint ventures	-	-
vi) Others (Certificate of Deposit, Security Receipts)	986,571	495,666
Total	25,701,865	20,576,805
B. Investments outside India		
i) Government securities	-	-
ii) Subsidiaries and/or joint ventures	-	-
iii) Others (equity shares and bonds)	-	-
Total	-	-
Total	25,701,865	20,576,805
C. Investments		
i) Gross value of investments		
a) In India	25,830,183	20,850,580
b) Outside India	-	-
Total	25,830,183	20,850,580
ii) Provision for depreciation		
a) In India	128,318	273,775
b) Outside India	-	-
Total	128,318	273,775
iii) Net value of investments		
a) In India	25,701,865	20,576,805
b) Outside India	-	-
Total	25,701,865	20,576,805

SCHEDULE 9 - ADVANCES*

	(₹ in '000)	
	As at March 31, 2023	As at March 31, 2022
A		
i) Bills purchased and discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	1,816,058	1,269,294
iii) Term loans	58,334,453	46,239,542
Total	60,150,511	47,508,836
B		
i) Secured by tangible assets	18,863,777	14,415,539
ii) Covered by Bank / Government Guarantees	-	-
iii) Unsecured	41,286,733	33,093,297
Total	60,150,511	47,508,836
C. I. Advances in India		
i) Priority sectors [Refer note - 4 (b)]	23,323,301	11,073,648
ii) Public sector	-	-
iii) Banks	92,217	-
iv) Others	36,734,993	36,435,188
Total	60,150,511	47,508,836

Schedules to the Financial Statements

As at March 31, 2023

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
C. II. Advances outside India		
i) Due from banks	-	-
ii) Due from others	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
Total	-	-

SCHEDULE 10 - FIXED ASSETS

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I Premises		
Gross Block		
At cost on March 31 of the preceding year	31,872	31,872
Additions during the year	-	-
Deductions during the year	-	-
Total	31,872	31,872
Depreciation		
As at March 31 of the preceding year	12,223	10,160
Charge for the year	1,867	2,063
Deductions during the year	-	-
Total	14,090	12,223
Net Block	17,782	19,649
II Other fixed assets (including furniture & fixtures and software)		
Gross Block		
At cost on March 31 of the preceding year	1,210,631	707,966
Additions during the year	1,405,162	504,740
Deductions during the year	(55,307)	(2,075)
Total	2,560,486	1,210,631
Depreciation		
As at March 31 of the preceding year	569,956	380,166
Charge for the year	431,437	191,747
Deductions during the year	(54,638)	(1,957)
Total	946,755	569,956
Net Block	1,613,731	640,676
III Capital work in progress	13,262	492,171
Total	1,644,775	1,152,496

Schedules to the Financial Statements

As at March 31, 2023

SCHEDULE 11 - OTHER ASSETS

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Inter - office adjustments (net)	-	165
II. Interest accrued	820,279	786,290
III. Tax paid in advance/tax deducted at source (net of provision for tax)	103,249	259,617
IV. Stationery and stamps	292	-
V. Deferred tax assets (net)	974,471	1,063,128
VI. Others	885,756	677,552
Total	2,784,047	2,786,752

SCHEDULE 12 - CONTINGENT LIABILITIES

(₹ in '000)

	As at March 31, 2023	As at March 31, 2022
I. Claims against the bank not acknowledged as debts	221,743	40,285
II. Liability for partly paid investments		
III. Liability on account of outstanding forward exchange contracts	-	-
IV. Guarantees given on behalf of constituents :		
(a) In India	-	-
(b) Outside India	-	-
VI. Acceptances, endorsements and other obligations	-	-
VII. Other items for which the bank is contingently liable	1,176	1,176
Total	222,919	41,461

SCHEDULE 13 - INTEREST EARNED

(₹ in '000)

	Year ended March 31, 2023	Year ended March 31, 2022
I. Interest/discount on advances/bills	10,249,256	8,173,341
II. Income on investments	1,497,312	1,116,611
III. Interest on balances with Reserve Bank of India and other inter-bank funds	89,886	126,758
IV. Others	367	1,500
Total	11,836,821	9,418,210

Schedules to the Financial Statements

for the year ended March 31, 2023

SCHEDULE 14 - OTHER INCOME

(₹ in '000)

	Year ended March 31, 2023	Year ended March 31, 2022
I. Commission, exchange and brokerage	933,394	608,823
II. Profit/ (Loss) on sale of investments (net)	(354,477)	(60,182)
III. Profit/(Loss) on sale of fixed assets (net)	118	758
IV. Miscellaneous income [Refer note - 20(f)(i)]	395,189	386,185
Total	974,224	935,584

SCHEDULE 15 - INTEREST EXPENDED

(₹ in '000)

	Year ended March 31, 2023	Year ended March 31, 2022
I. Interest on deposits	2,747,186	2,285,190
II. Interest on Reserve Bank of India/ inter-bank borrowings	422,325	291,321
III. Others	1,201,570	997,141
Total	4,371,081	3,573,652

SCHEDULE 16 - OPERATING EXPENSES

(₹ in '000)

	Year ended March 31, 2023	Year ended March 31, 2022
I. Payments to and provisions for employees	2,423,737	2,281,638
II. Rent, taxes and lighting	345,096	288,747
III. Printing and stationery	63,577	26,056
IV. Advertisement and publicity	16,019	5,988
V. Depreciation on Bank's property	433,304	193,809
VI. Director's fees/remuneration, allowances and expenses	14,660	12,189
VII. Auditors' fees and expenses	10,500	10,800
VIII. Law charges	28,078	46,314
IX. Postage, Telegrams, Telephones, etc.	55,453	32,508
X. Repairs and maintenance	510,951	529,136
XI. Insurance	116,015	89,150
XII. Other expenditure (includes professional fees) [Refer note -20(f)(ii)]	1,047,995	614,710
	5,065,385	4,131,045

Schedules to the Financial Statements

for the year ended March 31, 2023

Schedule 17 – Basis of preparation and significant accounting policies

1. Background and nature of operations

Suryoday Small Finance Bank Limited (the 'Bank' or 'Company') started its banking operation in January 2017 pursuant to SFB Licence given by Reserve Bank of India (RBI). The Bank is included in the Second schedule to the Reserve Bank of India Act, 1934 vide Notification No. DBR.NBD. (SFB- Suryoday). No. 766/16.13.216/201718 dated 24 July 2017 and published in the Gazette of India (part III- Section 4) dated 2 September 2017. The Bank's equity shares are listed on NSE and BSE. The Bank operates with 577 banking outlets as on March 31, 2023.

The Bank is primarily engaged in extending micro credit to economically weaker women who are otherwise unable to access finance from the mainstream banking channels. The Bank broadly follows the Grameen model with suitable adaptations using the Joint Liability Groups (JLG) framework, where each member of the group guarantees the loan repayment of the other members of the group. The Bank also provides finance for mortgage loans, commercial vehicles, loans to micro, small and medium enterprises and loans to non-banking finance companies (NBFCs).

2. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Third Schedule of the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time (RBI guidelines), Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016, in so far as they apply to banks.

Use of estimates

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and

the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

3. Significant accounting policies

A. Investments

Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into "Held for Trading" ('HFT'), "Available for Sale" ('AFS') and "Held to Maturity" ('HTM' or "Banking book") categories (hereinafter called "categories"). Subsequent shifting amongst the categories is done in accordance with the RBI guidelines.

Under each of these categories, investments are further classified under six groups (hereinafter called "groups") – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

The Bank follows settlement date accounting for purchase and sale of investments except for Central & State government securities where settlement date method of accounting is followed in accordance with RBI Guidelines.

Basis of classification:

Investments that are held principally for resale within 90 days from the date of purchase are classified under HFT category.

Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments which are not classified in either of the above categories are classified under AFS category.

Acquisition Cost and Broken Period Interest
Brokerage, commission and broken period interest on debts instruments are recognised in Profit and Loss Account and are not included in the cost of acquisition.

Disposal of Investments

Profit/loss on sale of investments under the aforesaid three categories is recognised in the Profit and Loss Account. Cost of investments is based on the

Schedules to the Financial Statements

for the year ended March 31, 2023

weighted average cost method. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is appropriated from Profit and Loss Account to "Capital Reserve" in accordance with the RBI Guidelines.

Short Sale

The Bank undertakes short sale transactions in dated central government securities in accordance with RBI guidelines. The short positions are categorised under HFT category and netted off from investments in the Balance Sheet. These positions are marked-to-market along with the other securities under HFT portfolio. The mark to-market loss is charged to profit and loss account and gain, if any, is ignored as per RBI guidelines.

Valuation

Investments classified under AFS and HFT categories are marked to market as per the RBI guidelines.

Traded investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA')/ Financial Benchmark India Private Limited (FBIL), periodically.

The market value of Central Government securities (G Sec) and state development Loans (SDL which qualify for determining the Statutory Liquidity Ratio ('SLR'), included in the AFS and HFT categories, is computed as per the Yield-to-Maturity ('YTM') rates published by FBIL.

The valuation of other unquoted fixed income securities (viz. other approved securities, bonds and debentures) and preference shares is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FBIL.

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund. Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the groups, is charged to the Profit and Loss Account. The net appreciation, if any, in any of the groups is not recognised except to the extent of depreciation already provided.

Investments classified under HTM category are carried at their acquisition cost and not marked to market. Any premium on acquisition is amortised over the remaining maturity period of the security on a constant yield-to-maturity basis. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines.

Non-performing investments are identified, and depreciation / provision are made thereon based on the RBI guidelines. The depreciation / provision on such non-performing investments are not set off against the appreciation in respect of other performing securities. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

As per the RBI circular RBI/2017-18/147 DBR. No.BP. BC.102/21.04.048/2017-18 dated April 2, 2018, to build up adequate reserves to protect against increase in yields in future, the Bank has created an Investment Fluctuation Reserve (IFR) to the extent of the lower of following: a) net profit on sale of investments during the year; b) net profit for the year less mandatory appropriations. As per the RBI circular, this reserve will be created until the amount of IFR is at least 2 percent of the HFT and AFS portfolio, on a continuing basis and where feasible this should be achieved within a period of three year.

Investment Reserve Account

In accordance with the RBI Master Circular on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks, in case the provision on account of depreciation in the HFT and AFS categories is found to be in excess of the required amount, the excess is credited to the Profit and Loss Account and an equivalent amount net of taxes, if any, and adjusted for transfer to Statutory Reserve as applicable to such excess provision is appropriated to the Investment Reserve Account.

Repo and Reverse Repo Transactions

In accordance with the RBI guidelines, repurchase and reverse repurchase transactions in government securities including those conducted under the Liquidity Adjustment Facility ('LAF'), Marginal Standing Facility ('MSF') and Standing Deposit Facility ('SDF') with RBI are accounted as borrowing / lending transactions accordingly.

Schedules to the Financial Statements

for the year ended March 31, 2023

Borrowing cost on repo transactions is accounted for as interest expense and revenue on reverse repo transactions is accounted for as interest income.

B. Advances

Advances are classified as performing and non-performing advances ('NPAs') as per the RBI guidelines on Income Recognition and Asset Classification and are stated net of specific provisions made towards NPAs and inter-bank participation with risk. Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by the RBI. Provisions for NPAs are made for sub-standard and doubtful assets at rates as prescribed by the RBI. NPAs are identified by periodic appraisals of the loan portfolio by management. Loans given under Emergency Credit Line Guarantee Scheme (ECLGS) classified as NPA are not provided for since these are fully guaranteed under the ECGLS scheme of Government of India.

NPA accounts are written off in accordance with RBI guidelines and Bank's Policy post approval from Board of Directors (BOD). Amounts recovered against debts written-off are recognised in the Profit and Loss account.

For restructured/rescheduled assets, provision is made in accordance with guidelines issued by RBI. The restructured accounts are classified in accordance with RBI guidelines.

The Bank maintains a general provision on standard advances at the rates prescribed by RBI. Provision made against standard assets is included in "Other liabilities & provisions".

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 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.

