

## NOTICE OF 2<sup>nd</sup> ANNUAL GENERAL MEETING

**Notice** is hereby given that the second (2<sup>nd</sup>) Annual General Meeting (AGM) of the Members of Shivalik Small Finance Bank Limited (“Bank”) will be held on Monday, 19<sup>th</sup> September 2022 at 10:00 a.m. (IST) through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”) to transact the following business:

### Ordinary Business

**Item No. 1:** To adopt the Audited Financial Statements of the Company for the financial year ended on 31<sup>st</sup> March 2022 including Audited Balance Sheet and Profit and Loss account as on 31<sup>st</sup> March 2022 along with Cash Flow Statement on that date together with the reports of the Board of Directors and Auditors thereon.

**Item No.2:** To appoint a director in place of Mr. Sudhakar Agarwal (DIN: 00418663), who retires by rotation and being eligible, has offered himself for re-appointment.

### Special Business:

**Item No: 3 Appointment of Mr. Anshul Swami (DIN: 09446950) as the Director of the Company.**

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 152, Section 161(1), and any other applicable provisions of the Companies Act, 2013 (the ‘Act’) and the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), applicable provisions of the Banking Regulation Act, 1949, the guidelines /circulars issued by the Reserve Bank of India (the “RBI”), in this regard, from time to time, and any other applicable law (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in, Mr. Anshul Swami (DIN: 09446950) who was appointed as an Additional Director on the Board of Directors of the Company with effect from 26<sup>th</sup> April 2022 in terms of Section 161(1) of the Companies Act, 2013 ( the ‘Act’) (including any statutory modification(s) or re-enactment thereof for the time being in force) and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** Board of Directors of the Company are hereby authorized to take all the necessary actions, and to do all incidental and ancillary acts, deeds and things required in this connection.”

### SHIVALIK SMALL FINANCE BANK LTD.

**HEAD OFFICE:**

Plot No - 2B, 6<sup>th</sup> Floor, Tower 3,  
Sector - 126, Noida - 201 304.

Ph: 0120-4060000

info@shivalikbank.com  
www.shivalikbank.com

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CIN NO: U65900DL2020PLC366027

**Item No: 4 Appointment of Mr. Anshul Swami (DIN: 09446950) as Managing Director and Chief Executive Officer of the Bank and approval of terms and conditions thereof**

To consider and if thought fit to pass with or without modification(s) the following resolution as a **Special Resolution:**

**“RESOLVED THAT** pursuant to the (i) approval of the Reserve Bank of India, (ii) provisions of Section 2(51), 149, 152, 196, 197, 198 and 203 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (iii) Schedule V and other applicable provisions, sections, rules of the Companies Act, 2013 (including any statutory modifications or re-enactment thereof for the time being in force), (iv) the Articles of Association of the Company, and (v) other applicable provisions, if any, of the Banking Regulation Act, 1949 and relevant circular(s) issued by the Reserve Bank of India, from time to time, Mr. Anshul Swami (DIN: 09446950) be and is hereby appointed as a Managing Director and Chief Executive Officer of the Company to hold office for a period of 3 (three) Years effective from 26<sup>th</sup> April, 2022, on the terms and conditions approved by the Reserve Bank of India:

<b>Details of Remuneration/Compensation of Managing Director and Chief Executive Officer</b>	
<b>Particulars</b>	<b>Proposed (INR)</b>
<b>(1)</b>	<b>(2)</b>
<b>PART-A:</b>	
Fixed Pay (including perquisites):	90,00,000.00
1. Salary	31,64,400.00
2. Dearness Allowance	NA
3. Retiral/Superannuation benefits:	
(a) Provident Fund - Employer’s Contribution	3,79,728.00
(b) Gratuity	1,52,208.00
(c) Pension	
4. Leave Fare Concession/ Allowance	NA
5. Other fixed allowances, if any (please specify) **Consolidated allowance, if any, to be given with details of heads it subsumes.	
Special Allowance	25,10,328.00
Statutory Bonus	2,63,592.00
6. Perquisites:	25,29,750.00
(i) Free Furnished House and its maintenance/House Rent Allowance	15,82,200.00
(ii) Conveyance Allowance/Free use of bank's car for:	
a) Vehicle Fuel & Maintenance Reimbursement	2,37,330.00
(iii) Security & Housekeeping	3,00,000.00