Provisions made in excess of the Bank's policy for specific loan provisions for non-performing assets and regulatory general provisions are categorised as floating provisions. Creation of floating provisions is

considered by the Bank up to a level approved by the BOD. In accordance with the RBI guidelines, floating provisions are used up to a level approved by the BOD and RBI only for contingencies under extraordinary circumstances and for making specific provisions for impaired accounts as per these guidelines or any other regulatory guidelines as applicable. The floating provision is netted-off from advances.

The Bank recognises the provision for unhedged foreign currency exposure of its borrowers as per regulatory guidelines stipulated by the RBI from time to time and as per methodology prescribed. The provisions are included in provision for standard assets and reported under other liabilities.

C. Transfer and Servicing of Assets

The Bank transfers loans through securitisation transactions. The transferred loans are de-recognised, and gains/losses are accounted for, only if the Bank surrenders the rights to benefits specified in the underlying securitised loan contract.

In accordance with the RBI guidelines for securitisation of standard assets, the profit/premium arising from sell down/securitisation to be amortised over the life of the transaction based on the method prescribed in the guidelines and the loss, if any, arises in the sell down/securitisation transaction, is recognised upfront in the Profit or Loss Account.

The Bank transfers advances through inter-bank participation with risk. In accordance with the RBI guidelines, for participation with risk, the aggregate amount of the participation issued by the Bank is reduced from advances.

D. Priority Sector Lending Certificates

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction, the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as 'Miscellaneous Income' and the fee paid for purchase of the PSLCs is recorded as 'Other Expenditure' in Profit and Loss account. The Bank amortises the income and expense on upfront basis.

Schedules to the Financial Statements

for the year ended March 31, 2023

E. Foreign Currency Transactions

- (i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Foreign currency monetary items are reported using the closing rate prevailing at the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

All exchange differences are recognized as income or as expenses in the period in which they arise.

F. Revenue Recognition

- (i) Interest income is recognised in the Profit and Loss Account on an accrual basis, except in the case of non-performing assets is recognised upon realisation as per income recognition and asset classification norms of RBI.
- (ii) Income on non-coupon bearing discounted instruments is recognised over the tenor of the instrument on a constant effective yield basis.
- (iii) Loan processing fees including processing fees on committed lines is accounted for upfront when it becomes due.
- (iv) Interest income on deposits with banks and financial institutions is recognized on a time proportion basis taking into accounts the amount outstanding and the implicit rate of interest.
- (v) Dividend is recognised as income when the right to receive the dividend is established.
- (vi) Profit or loss on sale of mutual fund units is recognised on trade date.
- (vii) All other fees are accounted for as and when they become due.

G. Fixed Assets and Depreciation

Tangible Assets

Fixed assets are stated at cost less accumulated depreciation / amortization and impairment loss,

if any. The cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation is charged over the estimated useful life of the fixed asset on written down value basis from the date asset is put to use considering residual value of 5% of the cost. Assets individually costing ₹ 5,000 or less are fully depreciated in the year of purchase. Assets purchased / sold during the year are depreciated on a pro-rata basis for the actual number of days the assets have been put to use. Depreciation rate used by the Bank are in line with those specified under Schedule II of the Companies Act, 2013.

The details of useful life are as under:

Class of Assets	Estimated useful life
Computers & Accessories	3 years
Office equipment	5 years
Premises	30 years
Furniture and fittings	10 years
Vehicle	8 years
Leasehold Improvements: Improvements to leasehold premises are amortised over the primary period of lease or estimated useful life, whichever is lower.	

H. Intangible Assets

Intangible Assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets such as software are amortized over a period of 60 months or license period whichever is lower on a straight-line basis with zero residual value.

I. Leases

Operating Lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership for the leased term are classified as operating leases in accordance with Accounting Standard 19, Leases. The office premises are generally rented on cancellable terms or renewable at the option of both the parties. Computers and tablets are rented on operating lease.

Schedules to the Financial Statements

for the year ended March 31, 2023

J. Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

K. Taxation

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Bank has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Bank writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

L. Earnings Per Share

Basic and diluted earnings per share are computed in accordance with Accounting Standard 20 – Earnings per share.

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted to equity during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and potential dilutive equity shares outstanding during the period except where the results are anti-dilutive.

M. Provisions, contingent liabilities and contingent assets

In accordance with AS 29, Provision, Contingent liabilities and Contingent Assets, the provision is recognised when the Bank has a present obligation as a result of past event, where it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made when there is:

- a possible obligation arising from a past event, the existence of which will be confirmed by occurrence or non-occurrence of one or more uncertain future events not within the control of the Bank; or
- a present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Schedules to the Financial Statements

for the year ended March 31, 2023

N. Cash and cash equivalents

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

O. Borrowing cost

Borrowing cost includes arranger fees, processing fees, stamp duty on issuance of debenture certificates and other associated transaction cost related to borrowing from banks and other financial institutions.

In accordance with Accounting Standard 16, borrowing costs are recognised upfront.

P. Retirement and other employee benefits

(i) Defined Contribution Plans

Retirement benefits in the form of provident fund and employee state insurance schemes are defined contribution schemes and the contributions are charged to the Profit and Loss Account for the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(ii) Defined Benefit Plan

The Bank operates a defined benefit scheme for its employees, viz., gratuity scheme. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end.

Separate actuarial valuation is carried out for each plan using the projected unit credit method. In accordance with the gratuity fund's rules, actuarial valuation of gratuity liabilities is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff alteration as per projected unit credit method.

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(iii) Provision for Leave availment is made in accordance with Accounting Standard 15 "Employee benefits".

Q. Employee Stock Compensation Cost

Employees (including senior executives) of the Bank receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI, the cost of equity-settled transaction is measured using the fair value method and recognized, together with a corresponding increase in the "Employees Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Bank's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the Profit and Loss Account for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

R. Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013 and RBI approval in accordance with RBI/2006-07/132 DBOD.BP. BC No. 31 / 21.04.018/ 2006-07.

S. Segment information

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

T. Corporate Social Responsibility (CSR)

Expenditure towards CSR, in accordance with Companies Act, 2013, is recognised in the Profit and Loss Account.

Schedules to the Financial Statements

for the year ended March 31, 2023

SCHEDULE 18- NOTES TO THE FINANCIAL STATEMENTS

1. Regulatory Capital

a) (i) Composition of Regulatory Capital

The Capital adequacy ratio ("CAR") has been computed as per operating guideline for Small Finance Bank in accordance with RBI Circular No. RBI/2016-17/81DBR. NBD.No.26/16.13.218/2016-17 dated October 6, 2016. The total Capital Adequacy ratio of the Bank as at March 31, 2023 is 33.72% (March 31, 2022: 37.86%) against the regulatory requirement of 15.00% as prescribed by RBI.

The following table sets forth, for the year indicated, computation of capital adequacy as per operating guidelines.

Particulars	As at	As at
	March 31, 2023	March 31, 2022
i) Common Equity Tier 1 capital (CET 1) (net of deductions, if any)	1,440.64	1,375.45
ii) Additional Tier 1 capital	-	-
iii) Tier 1 capital (i + ii)	1,440.64	1,375.45
iv) Tier 2 capital	134.64	136.37
v) Total capital (Tier 1+Tier 2)	1,575.28	1,511.81
vi) Total Risk Weighted Assets (RWAs)	4,671.46	3,992.83
vii) CET 1 Ratio (CET 1 as a percentage of RWAs)	30.84%	34.44%
viii) Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	30.84%	34.44%
ix) Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	2.88%	3.42%
x) Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	33.72%	37.86%
xi) Leverage Ratio	14.74%	17.03%
xii) Percentage of the shareholding of		
a) Government of India	NA	NA
b) State Government of India	NA	NA
c) Sponsor Bank	NA	NA
xiii) Amount of paid-up equity capital raised during the year	0.00	0.00
xiv) Amount of non-equity Tier 1 capital raised during the year	0.00	0.00
xv) Amount of Additional Tier 2 capital raised during the year	0.00	0.00

Subordinated debt (Tier 2 capital) outstanding as at March 31, 2023 is ₹ 100.00 crores (March 31, 2022 : ₹ 100.00 crores).

Further as per the RBI's directions given in the circular DBR.NBD.No. 4502/16.13.218/2017-18, dated November 8, 2017, no separate risk charge has been calculated for Market Risk and Operational Risk for capital ratios.

In accordance with the RBI guidelines, small finance banks are required to make Pillar 3 disclosure under Basel II regulation. Also, disclosure for Net Stable Funding Ratio (NSFR) is made in accordance with Basel III regulations. These disclosures are available on the Bank's website at the following link : <https://www.suryodaybank.com/regulatory-disclosure>. The above disclosures have not been subjected to audit by the statutory auditors of the Bank.

a) (ii) Capital Infusion

During the year ended March 31, 2023, the Bank has not issued equity shares (March 31, 2022 : 27,923) having face value of ₹ 10 each.

Schedules to the Financial Statements

for the year ended March 31, 2023

Details of movement in the paid up equity share capital are as below:

Particulars	March 31, 2023		March 31, 2022	
	Equity shares (Number)	(₹ in crores)	Equity shares (Number)	(₹ in crores)
Equity shares at the beginning of the year	106,158,749	106.16	106,130,826	106.13
Addition pursuant to stock options exercised	-	-	27,923	0.03
Addition pursuant to equity shares issued during the year	-	-	-	-
Equity shares outstanding at the end of the year	106,158,749	106.16	106,158,749	106.16

b) **Draw Down from Reserves**

Share Premium

During the year ended March 31, 2023, the Bank has drawn down ₹ 0.61 crore (March 31, 2022: ₹ Nil) from shares premium account being the expenditure in connection with initial public offer of shares.

c) **Appropriation to Reserves**

i) Statutory Reserve

The Bank has made an appropriation of ₹ 19.42 crores (March 31, 2022: ₹ Nil) out of profits for the year ended March 31, 2023 to Statutory Reserve pursuant to the requirements of section 17(1) and section 11(2)(b)(ii) of Banking Regulation Act, 1949 and RBI guidelines dated September 23, 2000.

ii) Capital Reserve

During the year ended March 31, 2023, the Bank has not appropriated (net of taxes and statutory reserves) (March 31, 2022: ₹ 0.16 crore) from profit and loss account to capital reserves being the profit from sale of investments under HTM category as per the RBI guidelines.

iii) Investment Fluctuation Reserve

During the year ended March 31, 2023, the Bank has appropriated ₹ 18.84 crores (March 31, 2022: ₹ Nil) from Profit and Loss Account to Investment Fluctuation Reserve as per RBI guidelines.

d) **Proposed dividend**

The Board of Directors of the Bank has not proposed any dividend for the year ended March 31, 2023 (March 31, 2022: ₹ Nil).

Schedules to the Financial Statements

for the year ended March 31, 2023

2. Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities

Particulars	(₹ in Crores)										
	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days and upto 2 months	More than 2 months upto 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 Year and upto 3 years	Over 3 Years and upto 5 years	Total
As at March 31, 2023											
Deposits	98.41	151.81	475.54	201.14	235.82	151.18	381.48	307.41	2,537.21	622.13	4.59
Advances	0.96	82.36	100.29	55.24	237.43	250.46	747.88	1,370.75	2,117.99	249.89	801.80
Investments	1,594.13	27.46	83.77	34.40	53.81	13.16	25.43	34.38	476.76	225.28	1.61
Borrowings	-	370.21	8.37	10.50	43.75	30.00	138.50	233.88	1,583.20	347.00	-
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Particulars	(₹ in Crores)										
	Day - 1	2-7 Days	8-14 Days	15-30 Days	31 Days and upto 2 months	More than 2 months upto 3 months	Over 3 Months upto 6 months	Over 6 Months upto 1 year	Over 1 Year and upto 3 years	Over 3 Years and upto 5 years	Total
As at March 31, 2022											
Deposits	39.70	93.45	68.36	68.75	84.13	226.56	579.46	539.73	1,522.42	627.11	4.21
Advances	11.17	64.47	64.29	61.48	231.00	283.33	609.72	1,087.88	1,420.85	30.09	886.60
Investments	1,362.11	13.46	7.34	23.14	56.97	25.02	62.48	71.28	328.95	105.27	1.66
Borrowings	-	-	1.19	39.25	16.19	14.52	151.08	294.81	1,485.30	449.00	100.00
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-

Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI.

Schedules to the Financial Statements

for the year ended March 31, 2023

b) Liquidity Coverage Ratio (LCR)

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2023:

Particulars	Quarter ended March 31, 2023			Quarter ended December 31, 2022			Quarter ended September 30, 2022			Quarter ended June 30, 2022		
	Total unweighted value (average)	Total weighted value (average)	Total value (average)	Total unweighted value (average)	Total weighted value (average)	Total value (average)	Total unweighted value (average)	Total weighted value (average)	Total value (average)	Total unweighted value (average)	Total weighted value (average)	Total value (average)
(₹ in Crores)												
High Quality Liquid Assets												
1 Total High Quality Liquid Assets (HQLA)	0.00	1,554.11	0.00	1,456.96	0.00	1,655.46	0.00	1,960.72	0.00	1,960.72	0.00	1,960.72
Cash Outflows												
2 Retail deposits and deposits from small business customers, of which:	2,756.11	275.61	2,350.18	235.02	2,355.42	235.54	2,260.93	226.09	2,355.42	235.54	2,260.93	226.09
(i) Stable deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Less stable deposits	2,756.11	275.61	2,350.18	235.02	2,355.42	235.54	2,260.93	226.09	2,355.42	235.54	2,260.93	226.09
3 Unsecured wholesale funding, of which:	870.91	602.67	858.14	624.93	840.01	590.10	891.79	643.38	840.01	590.10	891.79	643.38
(i) Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Non-operational deposits (all counterparties)	306.65	38.41	268.81	35.60	294.29	44.38	286.93	38.52	294.29	44.38	286.93	38.52
(iii) Unsecured debt	564.26	564.26	589.33	589.33	545.71	545.71	604.86	604.86	545.71	545.71	604.86	604.86
4 Secured wholesale funding	-	71.18	-	40.55	-	37.52	-	32.11	-	37.52	-	32.11
5 Additional requirements, of which	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(i) Outflows related to derivative exposures and other collateral requirement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Outflows related to loss of funding on debt products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Credit and liquidity facilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6 Other contractual funding obligation	424.27	285.50	399.01	318.36	304.11	227.75	227.49	125.89	304.11	227.75	227.49	125.89
7 Other contingent funding obligations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8 Total cash outflows	-	1,234.97	-	1,218.86	-	1,090.90	-	1,027.48	-	1,090.90	-	1,027.48
Cash Inflows												
9 Secured lending (e.g. reverse repo)	4.70	0.00	0.76	0.00	13.30	0.00	2.00	0.00	13.30	0.00	2.00	0.00
10 Inflows from fully performing exposures	279.34	154.09	277.36	152.52	320.97	179.72	237.99	203.18	320.97	179.72	237.99	203.18
11 Other cash inflows	176.69	141.45	194.67	97.34	190.06	95.03	125.81	81.77	190.06	95.03	125.81	81.77
12 Total cash inflows	460.72	295.54	472.80	249.86	524.32	274.74	365.79	284.95	524.32	274.74	365.79	284.95
13 Total HQLA	0.00	1,554.11	0.00	1,456.96	0.00	1,655.46	0.00	1,960.72	0.00	1,655.46	0.00	1,960.72
14 Total Net Cash Outflows	0.00	992.53	0.00	969.00	0.00	816.16	0.00	742.53	0.00	816.16	0.00	742.53
15 Liquidity Coverage Ratio (%)	0.00	156.58%	0.00	150.36%	0.00	202.84%	0.00	264.06%	0.00	202.84%	0.00	264.06%

Schedules to the Financial Statements

for the year ended March 31, 2023

i) Quantitative disclosure on Liquidity Coverage Ratio (LCR) for year ended March 31, 2022:

Particulars	Quarter ended March 31, 2022		Quarter ended December 31, 2021		Quarter ended September 30, 2021		Quarter ended June 30, 2021	
	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)	Total unweighted value (average)	Total weighted value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	1,289.29	1,532.52	1,875.43	2,141.95	1,881.78	1,881.78	1,881.78	1,881.78
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	2,189.86	2,063.74	2,025.15	1,881.78	1,881.78	1,881.78	1,881.78	1,881.78
(i) Stable deposits	-	-	-	-	-	-	-	-
(ii) Less stable deposits	2,189.86	2,063.74	2,025.15	1,881.78	1,881.78	1,881.78	1,881.78	1,881.78
3 Unsecured wholesale funding, of which:	725.24	780.42	594.15	761.40	968.46	968.46	968.46	761.40
(i) Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	278.34	248.59	241.71	40.79	247.85	247.85	247.85	40.79
(iii) Unsecured debt	446.90	531.83	557.39	720.61	720.61	720.61	720.61	720.61
4 Secured wholesale funding	31.69	32.85	63.43	52.56	-	-	-	-
5 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 Other contractual funding obligation	269.04	319.89	414.55	440.70	440.70	440.70	440.70	156.72
7 Other contingent funding obligations	-	-	-	-	-	-	-	-
8 Total cash outflows	892.18	1,004.90	1,080.87	1,158.86	-	-	-	-
Cash Inflows								
9 Secured lending (e.g. reverse repo)	274.34	-	310.48	583.66	-	-	-	-
10 Inflows from fully performing exposures	323.71	216.30	199.57	271.07	393.48	393.48	393.48	271.07
11 Other cash inflows	163.19	101.36	81.12	68.34	136.68	136.68	136.68	68.34
12 Total cash inflows	761.24	317.66	788.12	339.41	1,113.82	1,113.82	1,113.82	339.41
13 Total HQLA	1,289.29	1,532.52	1,875.43	2,141.95	1,881.78	1,881.78	1,881.78	1,881.78
14 Total Net Cash Outflows	619.29	687.24	800.18	819.44	819.44	819.44	819.44	819.44
15 Liquidity Coverage Ratio (%)	208.19%	223.00%	234.38%	261.39%	261.39%	261.39%	261.39%	261.39%

Schedules to the Financial Statements

for the year ended March 31, 2023

ii) **Qualitative information on Liquidity Coverage Ratio (LCR) is given below:**

The objective of LCR is to ensure that the Bank maintains an adequate stock of unencumbered High Quality Liquid Assets (HQLA) that can be converted into cash to meet its liquidity needs for a 30-day period under a significantly severe liquidity stress scenario. At a minimum, the stock of liquid assets should enable the Bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

The LCR is calculated by dividing the amount of High Quality Liquid unencumbered Assets (HQLA) by the expected net cash outflows over a stressed 30 day period as per the RBI Guidelines. Minimum LCR requirement for small finance banks is 100%.

HQLA comprises of cash in hand, excess CRR, excess SLR/Non SLR securities, maximum liquidity facility allowed by RBI under marginal standing facility (MSF) and Facility to Avail Liquidity for Liquidity Coverage Ratio (FALLCR).

The Asset Liability Committee (ALCO) governs the Liquidity Risk management of the Bank. The liquidity profile of the Bank is monitored and measured by the Risk Management Department, which reviews liquidity under different business conditions and places the same before the ALCO.

The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, borrowings), as well as to undrawn commitments and other miscellaneous liabilities, partially offset by expected inflows from assets maturing within 30 days.

The average LCR for the quarter ended March 31, 2023 was at 156.58% as against 208.19% for the quarter ended March 31, 2022, and well above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31, 2023 was ₹ 1554.11 crores, as against was ₹ 1289.29 crores for the quarter ended March 31, 2022.

Schedules to the Financial Statements

for the year ended March 31, 2023

3. Investments

a) Composition of Investment Portfolio as at March 31, 2023

(₹ in Crores)

Particulars	Investments in India				Investments outside India				Total Investments
	Government Securities	Other Approved Securities	Shares and Bonds	Debtures and/or joint ventures	Total Government Securities and/or joint ventures in India	Subsidiaries and/or joint ventures outside India	Others investments outside India	Total Investments	
Held to Maturity									
Gross	795.71	-	-	-	795.71	-	-	-	795.71
Less: Provision for non performing investments (NPI)	-	-	-	-	-	-	-	-	-
Net	795.71	-	-	-	795.71	-	-	-	795.71
Available for Sale									
Gross	1,667.71	0.77	20.18	98.66	1,787.31	-	-	-	1,787.31
Less: Provision for depreciation and NPI	12.68	-	0.15	-	12.83	-	-	-	12.83
Net	1,655.03	0.77	20.03	98.66	1,774.49	-	-	-	1,774.49
Held for Trading									
Gross	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-
Total Investments	2,463.41	0.77	20.18	98.66	2,583.02	-	-	-	2,583.02
Less: Provision for non performing investments	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and non performing investments (NPI)	12.68	-	0.15	-	12.83	-	-	-	12.83
Net	2,450.73	0.77	20.03	98.66	2,570.19	-	-	-	2,570.19

Schedules to the Financial Statements

for the year ended March 31, 2023

Composition of Investment Portfolio as at March 31, 2022

Particulars	Investments in India					Investments outside India			Total Investments	
	Government Securities	Other Approved Securities	Shares and Bonds	Debentures and/or joint ventures	Subsidiaries and/or joint ventures	Others	Government Securities	Subsidiaries and/or joint ventures		Others
Held to Maturity										
Gross	729.43	-	-	-	-	-	729.43	-	-	729.43
Less: Provision for non performing investments (NPI)	-	-	-	-	-	-	-	-	-	-
Net	729.43	-	-	-	-	-	729.43	-	-	729.43
Available for Sale										
Gross	1,265.05	0.77	40.23	-	49.57	-	1,355.61	-	-	1,355.61
Less: Provision for depreciation and NPI	27.37	-	-	-	-	-	27.37	-	-	27.37
Net	1,237.68	0.77	40.23	-	49.57	-	1,328.24	-	-	1,328.24
Held for Trading										
Gross	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-
Total Investments	1,994.48	0.77	40.23	-	49.57	-	2,085.05	-	-	2,085.05
Less: Provision for non performing investments	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and non performing investments (NPI)	27.37	-	-	-	-	-	27.37	-	-	27.37
Net	1,967.11	-	0.77	40.23	-	49.57	2,057.68	-	-	2,057.68

Schedules to the Financial Statements

for the year ended March 31, 2023

b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
i) Movement of provisions held towards depreciation on investments:		
a) Opening balance	27.37	18.99
b) Add: Provision made during the year	-	8.38
c) Less: Write off / Write back of excess provisions during the year	14.54	-
d) Closing balance	12.83	27.37
ii) Movement of Investment Fluctuation Reserve		
a) Opening balance	16.90	16.90
b) Add: Amount transferred during the year	18.84	-
c) Less: Drawdown	-	-
d) Closing balance	35.75	16.90
iii) Closing balance in IFR as a percentage of closing balance of investments# in AFS and HFT/Current category	2%	1%

#Carrying value less net depreciation (ignoring net appreciation) i.e. the net amount reflected in the balance sheet.

c) Sale and Transfer to /from HTM Category

The Bank has not sold or transferred securities to or from HTM category exceeding 5% of the book value of investments held in HTM category at the beginning of year ended March 31, 2023 and March 31, 2022 respectively. The 5% threshold referred to above does not include:

- The one-time transfer of securities to/from HTM category with the approval of Board of Directors undertaken by banks at the beginning of the accounting year.
- Direct sales from HTM for bringing down SLR holdings in HTM category consequent to a downward revision in SLR requirements by RBI.
- Sales to the Reserve Bank of India under liquidity management operations of RBI like Open Market Operations (OMO) and the Government Securities Acquisition Programme (GSAP).
- Repurchase of Government Securities by Government of India from banks under buyback / switch operations.
- Repurchase of State Development Loans by respective state governments under buyback / switch operations.
- Additional shifting of securities explicitly permitted by the Reserve Bank of India.

d) Non-SLR investment portfolio

- Non-performing non-SLR investments

(₹ in Crores)

Particulars	March 31, 2023	March 31, 2022
a) Opening balance	-	-
b) Additions during the year since 1st April	-	-
c) Reductions during the above period	-	-
d) Closing balance	-	-
e) Total provisions held	-	-

Schedules to the Financial Statements

for the year ended March 31, 2023

ii) Issuer-wise composition of non-SLR investments

Issuer-wise composition of non-SLR investments as at March 31, 2023

(₹ in Crores)