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(iv) Internet Expenses	12,000.00
(v) Helper Expenses	2,40,000.00
(vi) Any other perquisites - Attire Maintenance Reimbursement	1,58,220.00
<b>Total Fixed Pay (including perquisites)</b>	<b>90,00,006.00</b>
<b>Note:</b>	
(a) If any of the benefits is of a non-monetary nature, e.g. free furnished house, its monetary equivalent as best as it is possible to determine, should invariably be given. In case the person to be appointed is already associated with the applicant bank, particulars of his existing compensation, etc. should be furnished.	
(b) The reasons for any proposed changes in the remuneration should be suitably indicated under column (4).	
(c) In case the bank proposes to give any sign-on/joining bonus (limited to the first year), which should be in the form of share-linked instruments, its details (such as number of shares, grant date and price, monetary value, vesting schedule) should be furnished separately.	
(d) Banks should exclude only such perquisites from fixed pay, which are reimbursables without any monetary ceilings, e.g. hospitalization expenses, etc. Details of such perquisites should be annexed separately and need not be added while computing total fixed pay. Such exclusions are provided solely for such benefits/perquisites which are not quantifiable in advance. These exclusions would be subject to supervisory review.	
<b>Particulars</b>	<b>Existing (INR)</b>
<b>(1)</b>	<b>(2)</b>
<b>PART-B:</b>	151% of Fixed Pay payable as Performance Bonus as per RBI guidelines.
<b>Variable Pay:</b>	
<b>For FY/Performance Period.....</b>	
<b>1. Cash component</b>	(a) Upfront 50% of Rs. 28,25,001 in April, 2023 (b) Deferred payment 50%
(a) Upfront payment (with %)	
(b) Deferred payment (with %)	
<b>Total cash component</b>	56,50,002.00
<b>Vesting period (in years)</b>	3 Years
<b>Deferral arrangement</b>	
(i) First Year	9,41,667/-
(ii) Second Year	9,41,667/-
(iii) Third Year	9,41,667/-
<b>2. Non-cash Components (Share-linked instruments):</b>	
<b>(i) ESOP/ESOS</b>	a) 7,00,725
(a) Number of share/ share-linked instruments	
(b) Monetary value	b) 79,49,998
(c) Deferral (with %)	
(d) Vesting schedule details	c) 25%

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	d) Equally over four years
<b>(ii) (Any other share-linked instruments)</b>	NA
(a) Number of share/ share-linked instruments	
(b) Monetary value	
(c) Deferral (with %)	
(d) Vesting schedule details	
<b>(iii) Any other non-cash component</b> (please specify) and mention its monetary value, deferral, vesting schedule, etc.	NA
<b>Total monetary value of non-cash component(s)</b>	<b>79,49,998.00</b>
<b>Total monetary value of Variable Pay (Cash and non-cash components)</b>	<b>1,36,00,000.00</b>
<b>% of Cash Component in Total Variable Pay</b>	42% as per RBI guidelines
<b>% of Non-cash component in Total Variable Pay</b>	58% as per RBI guidelines
<b>% of Variable Pay to Fixed Pay and</b>	Maximum 151% as per RBI guidelines
<b>% of Variable Pay in Total Compensation</b>	60%
(for the same FY/Performance Period)	
<b>Total Compensation (Fixed Pay + Variable Pay)</b>	<b>2,26,00,012.00</b>
<b>Note:</b> (a) Both parts- A and B have to be filled and submitted at the time of appointment/re-appointment or seeking approval for the remuneration/revision of remuneration. The target variable pay, along with various sub- components, deferral and vesting period, etc., should be submitted in PART-B.	
(b)Whenever the bank approaches RBI for approval of variable pay for a particular performance measurement period, after the end of the period, only part-B has to be suitably filled and submitted.	
<b>Details of Perquisites which are Reimbursables without any Monetary Ceilings</b>	
<ol style="list-style-type: none"> <li>1. Conveyance Allowance/Free use of bank's car for official purposes</li> <li>2. Expenses related to travel, boarding and lodging such as customer meetings, branch visits, regulatory requirements, trainings</li> <li>3. Reimbursement of mobile phone expenses</li> <li>4. Long Service Awards basis the length of service</li> <li>5. Banking benefits offered to employees</li> <li>6. Inclusion in Group Medclaim Insurance and Term Life Policy taken by the Bank</li> </ol>	

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to alter/vary the remuneration (including perquisites) including Annual Increment in the CTC within the ceiling limits the remuneration as mentioned above be paid as minimum remuneration to Mr. Anshul Swami

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notwithstanding that in any financial year of the Company during his tenure as Managing Director and Chief Executive Officer, the Company has made no profits or profits are inadequate.