Issuer	Amount	Extent of private placement#	Extent of 'Below investment grade' securities#	Extent of 'Unrated' securities#	Extent of 'Unlisted' securities#*
a) Public sector undertakings	-	-	-	-	-
b) Financial institutions	20.18	-	-	-	-
c) Banks	-	-	-	-	-
d) Private corporate	-	-	-	-	-
e) Subsidiaries / Joint ventures	-	-	-	-	-
f) Others [§]	104.97	0.77	-	0.77	0.77
g) Provision held towards depreciation	(0.52)	-	-	-	-
Total	124.63	0.77	-	0.77	0.77

Issuer-wise composition of non-SLR investments as at March 31, 2022

(₹ in Crores)

Issuer	Amount	Extent of private placement#	Extent of 'Below investment grade' securities#	Extent of 'Unrated' securities#	Extent of 'Unlisted' securities#*
a) Public sector undertakings	-	-	-	-	-
b) Financial institutions	20.18	-	-	-	-
c) Banks	-	-	-	-	-
d) Private corporate	20.05	-	-	-	-
e) Subsidiaries / Joint ventures	-	-	-	-	-
f) Others	6.32	0.77	-	0.77	0.77
g) Provision held towards depreciation	(0.10)	-	-	-	-
Total	46.45	0.77	-	0.77	0.77

Amounts reported under these columns above are not mutually exclusive

* Excludes investments in commercial paper and certificate of deposits

§ Includes Security Receipts [Refer Note - 3(f)]

e) Repo/ Reverse Repo Transactions

The Details relating to repo/reverse repo transactions (in face value terms) during the year ended March 31, 2023 are as follows:

(₹ in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31 March 2023
i) Securities sold under repo				
a) Government securities	19.83	1,542.66	886.18	1,120.00
b) Corporate debt securities	-	-	-	-
c) Any other securities	-	-	-	-

Schedules to the Financial Statements

for the year ended March 31, 2023

(₹ in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31 March 2023
ii) Securities purchased under reverse repo				
a) Government securities	5.00	1,548.00	45.69	-
b) Corporate debt securities	-	-	-	-
c) Any other securities	-	-	-	-

The details relating to repo/reverse repo transactions (in face value terms) during the year ended March 31, 2022 are as follows:

(₹ in Crores)

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31 March 2023
i) Securities sold under repo				
a) Government securities	2.92	1,157.21	454.61	750.00
b) Corporate debt securities	-	-	-	-
c) Any other securities	-	-	-	-
ii) Securities purchased under reverse repo				
a) Government securities	14.00	956.00	335.09	698.00
b) Corporate debt securities	-	-	-	-
c) Any other securities	-	-	-	-

f) Details of investment in Security Receipts (SRs)

On December 29, 2022, the Bank signed an agreement with Edelweiss Asset Reconstruction Company (EARC) for sale of identified stressed loans of the Bank in compliance with RBI guidelines governing the transfer of stressed loans - Reserve Bank of India (Sale of Loan Exposures) Direction, 2021 (RBI Master Directions) dated September 24, 2021 (updated December 05, 2022).

The Board of Directors, at its meeting held on December 23, 2022, granted approval for conducting the auction based on the receipt of offer for sale of stressed loans with outstanding value as on November 30, 2022 (being the cut off date as per agreement entered) of ₹ 492.05 crores for a purchase consideration of ₹ 135.10 crores negotiated through bilateral agreement between the Bank and EARC.

The Bank had outstanding specific provisions against the pool of ₹ 181.99 crores as on November 30, 2022. Further, the Bank has also utilised floating provision of ₹ 91.28 crores against the said transfer in compliance with RBI Master Directions. The net book value (NBV) of the loan pool transferred in the Bank's books as on November 30, 2022 was ₹ 156.63 crores (including utilisation of floating provisions) against a purchase consideration of ₹ 135.10 crores, under the 15:85 cash and security receipts structure, and the difference of ₹ 21.53 crores between the net book value and purchase consideration has been booked as a loss on transfer of stressed assets under Schedule 16 - Operating expenses.

The Bank carries the said SRs in line with aforesaid RBI guidelines. As on March 31, 2023, the outstanding amount of SRs is ₹ 98.66 crores.

Schedules to the Financial Statements

for the year ended March 31, 2023

4. Asset quality

a) Classification of advances and provisions held for the year ended March 31, 2023:

(₹ in Crores)

Particulars	Standard Advances	Non- Performing			Total Non - Performing Advances	Total
		Sub - standard	Doubtful	Loss		
Gross Standard Advances and NPAs						
Opening Balance	4,466.41	533.19	64.23	0.00	597.42	5,063.83
Add: Additions during the year					505.20	
Less: Reductions during the year [#]					911.20	
Closing balance	5,922.08	144.69	44.10	2.61	191.40	6,113.48
#Reductions in Gross NPAs due to:						
i) Upgradation					152.20	
ii) Recoveries (excluding recoveries from upgraded accounts)					54.50	
iii) Technical/ Prudential Write-offs					274.60	
iv) Write-offs other than those under (iii) above					-	
v) Transfer of stressed loans					429.90	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	19.46	176.97	45.81	0.00	222.78	242.25
Add: Fresh provisions made during the year					377.64	
Less: Excess provision reversed/ Write-off loans/ Transfer of stressed loans (Refer note below)					519.83	
Closing balance of provisions held	23.38	74.89	3.55	2.16	80.60	103.97
Net NPAs*						
Opening Balance		356.22	18.41	-	283.37	
Add: Fresh additions during the year					109.72	
Less: Reductions during the year					300.11	
Closing Balance		69.79	40.56	0.46	92.97	92.97
Floating Provisions						
Opening Balance						91.28
Add: Additional provisions made during the year						17.84
Less: Amount drawn down during the year [@]						(91.28)
Closing balance of floating provisions						17.84
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						341.86
Add: Technical/ Prudential write-offs during the year						274.60
Less: Written off portfolio sold to ARC						62.25
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						35.28
Closing balance						518.93

* For calculating Net NPA for total non performing assets column Floating provision is reduced.

[@]The Bank has utilised floating provision of ₹ 91.28 crores against the sale of stressed loans to Edelweiss Asset Reconstruction Company (EARC) in accordance with RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 [Refer note - 3(f)]

Schedules to the Financial Statements

for the year ended March 31, 2023

Classification of advances and provisions held for the year ended March 31, 2022:

Particulars	(₹ in Crores)					
	Standard Advances	Sub - standard	Doubtful	Non- Performing Loss	Total Non - Performing Advances	Total
Gross Standard Advances and NPAs						
Opening Balance	3,791.91	374.66	19.02	-	393.68	4,185.59
Add: Additions during the year					537.26	
Less: Reductions during the year*					333.52	
Closing balance	4,465.78	533.19	64.23	0.00	597.42	5,063.20
*Reductions in Gross NPAs due to:						
i) Upgradation					37.88	
ii) Recoveries (excluding recoveries from upgraded accounts)					63.91	
iii) Technical/ Prudential Write-offs					231.73	
iv) Write-offs other than those under (iii) above					-	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	12.41	99.33	14.95	-	114.28	126.69
Add: Fresh provisions made during the year					365.69	
Less: Excess provision reversed/ Write-off loans					257.19	
Closing balance of provisions held	19.46	176.96	45.81	0.00	222.78	242.24
Net NPAs*						
Opening Balance		275.33	4.07	-	188.12	
Add: Fresh additions during the year					171.57	
Less: Reductions during the year					76.33	
Closing Balance		356.23	18.41	-	283.37	283.37
Floating Provisions						
Opening Balance						91.28
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						91.28
Technical write-offs and the recoveries made thereon						
Opening balance of Technical/ Prudential written-off accounts						125.00
Add: Technical/ Prudential write-offs during the year						231.73
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						14.87
Closing balance						341.86

* For calculating Net NPA for total non performing assets column Floating provision is reduced.

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for the year ended March 31, 2023

Ratios

Ratios (in %)	As at March 31, 2023	As at March 31, 2022
Gross NPA to Gross Advances	3.13%	11.80%
Net NPA to Net Advances	1.55%	5.97%
Provision coverage ratio	51.42%	52.57%
Provision coverage ratio*	86.91%	69.83%

* includes write offs

b) Sector-wise Advances and Gross NPAs

Particulars	March 31, 2023		
	Outstanding total gross advances	Gross NPAs	Percentage of gross NPAs to Total advances in that sector
i) Priority Sector *			
a) Agriculture and allied activities	777.92	16.65	2.14%
b) Advances to industries sector eligible as priority sector lending	106.51	0.21	0.19%
c) Services	28.00	3.13	11.18%
-Transport operators	7.33	1.46	19.91%
d) Personal loans	1,489.16	80.05	5.38%
Sub total (i)	2,401.60	100.04	4.17%
ii) Non Priority Sector*			
a) Agriculture and allied activities	1,950.01	44.92	2.30%
b) Industry	-	-	-
c) Services	360.11	5.22	1.45%
-Transport operators	338.03	5.04	1.49%
d) Personal Loans	1,557.85	41.23	2.65%
Sub total (ii)	3,867.97	91.36	2.36%
Total (i+ii)	6,269.56	191.40	3.05%

Particulars	March 31, 2022		
	Outstanding total gross advances	Gross NPAs	Percentage of gross NPAs to Total advances in that sector
i) Priority Sector *			
a) Agriculture and allied activities	269.24	26.06	9.68%
b) Advances to industries sector eligible as priority sector lending	30.11	0.45	1.49%
c) Services	801.79	147.58	18.41%
-Transport operators	84.61	11.05	13.06%
d) Personal loans	251.58	4.81	1.91%
Sub total (i)	1,352.72	178.90	13.23%

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for the year ended March 31, 2023

Particulars	March 31, 2022		
	Outstanding total gross advances	Gross NPAs	Percentage of gross NPAs to Total advances in that sector
ii) Non Priority Sector*			
a) Agriculture and allied activities	1,602.17	155.09	9.68%
b) Industry	15.83	0.23	1.45%
c) Services	1,670.41	200.84	12.02%
-Transport operators	261.77	23.31	8.90%
d) Personal Loans	422.08	62.36	14.77%
Sub total (ii)	3,710.49	418.52	11.28%
Total (i+ii)	5,063.21	597.42	11.80%

* includes adjustment made to gross advances on account of PSLCs bought / sold.

c) Overseas Assets, NPAs and Revenue

The Bank does not hold any overseas assets / NPA as at March 31, 2023 and no overseas operations were undertaken for the year ended March 31, 2023. Hence revenue from overseas operation is ₹ Nil (March 31, 2022: ₹ Nil).

d) Resolution of Stressed Assets – Revised Framework

The Bank does not have any account for resolution of stressed Assets (Revised framework) as per the RBI Circular RBI/2017-18/ 131DBR.No.BP.BC.101/21,04,048/2017-18 Loans as on March 31, 2023 (March 31, 2022 : ₹ Nil)

e) Divergence in asset classification and provisioning

RBI vide its circular DBR.BP.BC.No.63/21.04.018/2016-17 dated April 18, 2017 and Notification dated April 1, 2019, has directed banks shall make suitable disclosures, if either or both of the following conditions are satisfied:

- the additional provisioning for non-performing assets (NPAs) assessed by the RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, and/ or
- the additional Gross NPAs identified by the RBI exceed 10% of the reported incremental Gross NPAs for the reference period.

There has been no divergence observed by the RBI for the Financial year 2021-22 in respect of the Bank's asset classification and provisioning as per the extant prudential norms on income recognition asset classification and provisioning (IRACP) which require such disclosures.

f) Disclosure of transfer of loan exposures

Details of loans transferred/acquired during the year ended March 31, 2023 under the RBI Master Direction on Transfer of Loan Exposures dated September 24, 2021 are given below:

- During the year ended March 31, 2023, the Bank has not acquired any loans not in default through assignment of loans
- During the year ended March 31, 2023, the Bank has not acquired any stressed loans (Non-performing asset and Special Mention Account)

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for the year ended March 31, 2023

iii) Details of stressed loans transferred during the year ended March 31, 2023 are given below:

Issuer	₹ in crores except no. of accounts		
	To ARCs	To permitted transferees	To other transferees
No. of accounts	296,432	-	-
Aggregate principal outstanding of loans transferred ¹	492.1	-	-
Weighted average residual tenor of the loans transferred ² (months)	7.94	-	-
Net book value of loans transferred (at the time of transfer) ³	156.6	-	-
Aggregate consideration	135.1	-	-
Additional consideration realized in respect of accounts transferred in earlier years	Nil	-	-

1. Includes NPA of ₹ 425.95 crores, written off loans of ₹ 62.15 crores and other stressed loans of ₹ 3.95 crores.

2. Excludes written off loans.

3. After considering specific provisions of ₹ 181.99 crores and floating provision of ₹ 91.28 crores.

g) Fraud accounts

Particulars	March 31, 2023	March 31, 2022
Number of frauds reported	284	233
Amount involved in fraud	1.78	1.18
Amount of provision made for such frauds	1.10	0.82
Amount of unamortised provision debited from 'other reserves' as at the end of the year	-	-

h) Resolution Framework for COVID-19-related Stress

Details of resolution plans implemented under the RBI Resolution Framework for COVID-19 related stress as per RBI circular dated 6th August, 2020 (Resolution Framework 1.0) and 5th May 2021 (Resolution Framework 2.0) as at 31st March 2022 are given below:

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 i.e. September 30, 2022 (A)	Of (A), aggregate debt that slipped into NPA during the half-year ended March 31, 2023	Of (A) amount written off/ Sold to ARC during the half-year ended March 31, 2023 [#]	Of (A) amount paid by the borrowers during the half-year ended March 31, 2023	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of half year i.e. March 31, 2023
Personal Loans	9.75	0.37	-	1.58	7.80
Corporate persons	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	123.54	18.70	61.22*	28.74	14.88
Total	133.29	19.07	61.22	30.32	22.68

[#] The Bank has sold its stressed assets to Edelweiss Asset Reconstruction Company (EARC) in December 2022 in line with RBI Master Directions.

* Includes ₹ 61.22 crores sold to EARC and ₹ 0.0030 crore pertains to written off accounts during the half year ended March 31, 2023.

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for the year ended March 31, 2023

5. Exposure

a) Exposure to real estate sector

(₹ in Crores)

Category	March 31, 2023	March 31, 2022
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.	658.57	331.64
-of which housing loans eligible for inclusion in priority sector advances	391.53	268.34
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.	11.42	8.73
c) Investments in mortgage backed securities (MBS) and other securitised	-	-
i) Residential	-	-
ii) Commercial Real Estate	-	-
Total (i)	669.99	340.37
ii) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank and Housing Finance Companies (HFCs).	83.21	18.95
Total (ii)	83.21	18.95
Total Exposure to Real Estate Sector (i+ii)	753.19	359.32

b) Exposure to capital market

The Bank does not have capital market exposure as at March 31, 2023 (March 31, 2022 : ₹ Nil).

c) Risk category- wise country exposure

The Bank's exposures are concentrated in India, hence no provision is maintained with regard to country risk exposure as at March 31, 2023 (March 31, 2022 : ₹ Nil)

d) Unsecured Advances

Advances for which intangible collaterals such as rights, licenses, authority etc. are charged in favour of the Bank in respect of projects financed by the Bank, are reckoned as unsecured advances under Schedule 9 of the Balance Sheet in line with extant RBI guidelines. There are no such advances given during the year and outstanding as at March 31, 2023. (March 31, 2022: ₹ Nil)

(₹ in Crores)

Particulars	March 31, 2023	March 31, 2022
Total unsecured advances of the bank	4,216.34	3,520.84
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	-	-

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for the year ended March 31, 2023

e) Factoring exposures

The factoring exposure of the Bank as at March 31, 2023 is ₹ Nil (March 31, 2022 : ₹ Nil)

f) Intra Group Exposure

The Bank does not have any group entities, hence no intra group exposure as at March 31, 2023 (March 31, 2022 : ₹ Nil).

g) Unhedged foreign currency exposure

In accordance with the RBI guidelines on Banks' exposures to entities with Unhedged Foreign Currency Exposure ('UFCE'), the Bank has put in place a mechanism to seek information from its borrowers and to evaluate the currency induced credit risk. In the case of listed entities, the Bank obtains information relating to unhedged positions based on the latest available audited / reviewed financial statements; whilst in the case of unlisted / private companies, the Bank obtains the aforesaid information based on the latest available audited financial statements (not exceeding a financial year) so as to estimate the extent of likely loss and to provide for incremental capital or to recognise incremental provision in accordance with the aforesaid guidelines. Further, as per the above-mentioned guidelines, the Bank obtains audited and certified UFCE information from the statutory auditors of the borrowers, wherever feasible, on an annual basis. In the case of smaller entities i.e. entities with exposure to banking industry up to 50 crore, the Bank recognises an incremental provision at 10 basis points on all such exposures.

In accordance with RBI guidelines, as at March 31, 2023 the Bank holds UFCE provisions of ₹ 4.48 crores (March 31, 2021: ₹ 4.87 crores) maintains capital of ₹ 80.72 crore (March 31, 2022: ₹ 105.54 crore) in respect of the unhedged foreign currency exposure of its customers.

6. Concentration of deposits, advances, exposures and NPAs

a) Concentration of Deposits

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Total deposits of twenty largest depositors	1,255.54	907.06
Percentage of deposits of twenty largest depositors to total deposits of the bank	24.30%	23.56%

b) Concentration of Advances

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Total advances to twenty largest borrowers	590.47	342.14
Percentage of advances of twenty largest borrowers to total advances of the bank	9.66%	6.77%

c) Concentration of Exposures

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Total exposure to twenty largest borrowers / customers*	665.83	378.34
Percentage of exposure of twenty largest borrowers / customers to total exposure of the bank on borrowers / customers	10.57%	7.38%

* Exposures computed as per applicable RBI regulation.

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for the year ended March 31, 2023

d Concentration of NPAs

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Total Exposure to the top twenty NPA accounts	10.38	24.30
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	5.42%	4.07%

7. Derivatives

During the year ended March 31, 2023 the Bank has not undertaken any derivative transaction and there is no outstanding position as at the year end (March 31, 2022 : ₹ Nil). Hence, disclosure related to Forward Rate Agreement / Interest Rate Swap/ Credit default Swap and Exchange Traded Interest Rate Derivatives has not been provided.

8. Disclosure relating to securitisation

The Bank has not originated any securitisation transaction during the year ended March 31, 2023 and March 31, 2022.

9. Off balance sheet SPVs sponsored

There are no off balance sheet SPVs sponsored by the Bank, which are required to be consolidated as per accounting norms.

10. Transfers to Depositor Education and Awareness Fund (DEA Fund)

The Depositor Education and Awareness Fund Scheme, 2014 applies when amount to the credit of any account in India with any bank has not been operated upon for a period of ten years or any deposit or any amount is remaining unclaimed for more than ten years to be credited to the DEA Fund. However, ten years have not been elapsed since the commencement of operations of the Bank, the Bank is not required to transfer any sum to DEA Fund as on 31 March 2023 (March 31, 2022: ₹ Nil).

11. Disclosure of complaints

a) Summary information on complaints received by the bank from customers and from the Offices of Ombudsman.

Particulars	March 31, 2023	March 31, 2022
Complaints received by the bank from its customers		
1. Number of complaints pending at beginning of the year	91	42
2. Number of complaints received during the year	13,545	6,596
3. Number of complaints disposed during the year	13,006	6,547
3.1 Of which, number of complaints rejected by the Bank	-	-
4. Number of complaints pending at the end of the year	630	91
Maintainable complaints received by the bank from Office of Ombudsman		
5. Number of maintainable complaints received by the bank from Office of Ombudsman	105	29
5.1 Of 5, number of complaints resolved in favour of the Bank by Office of Ombudsman	95	26
5.2 Of 5, number of complaints resolved through conciliation/ mediation/advisories issued by Office of Ombudsman	10	3
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)	-	-

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for the year ended March 31, 2023

b) Top five grounds of complaints received by the 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
March 31, 2023					
ATM/ Debit Cards	9	3,541	348%	451	-
Loans and advances	4	224	22%	18	-
Net Banking / Mobile Banking/ Point of Sales	52	4,793	17%	111	-
Account opening/ Difficulty in operation of accounts	2	4,445	229%	4	-
Staff related	2	152	11%	-	-
Others	22	390	1400%	46	-
Total	91	13,545	105%	630	-
March 31, 2022					
ATM/ Debit Cards	8	791	109%	9	-
Loans and advances	1	184	(40)%	4	-
Net Banking / Mobile Banking/ Point of Sales	16	4,108	327%	52	1
Account opening/ Difficulty in operation of accounts	-	1,350	(13)%	2	-
Staff related	6	137	(59)%	2	2
Others	11	26	117%	22	-
Total	42	6,596	164%	91	3

12. Disclosure of penalties imposed by the Reserve Bank of India

During the year ended March 31, 2023, the Reserve Bank of India (RBI), in exercise of powers vested in RBI under the provisions of section 47 A (1) (c) read with section 46 (4) (i) of the Banking Regulation Act, 1949, has imposed a monetary penalty of ₹ 0.58 crore on the bank for non-compliance with the 'Reserve Bank of India (Frauds classification and reporting by commercial banks and select FIs) directions 2016' due to delayed reporting of frauds and failure to report fraud complaints to the police authorities in certain cases pertaining to periods up to FY 2019 (March 31, 2022: Nil).

13. Disclosures on remuneration

A) Qualitative Disclosures

- (a) Information relating to the composition and mandate of the Nomination and Remuneration Committee:
The Nomination and Remuneration Committee (NRC) of the Board is the main body overseeing remuneration. As on March 31, 2023, the NRC had six members of which five are Independent Directors. The functions of the Committee include formulating criteria to determine independence of directors, identifying persons for appointment as directors on the Board of the Bank, devising a policy on board diversity, formulating criteria for evaluation of performance of the Board, its Committees and individual directors, recommending remuneration of senior management personnel, administering, monitoring and formulating detailed terms and conditions of the Employees' Stock Option Scheme of the Bank, recommending to the Board policy on succession planning for the Board and senior management and overseeing and reviewing the succession plans from time to time.

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The Composition of NRC committee as on March 31,2023 is as follows:

1. Mr. Mrutunjay Sahoo, Independent Director (Chairman)
2. Mr. R. Ramachandran, Independent Director
3. Mr. Arun Diaz, Independent Director
4. Mr. K P Nair, Independent Director
5. Ms. Mandeep Maitra, Independent Director
6. Mr. Ranjit Shah, Investor Director

External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process

Not Applicable

Scope of the Bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches

- (a) The Policy on appointment and remuneration of Directors, Key Managerial personnel and senior management employees was approved by the Board on January 23, 2017 and reviewed periodically. It was modified in October 2020 to exclude the remuneration aspects in view of new Compensation Policy being formulated and approved by the Board.
- (b) The Bank's new Compensation Policy (formulated in accordance with RBI Guidelines on Compensation of Whole Time Directors, Chief Executive Officers, Material Risk Takers and Risk Control & Compliance Staff), was approved by the Board in October 2020 and is annually reviewed.
- (c) The Employee Policies Manual of the Bank was approved by the Board on January 23, 2017 and is reviewed periodically . It covers compensation policy for all other employees of the Bank.

Type of employees covered and number of such employees by the Compensation Policy and the Employee Policies Manual.

All permanent employees of the Bank are covered. The total number of permanent employees of the Bank at March 31, 2023 was 6025.

- (b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

Key features and objectives of Compensation policy: The Bank, under the guidance of the NRC and the Board, follows remuneration practices that are intended to drive meritocracy and performance based on a prudent risk management framework and in line with the RBI guidelines. The NRC has oversight over compensation to senior management personnel and also provides overall guidance to the compensation paid to other employees. While the Bank seeks to achieve a mix of fixed and variable (cash and non-cash) remuneration for employees covered under the new Compensation Policy, for all other employees, it has predominantly a fixed remuneration structure with no guaranteed bonuses. Also, the remuneration of employees in financial and risk control functions is not linked to business outcomes and solely depends on their performance. Further, the Bank has an Employee Stock Option Scheme for eligible employees aimed at aligning compensation to long term performance through stock options that vest over a period of time.

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Effective governance of compensation: The NRC has oversight over compensation to senior management personnel and also provides overall guidance to the compensation paid to other employees.

Alignment of compensation philosophy with prudent risk taking: While the Bank seeks to achieve a mix of fixed and variable (cash and non-cash) remuneration for employees covered under the new Compensation Policy, for all other employees, it has predominantly a fixed remuneration structure with no guaranteed bonuses. Also, the remuneration of employees in financial and risk control functions is not linked to business outcomes and solely depends on their performance. Further, the Bank has an Employee Stock Option Scheme for eligible employees aimed at aligning compensation to long term performance through stock options that vest over a period of time.

Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made: Yes; the Compensation Policy was modified and approved during the period. The key changes included roles identified for Material Risk Takers and Risk Control Staff and change in cash variable slabs and related deferment criterion.

Discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee: The remuneration of employees in control functions such as Risk and Compliance depends solely on their performance and is not linked to any business outcomes.

- (c) Description of 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:

Overview of the key risks that the Bank takes into account when implementing remuneration measures: The Board approves the overall risk management policy including risk framework, limits, etc. The Bank conducts all its business activities within this framework. The NRC while assessing the performance of the Bank and senior management, shall consider adherence to the policies and accordingly make its recommendations to the Board. The evaluation process shall incorporate both qualitative and quantitative aspects including asset quality, provisioning, increase in stable funding sources, refinement/improvement of the risk management framework, effective management of stakeholder relationships and mentoring key members of the top and senior management. In order to ensure alignment of remuneration with prudent practices, the NRC takes into account adherence to the risk framework in addition to business performance.

Overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure: The evaluation process shall incorporate both qualitative and quantitative aspects including asset quality, provisioning, increase in stable funding sources, refinement/improvement of the risk management framework, effective management of stakeholder relationships and mentoring key members of the top and senior management.

Discussion of the ways in which these measures affect remuneration: In order to ensure alignment of remuneration with prudent practices, the NRC takes into account adherence to the risk framework in addition to business performance.

Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration: With the introduction of the new Compensation Policy, the compensation structure of employees covered therein has undergone a change resulting in a potential increase in overall remuneration.

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- (d) Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration:

Overview of main performance metrics for the Bank, top level business lines and individuals: The main performance metrics include profitability, business growth, asset quality, compliance, and customer service. The assessment of employees shall be based on their performance with respect to their result areas and shall include the metrics mentioned above.

Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance: The assessment of employees shall be based on their performance with respect to their result areas and shall include the metrics mentioned above.

Discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the Bank's criteria for determining 'weak' performance metrics: In case such an event should occur, the Board/NRC shall review and provide overall guidance on the corrective measures to be taken.

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

Discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance: Under the new Compensation Policy, the cash variable component will be deferred equally over 2-3 years and the non-cash variable component (employee stock options) will be deferred over the vesting period as per the extant ESOP Scheme. In case of other employees, where cash variable is not applicable and in case of employees being granted ESOPs, they will be deferred over the vesting period as per the extant ESOP Scheme. In the case of employees covered under the Compensation Policy, all deferred variable compensation would be subjected to malus/clawback arrangements as provided in the RBI guidelines and this would be administered by the NRC.

Discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements: In the case of employees covered under the Compensation Policy, all deferred variable compensation would be subjected to malus/clawback arrangements as provided in the RBI guidelines and this would be administered by the NRC.

- (f) Description of the different forms of variable remuneration that the Bank utilises and the rationale for using these different forms:

As per the Compensation Policy, the variable remuneration will comprise of cash and non-cash components.

Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance: As per the new Compensation Policy, only the employees falling under the categories of Material Risk Takers (MRTs), Risk Control & Compliance Staff (RCS) eligible for variable remuneration which could be in cash or non-cash forms. The compensation of the rest of the employees is covered under the Employee Policy Manual of the Bank.

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B) Quantitative Disclosures

		(₹ in Crores)	
Subject	March 31, 2023*	March 31, 2022	
(g) Number of meetings held by the NRC during the financial year and remuneration paid to its members	Number of meetings : 6 Remuneration paid : ₹ 0.087 crore	Number of meetings : 13 Remuneration paid : ₹ 0.13 crore	
(h) (i) Number of employees having received a variable remuneration award during the financial year.	4 (Only Non-Cash Variable was granted)	None	
(h) (ii) Number and total amount of sign-on / joining bonus made during the financial year	None***	1	
(h) (iii) Details of severance pay, in addition to accrued benefits, if any	None	None	
(i) (i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms	None	None	
(i) (ii) Total amount of deferred remuneration paid out in the financial year	None	None	
(j) (i) Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non deferred.	Fixed Pay**: ₹ 5.90 crores Variable : Only Non-Cash Variable was granted (1,65,000 options)	Fixed Pay : ₹ 1.36 crore Variable : Nil	
(k) (i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	None	None	
(k) (ii) Total amount of reductions during the Financial year due to ex post explicit adjustments.	None	None	
(k) (iii) Total amount of reductions during the financial year due to ex post implicit adjustments	None	None	
(l) Numbers of MRT identified	8	8	
(m) (i) Number of cases where malus has been exercised.	None	None	
(m) (ii) Number of cases where clawback has been exercised.	None	None	
(m) (iii) Number of cases where both malus and clawback have been exercised.	None	None	
(n) 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.	N.A	N.A	

*For FY 23, the quantitative disclosures covers Chief Executive Officer, Whole Time Directors and Material Risk Takers. For FY 22 and FY 23, the NRC and Board approved the increase in the fixed remuneration of MD and CEO from ₹ 1.30 crores per annum to ₹ 1.55 crores per annum (exclusive of retivals, perquisites and retiral pay). The same was approved by RBI on December 26, 2022 for 1.53 crores for FY 22 and 1.60 Crores for FY 23. Further for MRTs, only non-cash variable was granted

**Fixed pay includes basic salary, retivals and perquisites

*** Only MRTs are considered

Schedules to the Financial Statements

for the year ended March 31, 2023

Disclosure on remuneration to Non-Executive Directors

(₹ in Crores)

Particulars	March 31, 2023	March 31, 2022
Remuneration by way of sitting fees to the Non-Executive Directors for attending meetings of the Board and its committees	1.35	1.22
Profit related commission to all Non-Executive Directors other than the Chairperson	-	-

14 Other Disclosures

a) Business ratios

Particulars	March 31, 2023	March 31, 2022
i) Interest income as a percentage to Working Funds ¹	13.81%	13.48%
ii) Non-interest income as a percentage to Working Funds ¹	1.14%	1.34%
iii) Cost of Deposits (%) ²	6.88%	6.94%
iv) Net Interest Margin (%) ³	9.52%	8.59%
v) Operating Profit ⁴ as a percentage to Working Funds ¹	3.94%	3.79%
vi) Return on Assets	0.91%	(1.33%)
vii) Business ⁵ (deposit plus advances) per employee ⁶ (₹ in crore)	1.98	1.73
viii) Profit per employee ⁶ (₹ in crore)	0.01	(0.02)

- Working funds represent the monthly average of total assets computed for reporting dates of Form X submitted to RBI under Section 27 of the Banking Regulation Act, 1949.
- Cost of Deposits is the ratio of interest expenses on deposit to daily average of total deposits.
- Net Interest Margin is Net Interest Income/ Average Earning Assets. Net Interest Income = Interest Income – Interest Expense and Average Earning Assets is monthly average of total of net advances, investments and balance with banks and money at call and short notice.
- Operating profit is net profit for the year before provisions and contingencies.
- 'Business' is the total of advances and deposits (net of inter-bank deposits).
- Productivity ratios are based on average monthly employee numbers.

b) Bancassurance Business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

(₹ in Crores)

Nature of income	For the year ended March 31, 2023	For the year ended March 31, 2022
For selling life insurance policies	4.73	5.58
For selling non-life insurance policies	0.74	0.83
Total	5.47	6.41

c) Marketing and distribution

The Bank does not receive any fees/remuneration in respect of Marketing and Distribution function (excluding bancassurance business) during the year ended March 31, 2023 (March 31, 2022: ₹ Nil).

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for the year ended March 31, 2023

d) Disclosures regarding Priority Sector Lending Certificates (PSLCs)

(₹ in Crores)

Type of PSLCs	For the year ended March 31, 2023		For the year ended March 31, 2022	
	PSLC bought	PSLC sold	PSLC bought	PSLC sold
Agriculture	20.00	-	-	150.00
Small and Marginal Farmers	35.00	1,950.00	-	1,450.00
Micro Enterprises	100.00	-	150.00	-
General	-	-	-	1,035.00
Total	155.00	1,950.00	150.00	2,635.00

PSLC sold have been netted under priority sector category in schedule 9 and classified under non- priority sector.

e) Provisions and contingencies

Breakup of provisions and contingencies recognised in Profit and Loss Account comprise of:

(₹ in Crores)

Provision debited to Profit and Loss Account	March 31, 2023	March 31, 2022
i) Provision for NPI	-	-
ii) Provision towards NPA (Net off write off)	280.95	320.42
iii) Provision made towards Income tax	14.30	10.92
iv) Provision for deferred tax	8.87	(44.96)
v) Provision for standard assets	3.92	5.80
vi) Provision for depreciation on investment	-	-
vii) Other provision and contingencies*	(48.26)*	65.75
Total	259.77	357.93

* includes reversal of provision on restructured accounts majorly on account of sale of stressed loans and write offs made during the year. Also, refer schedule 18 - note 3(f) and 4(a)

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

As per the RBI circular RBI/2015-16/315 DBR.BP.BC. No.76/21.07.001/2015-16 dated February 11, 2016 Implementation of Indian Accounting Standards (Ind AS), The banks are advised to follow the Indian Accounting Standards as notified under the Companies (Indian Accounting Standards) Rules, 2015, subject to any guideline or direction issued by the the Reserve Bank in this regard. The Banks in India currently prepare their financial statements as per the guidelines issued by the RBI, the Accounting Standards notified under section 133 of the Companies Act, 2013 and generally accepted accounting principles in India (Indian GAAP). In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), which were based on convergence with the International Financial Reporting Standards (IFRS), for scheduled commercial banks, insurance companies and non-banking financial companies (NBFCs). In March 2019, RBI deferred the implementation of Ind AS for banks till further notice as the recommended legislative amendments were under consideration of Government of India. The Bank had undertaken preliminary diagnostic analysis of the GAAP differences between Indian GAAP vis-a-vis Ind AS and shall proceed for ensuring the compliance as per applicable requirements and directions in this regard.

Schedules to the Financial Statements

for the year ended March 31, 2023

g) Payment of DICGC Insurance Premium

(₹ in Crores)

Particulars	March 31, 2023	March 31, 2022
i) Payment of DICGC Insurance Premium	4.80	3.48
ii) Arrears in payment of DICGC premium	-	-

15. Employees Stock Option Scheme

The Bank has share-based payment schemes for its employees. Schemes in operation Employee Stock Option Scheme 2016 and Employee Stock Option Scheme 2019. During the year-ended March 31, 2023, the Bank has issued 14,33,850 options (March 31, 2022 : 3,70,000) under the Employee Stock Option Scheme 2019.

The details of the Employee Stock Option Scheme are as under:

Particulars	Employee Stock Option Scheme 2016				
	January 19, 2017	July 27, 2017	March 1, 2018	July 16, 2018	February 5, 2019
Grant Date					
Number of Options granted	1,510,000	550,000	306,950	407,000	724,000
Method of Settlement	Equity				
Vesting	25% after one year from the date of grant and every year thereafter.				
Exercisable period	3 years from the Vesting date				
Vesting Conditions	From second vesting tranche onwards, based on performance rating of the employee				
Exercise Price Per Option	₹ 108	₹ 125	₹ 127	₹ 140	₹ 173

Particulars	Employee Stock Option Scheme 2019					
	November 6, 2019	January 10, 2020	January 1, 2021	October 13, 2021	April 28, 2022	September 13, 2022
Grant Date						
Number of Options granted	1,872,100	195,000	315,000	370,000	654,500	779,350
Method of Settlement	Equity					
Vesting	25% after one year from the date of grant and every year thereafter.					
Exercisable period	3 years from the Vesting date					
Vesting Conditions	From second vesting tranche onwards, based on performance rating of the employee					
Exercise Price Per Option	₹ 196	₹ 196	₹ 253	₹ 189	₹ 137	₹ 114

Schedules to the Financial Statements

for the year ended March 31, 2023

Following are the outstanding options as at year end:

Particulars	Employee Stock Option Scheme 2016		Employee Stock Option Scheme 2019	
	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Total Options granted and outstanding at the beginning of the year	416,525	849,930	1,572,135	1,914,635
Add: Options granted during the year	-	-	1,433,850	370,000
Less: Options forfeited / lapsed during the year	142,862	405,482	775,425	712,500
Less : Options exercised during the year	-	27,923	-	-
Options Outstanding as at end of the year	273,663	416,525	2,230,560	1,572,135
- Vested	271,163	329,684	521,760	544,410
- Yet to Vest	2,500	86,841	1,708,800	1,027,725

The value of options have been estimated on the date of the grant using Black-Scholes model.

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are:

Variables	Employee Stock Option Scheme 2016 - Grant 1			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1. Risk Free Interest Rate	5.50%	5.50%	5.50%	5.50%
2. Expected Life (in years)	2.56	3.56	4.56	5.56
3. Expected Volatility	41.68%	39.61%	38.41%	40.66%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (₹)	42.82	48.32	53.26	60.00

Variables	Employee Stock Option Scheme 2016 - Grant 2			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1.Risk Free Interest Rate	5.50%	5.50%	5.50%	5.50%
2.Expected Life (in years)	2.56	3.56	4.56	5.56
3.Expected Volatility	38.88%	38.78%	37.41%	39.34%
4.Dividend Yield	0.00%	0.00%	0.00%	0.00%
5.Fair value of the option on the grant date (₹)	37.43	44.74	49.95	57.16

Variables	Employee Stock Option Scheme 2016 - Grant 3			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1.Risk Free Interest Rate	6.50%	6.50%	6.50%	6.50%
2.Expected Life (in years)	2.56	3.56	4.56	5.56
3.Expected Volatility	39.35%	39.32%	38.05%	37.08%
4.Dividend Yield	0.00%	0.00%	0.00%	0.00%
5.Fair value of the option on the grant date (₹)	39.68	47.58	53.37	58.52

Schedules to the Financial Statements

for the year ended March 31, 2023

Variables	Employee Stock Option Scheme 2016 - Grant 4			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1. Risk Free Interest Rate	6.65%	6.70%	6.70%	6.75%
2. Expected Life (in years)	2.56	3.56	4.56	5.56
3. Expected Volatility	33.05%	37.71%	38.38%	37.34%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (₹)	38.86	51.12	59.19	65.01

Variables	Employee Stock Option Scheme 2016 - Grant 5			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1. Risk Free Interest Rate	7.38%	7.38%	7.38%	7.38%
2. Expected Life (in years)	2.56	3.56	4.56	5.56
3. Expected Volatility	30.63%	38.03%	37.18%	37.28%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (₹)	47.50	65.37	74.07	82.60

Variables	Employee Stock Option Scheme 2019 - Grant 1			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1. Risk Free Interest Rate	6.50%	6.50%	6.50%	6.50%
2. Expected Life (in years)	2.56	3.56	4.56	5.56
3. Expected Volatility	32.19%	32.81%	37.19%	37.63%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (₹)	54.00	66.17	81.67	91.40

Variables	Employee Stock Option Scheme 2019 - Grant 2			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1. Risk Free Interest Rate	6.56%	6.56%	6.56%	6.56%
2. Expected Life (in years)	2.56	3.56	4.56	5.56
3. Expected Volatility	32.64%	31.90%	37.22%	36.75%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (₹)	54.62	65.29	81.90	90.49

Variables	Employee Stock Option Scheme 2019 - Grant 3			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1. Risk Free Interest Rate	5.93%	5.93%	5.93%	5.93%
2. Expected Life (in years)	2.56	3.56	4.56	5.56
3. Expected Volatility	48.88%	44.66%	41.93%	43.95%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (₹)	90.64	101.01	110.29	125.47

Schedules to the Financial Statements

for the year ended March 31, 2023

Variables	Employee Stock Option Scheme 2019 - Grant 4			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1. Risk Free Interest Rate	6.28%	6.28%	6.28%	6.28%
2. Expected Life (in years)	2.56	3.56	4.56	5.56
3. Expected Volatility	51.31%	46.61%	43.19%	42.08%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (₹)	70.62	78.30	84.76	92.38

Variables	Employee Stock Option Scheme 2019 - Grant 5			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1. Risk Free Interest Rate	7.08%	7.08%	7.08%	7.08%
2. Expected Life (in years)	2.56	3.56	4.56	5.56
3. Expected Volatility	48.02%	45.04%	42.89%	44.47%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (₹)	49.84	56.85	62.84	70.91

Variables	Employee Stock Option Scheme 2019 - Grant 6			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
1. Risk Free Interest Rate	7.20%	7.20%	7.20%	7.20%
2. Expected Life (in years)	2.56	3.56	4.56	5.56
3. Expected Volatility	50.03%	46.55%	43.92%	42.68%
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (₹)	43.02	48.73	53.51	58.28

Amount spent during the the financial year :

(₹ in Crores)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Employee stock option expenditure (included in schedule 16 (I))	2.53	0.93

(₹ in Crores)

Particulars	As at March 31, 2023	As at March 31, 2022
Employee stock options outstanding account (included in schedule 2 (V))	8.78	9.21

The Expected life of the stock option is based on historical data and current expectation and is not necessarily indicative of the pattern that may occur.

The expected volatility reflects the assumption that the historical volatility of a comparable listed entity for 6 years period ended on the date of the grant is indication of future trends which may not necessarily be the actual outcome.

Schedules to the Financial Statements

for the year ended March 31, 2023

16. Segment Reporting

Business segments have been identified and reported taking into account, the customer profile, the nature of products and services, the differing risks and returns, the organisation structure and the guidelines prescribed by the RBI. The Bank operates in the following segments:

a) Treasury

Treasury performs liquidity management activities for various business segments. Transfer pricing is based on internally approved yield curve or at an agreed transfer rate on the funding provided by treasury to another business segment.

b) Retail banking

The retail banking segment serves retail customers through a branch network. Exposures are classified under retail banking taking into account the status of the borrower (orientation criterion), the nature of product, granularity of the exposure and the quantum thereof.

Revenues of the retail banking segment are primarily derived from interest and fees earned on retail loans, interest on deposits placed as collateral with the Bank. Expenses of this segment primarily comprise interest expense on borrowings, deposits, infrastructure and premises expenses for operating the branch network, personnel costs and other direct overheads.

c) Corporate banking

Wholesale banking includes all advances to borrowers, which are not included under Retail banking. Revenues of the wholesale banking segment consist of interest and fees on loans made to customers.

d) Other Banking Operation

Other Banking includes other items not attributable to any particular business segment. This segment includes income from para banking activities such as distribution of third party product and the associated costs.

e) Unallocated

All items which are reckoned at an enterprise level are classified under this segment. This includes other unallocable assets and liabilities such as deferred tax etc.

Geographical segments

The business operations of the Bank are concentrated in India hence the Bank is considered to operate only in domestic segment.

Segment reporting for the year ended March 31, 2023 is given below:

Particulars					(₹ in Crores)
	Treasury	Retail banking	Corporate Banking	Other banking operations	Total
Segment Revenue	126.97	1,263.24	47.81	5.49	1,443.51
Segment Result	(47.27)	138.62	15.04	-	106.39
Unallocated expenses					(5.53)
Operating Profit					100.86
Income taxes					23.16
Extraordinary profit/loss					-
Net Profit					77.70

Schedules to the Financial Statements

for the year ended March 31, 2023

(₹ in Crores)

Particulars	Treasury	Retail banking	Corporate Banking	Other banking operations	Total
Other information:					
Segment assets	3,368.85	5,567.29	812.78	4.45	9,753.38
Unallocated assets					107.85
Total assets					9,861.23
Segment Liabilities	2,815.09	3,700.57	1,762.00	3.11	8,280.77
Unallocated liabilities					(4.28)
Total liabilities					8,276.49
Capital employed					1,584.73
Capital expenditure					140.52
Depreciation					43.33

Segment reporting for the year ended March 31, 2022 is given below:

(₹ in Crores)

Particulars	Treasury	Retail banking	Corporate Banking	Other banking operations	Total
Segment Revenue	137.62	991.11	49.20	6.52	1,184.45
Segment Result *	19.27	(129.68)	(9.25)	-	(119.66)
Unallocated expenses					(7.40)
Operating Profit					(127.06)
Income taxes					34.02
Extraordinary profit/loss					-
Net Profit					(93.03)
Other information:					
Segment assets	2,979.12	4,496.93	566.48	4.56	8,047.09
Unallocated assets					133.09
Total assets					8,180.18
Segment Liabilities	(2,717.47)	(3,503.61)	(450.43)	(2.38)	(6,673.89)
Unallocated liabilities					(1.18)
Total liabilities					(6,675.07)
Capital employed					(1,505.12)
Capital expenditure					50.47
Depreciation					19.38

The RBI vide its circular No. RBI/2022-23/19/DOR.AUT.REC.12/2022-23 dated April 07, 2022 on establishment of Digital Banking Units (DBUs), has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. The Bank is in the process of setting up DBUs and hence no Digital Banking Segment disclosure have been made.

Schedules to the Financial Statements

for the year ended March 31, 2023

17. Employee benefits

Employee benefits - Gratuity

The Bank has non-contributory defined benefit arrangement providing gratuity benefits expressed in terms of final monthly salary and years of service. Every employee who has completed five years or more of service gets a gratuity on cessation of employment at 15 days salary (last drawn basic salary) for each completed year of service, subject to a maximum of ₹ 20 Lakhs (March 31, 2022: ₹ 20 Lakhs). The scheme is funded with LIC of India and HDFC Standard Life Insurance Company Ltd. The following tables summarise the components of net benefit expense recognised in the Profit and Loss Account and the funded status and amounts recognised in the Balance Sheet.

(₹ in Crores)		
Expenses recognised in the Profit and Loss Account	March 31, 2023	March 31, 2022
Current service cost	2.66	2.25
Interest cost on benefit obligation	0.48	0.38
Past Service Cost	-	-
Expected return on plan assets*	(0.01)	(0.03)
Net actuarial (gain)/ loss recognized in the year	(1.35)	0.15
Employer Expenses	1.78	2.75

* Represents expected returns determined by the actuary

(₹ in Crores)		
Net Liability/ (Asset) recognised in the Balance Sheet	March 31, 2023	March 31, 2022
Present value of Defined Benefit Obligation	9.33	8.83
Fair value of plan assets	(0.13)	(0.17)
Net liability recognized in balance sheet	9.20	8.66
Less: Unrecognised Past Service Cost	-	-
Liability recognized in balance sheet	9.20	8.66
of which, Short term provision	1.78	1.17

(₹ in Crores)		
Reconciliation of Defined Benefit Obligation (DBO)	March 31, 2023	March 31, 2022
Present Value of DBO at start of year	8.83	7.65
Interest cost	0.48	0.38
Current service cost	2.66	2.25
Benefits paid	(1.29)	(1.65)
Actuarial loss	(1.35)	0.20
Present Value of DBO at end of year	9.33	8.83

(₹ in Crores)		
Reconciliation of Fair Value of Plan Assets	March 31, 2023	March 31, 2022
Fair Value of Plan Assets at start of year	0.17	0.11
Expected return on plan assets	0.01	0.03
Contributions by the employer	1.25	1.64
Benefits paid	(1.29)	(1.65)
Actuarial (loss)/ gain	(0.01)	0.05
Fair value of plan assets at end of year	0.13	0.18
Estimated employer contributions for the next year	1.50	0.10
Actual return on plan assets	0.00	0.07

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The principal assumptions used in determining gratuity obligations for the Bank's plan are shown below:	March 31, 2023	March 31, 2022
Discount rate	7.10%	5.40%
Expected rate of return on assets	5.40%	5.00%
Employee turnover	30.00%	25.00%
Salary growth rate	7.50%	7.50%
Mortality Rate	IALM 2012-14 (Ult.)	IALM 2012-14 (Ult.)
Expected average remaining working lives of employees	2 Years	3 Years

Percentage break-down of total plan assets	March 31, 2023	March 31, 2022
Insurer Managed Funds (non unit-linked)	28.00%	21.00%
Insurer Managed Funds (unit-linked)	72.00%	79.00%
Total	100.00%	100.00%

Planned Asset Break up for Unit Linked Fund (Balanced Managed Fund)	March 31, 2023	March 31, 2022
Equities	43.60%	43.45%
Debentures and Bonds	17.39%	22.85%
Government Securities	32.43%	19.57%
Deposits, Money market instruments and net current assets	6.58%	14.13%
Total	100.00%	100.00%

Planned Asset Break up for Unit Linked Fund (Secure Managed Fund)	March 31, 2023	March 31, 2022
Debentures and Bonds	45.46%	34.77%
Government Securities	47.16%	51.71%
Deposits, Money market instruments and net current assets	7.38%	13.52%
Total	100.00%	100.00%

Planned Asset Break up for Non Linked Fund	March 31, 2023	March 31, 2022
Government Securities	46.93%	38.10%
Corporate Bonds	50.36%	59.29%
Cash and Deposit	2.71%	2.61%
Total	100.00%	100.00%

Experience Adjustments	(₹ in Crores)				
	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019
Present Value of DBO	9.33	8.83	7.65	5.82	3.81
Less: Fair Valuation of Plan Assets	0.13	0.17	0.11	0.37	0.69
Funded Status [Surplus/(Deficit)]	9.20	(8.66)	(7.54)	(5.45)	(3.12)
Experience adjustment on plan liabilities : (Gain) / Loss	(0.07)	0.36	0.13	0.20	0.04
Experience adjustment on plan Assets : Gain / (Loss)	(0.01)	0.04	0.00	0.02	0.01

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for the year ended March 31, 2023

Employee benefits - Leave Availment

The actuarial liability in respect of privilege leave granted to employees of the Bank and outstanding as at March 31, 2023 is ₹ 0.91 crore (March 31, 2022: ₹ 1.02 crores).

Assumption used :

Discount rate : 7.1%

Salary escalation rate : 7.5%

The estimates of future salary growth considered in the actuarial valuation take into account inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market.

All the assets consist of unit-linked and traditional insurer managed debt instruments, the expected rate of return on assets is drawn from the Indian Government bond yields.

Employee benefits - Provident Fund

The contribution to Employees Provident Fund included under "Payments to and Provisions for Employees" in Schedule 16 amounted to ₹ 13.47 crores for the year ended March 31, 2023 (March 31, 2022: ₹ 11.55 crores).

18. Earnings per equity share

Particulars	March 31, 2023	March 31, 2022
Net profit after tax (in crore)	77.69	(93.03)
Weighted average number of equity shares in computing the basic earnings per share	106,158,749	106,140,544
Basic earnings per share	7.32	(8.76)
Weighted average number of equity shares in computing the diluted earnings per share	106,158,749	106,140,544
Diluted earnings per share	7.32	(8.76)
Nominal value per Share (₹)	10.00	10.00

Reconciliation of weighted average number of equity share

Particulars	March 31, 2023	March 31, 2022
Weighted average number of equity shares in computing the basic earnings per share	106,158,749	106,140,544
Effect of potential equity shares outstanding	-	-
Weighted average number of equity shares in computing the diluted earnings per share	106,158,749	106,140,544

Basic earnings per equity share is computed by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share is computed by dividing the net profit or loss after tax for the year attributable to equity shareholder by weighted average number of equity shares including potential equity shares outstanding as at the end of the year, except when results are anti dilutive.

Schedules to the Financial Statements

for the year ended March 31, 2023

19. Deferred taxes

As at March 31, 2023, the Bank has recorded net deferred tax asset of ₹ 97.44 crores (March 31, 2022 : ₹ 106.31 crores), included in other assets.

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
A) Deferred tax asset arising out of:		
Loan loss provision	100.02	101.17
Employee benefits	2.55	2.52
Depreciation	-	2.55
Others	0.04	0.07
Total (A)	102.61	106.31
B) Deferred tax liability arising out of:		
Depreciation	(5.17)	-
Total (B)	(5.17)	-
Deferred tax asset (net) (A-B)	97.44	106.31

20. Other Additional Disclosures

a) Provision on Standard Assets

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Provision towards standard assets	23.38	19.46

b) Contingent liabilities

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Service tax liability	0.66	0.63
Income tax liability	3.49	3.39
Undrawn commitments	0.12	0.12
Others	18.02	0.00
Total	22.29	4.14

Description of contingent liabilities

i) Claims against the Bank not acknowledged as debts - taxation

The Bank is a party to various taxation matters in respect of which appeals are pending. The Bank expects the outcome of the appeals to be favourable based on decisions on similar issues in the previous years by the appellate authorities, based on the facts of the case and taxation laws.

ii) Claims against the Bank not acknowledged as debts - others

The Bank is a party to various legal proceedings in the normal course of business. The Bank does not expect the outcome of these proceedings to have a material adverse effect on the Bank's financial conditions, results of operations or cash flows.

Schedules to the Financial Statements

for the year ended March 31, 2023

c) Leases

Operating lease primarily comprises of office premises, computers and tablets, which are renewable at the option of the Bank. The following table sets forth the details of future rentals payable on operating leases :

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Not later than one year	4.31	0.60
Later than one year but not later than five years	6.33	0.36
Later than five years	-	-
Total	10.64	0.96
The total lease payments recognised in the Statement of Profit and Loss account for the year	28.28	26.44
Total of future minimum sub-lease payments expected to be received under non-cancellable sub-leases	-	-
Sub-lease amounts recognized in the Profit and Loss Account for the year	-	-
Contingent (usage based) lease payments recognized in the Profit and Loss Account for the year	-	-

The terms of renewal and escalation clauses are those normally prevalent in similar agreements. There are no undue restrictions or onerous clauses in the agreement.

d) Corporate Social Responsibility (CSR)

Gross amount required to be spent by the Bank during the year ended March 31, 2023 is ₹ 0.26 crore (March 31, 2022 ₹ 2.05 crores) under section 135 of the Companies Act, 2013.

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
a) Gross amount required to be spent by the Bank during the year	0.26	2.05
b) Amount spent during the year		
i) Construction/ acquisition of asset		
ii) on purpose other than (i) above	0.23	2.05
c) Previous years surplus	0.03	-
Total	0.26	2.05
d) Nature of CSR activities	Livelihood promotion, literacy, women empowerment, preventive healthcare and environment conservation.	

e) Details of payment of Audit fees.

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Statutory Audit fees and other related services*	1.05	1.08
Other Matters	-	-
Total	1.05	1.08

*Includes out of pocket expenses.

Schedules to the Financial Statements

for the year ended March 31, 2023

f) (i) Miscellaneous income more than 1% of total income

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Income on Priority sector lending certificates	36.88	38.53

Upto March 31, 2022, the Bank used to amortise fees received from the sale of Priority Sector Lending Certificates (PSLC) over the residual quarters of the financial year in which the certificates were sold. From April 01, 2022, the Bank has started recognising fees received from the sale of PSLC on upfront basis.

f) (ii) Other Expenditure more than 1% of total income

Particulars	(₹ in Crores)	
	March 31, 2023	March 31, 2022
Brokerage (includes loan acquisition commission)	31.58	17.36
Loss on transfer of stressed assets (refer note 3[f])	21.53	-
Professional fees (includes payment to outsourced vendors)	21.27	14.61

g) There are no such items in other assets and in other liabilities exceeding 1% of total assets to be disclosed as per Reserve Bank of India (Financial Statements - Presentation and Disclosures) Directions, 2021, updated as on February 20, 2023.

h) Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The Bank has restructured accounts in accordance with RBI circular on Micro, Small and Medium enterprise (MSME) sector - Restructuring of advances

- Resolution Framework 2.0 – Resolution of Covid-19 related stress of Micro, Small and Medium Enterprises (MSMEs)_RBI/2021-22/32/DOR.STR.REC.12/21.04.048/2021-22.
- Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances circular DOR.No.BP.BC.34/21.04.048/2019-20 dated February 11, 2020.

Particulars	(₹ in Crores)	
	As at March 31, 2023	As at March 31, 2022
No. of accounts restructured	227*	12,632
Amount in ₹ crore	5.78	70.01

*Excludes accounts sold to EARC and write offs during the FY 2022-23.

i) Details of Single Borrower Limit (SBL), Group Borrower Limit (GBL) exceeded by the Bank

During the year ended March 31, 2023, the Bank's credit exposures to single borrowers and group borrowers were within the limits prescribed as per the extant RBI guidelines. (March 31, 2022 : ₹ Nil)

j) Inter- Bank Participation with Risk Sharing

The aggregate amount of participations issued by the Bank are reduced from Advances as per regulatory guidelines as on March 31, 2023 is ₹ Nil (March 31, 2022: ₹ Nil)

Schedules to the Financial Statements

for the year ended March 31, 2023

k) Related party disclosure

The Bank has only one related party i.e. Mr. Baskar Babu Ramachandran, Managing Director (MD) and Chief Executive Officer (CEO). Hence, related party transactions are not disclosed as per the exemption provided in the RBI Master circular on 'Disclosure in Financial Statements' Notes to Accounts dated July 1, 2015.

l) Small and micro industries

Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments (March 31, 2022: ₹ Nil).

m) Letter of Comfort

The Bank has not issued letter of comfort during the year ended March 31, 2023 (March 31, 2022: ₹ Nil).

n) Investor Education and Protection Fund

The Bank has transferred ₹ 1,526.00 (in absolute numbers) to Investor Education and Protection Fund by the Bank for the year ended March 31, 2023 (March 31, 2022: ₹ Nil).

o) Disclosure on the scheme for sustainable structuring of stressed assets

The Bank does not have any account under the Scheme for Sustainable Structuring of Stressed Assets (S4A) as on March 31, 2023 (March 31, 2022: ₹ Nil).

p) Disclosure on Flexible Structuring of Existing Loans

The Bank does not have any account under the Scheme Flexible Structuring of Existing Loans as on March 31, 2023. (March 31, 2022: ₹ Nil).

q) Disclosure on Strategic Debt Restructuring (SDR) scheme

The Bank does not have any account under the strategic debt restructuring (SDR) scheme as on March 31, 2023. (March 31, 2022: ₹ Nil).

r) Disclosure on Change in Ownership of Project Under Implementation

The Bank does not have any account which are currently under the scheme of Change in Ownership of Projects Under Implementation as on March 31, 2023 (March 31, 2022: ₹ Nil).

s) Disclosure on change in ownership outside SDR scheme

The Bank does not have any account which are currently under the scheme of Change in Ownership Outside SDR as on March 31, 2023 (March 31, 2022: ₹ Nil).

t) The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

Schedules to the Financial Statements

for the year ended March 31, 2023

- u) No proceedings have been initiated on or are pending against the Bank for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- v) The Bank has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.
- w) The Bank, as part of its normal banking business, that is conducted ensuring adherence to all regulatory requirements, grants loans and advances, makes investments and accepts deposits and borrowings from its customer, other entities and persons.
 - (i) Other than the transactions described above which are carried out in the normal course of business, the Bank has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - 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 to or on behalf of the ultimate beneficiaries.
 - (ii) The Bank has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Bank shall:
 - 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.
- x) There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of accounts.
- y) **Comparatives**
Figures for the previous year have been regrouped wherever necessary to conform with the current year presentation.

As per our Report of even date
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

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

Sudhir N. Pillai
Partner
Membership No: 105782

R. Ramachandran
Chairperson
DIN-01953653

Baskar Babu Ramachandran
Managing Director and
Chief Executive Officer
DIN-02303132

Jyotin Mehta
Director
DIN-00033518

Krishna Kant Chaturvedi
Company Secretary

Kanishka Chaudhary
Chief Financial Officer

Place: Navi Mumbai
Date: May 15, 2023



Suryoday Small Finance Bank Limited

Registered and Corporate Office:
1101 Sharda Terraces, Plot 65, Sector 11, CBD Belapur, Navi Mumbai - 400 614