**RESOLVED FURTHER THAT** Mr. Anshul Swami be and is hereby authorized to exercise such powers of management as may be delegated to him by the Board of Directors of the Company, from time to time, subject however, to the overall superintendence, control and direction of the Board of the Company.

**RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule V to the Companies Act, 2013, any amendment in applicable provisions of the Banking Regulation Act, 1949, or any amendment in the guidelines /circulars issued by the Reserve Bank of India (the "RBI"), the Board of Directors be and is hereby authorized to vary or increase the remuneration (including the minimum remuneration), that is, the salary, perquisites, allowances, etc. within such prescribed limit or ceiling and the terms and conditions of the said appointment as agreed to between the Board and Mr. Anshul Swami be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required by relevant law.

**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to do all such acts, deed and things necessary to bring into effect the above resolution."

**Item No: 5 Appointment of Mr. Malay Mukherjee (DIN: 02272425 ), as an Independent Director of the Company.**

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Malay Mukherjee (DIN: 02272425) who was appointed as an Additional Director on the Board of the Company with effect from 31<sup>st</sup> May 2022 in terms of Section 161(1) of the Companies Act, 2013 (the 'Act') (including any statutory modification(s) or re-enactment thereof for the time being in force) and who meets the criteria of Independence as provided under Section 149(6) and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for appointment as an Independent Director, be and is hereby appointed as an Independent Director in accordance with Sections 149, 150, 152, 160 read with Schedule IV and other applicable provisions of the Act and corresponding Rules formed thereunder, applicable provisions of the Banking Regulation Act, 1949, the guidelines /circulars issued by the Reserve Bank of India (the "RBI"), in this regard, from time to time, and any other applicable law (including any

statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being in, to hold office for a term of 3 (Three) consecutive years w.e.f. 31<sup>st</sup> May 2022 and that he shall not be liable to retire by rotation.

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**RESOLVED FURTHER THAT** Board of Directors of Company be and are hereby authorized to take all the necessary actions, and to do all incidental and ancillary acts, deeds and things required in this connection.”

**Item No. 6: Appointment of Mr. Dinesh Kumar Mittal (DIN: DIN: 00040000), as Non-executive Director of the Company**

To consider and, if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 152, Section 160, Section 161(1), and any other applicable provisions of the Companies Act, 2013 (the ‘Act’) and Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) applicable provisions of the Banking Regulation Act, 1949, the guidelines /circulars issued by the Reserve Bank of India (the “RBI”), in this regard, from time to time, and any other applicable law (including any statutory amendment(s), modification(s), variation(s) or re-enactment(s) thereof, for the time being, Mr. Dinesh Kumar Mittal (DIN: 00040000) who was appointed as an Additional Director on the Board of Directors of the Company with effect from 6<sup>th</sup> August 2022 in terms of Section 161(1) of the Companies Act, 2013 (the ‘Act’) (including any statutory modification(s) or re-enactment thereof for the time being in force) and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as Non Executive of the Company to hold office for a term of 3 (Three) consecutive years w.e.f. 6<sup>th</sup> August 2022 and shall be liable to retire by rotation.

**RESOLVED FURTHER THAT** Board of Directors of the Company are hereby authorized to take all the necessary actions, and to do all incidental and ancillary acts, deeds and things required in this connection.”

**By order of the Board of Directors  
For Shivalik Small Finance Bank Limited**

**Sd/-  
(Shruti Pandey)  
Company Secretary  
Membership No.: A34796**

**Place: Noida  
Date: 27<sup>th</sup> August 2022**

**Registered Office:**  
501, Salcon Aurum, Jasola District Centre,  
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Website: [www.shivalikbank.com](http://www.shivalikbank.com)

Tel no.:0120-4060000

E-mail: [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com)

**Notes:**

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) vide its Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021 and 2/2022 dated 8th April 2020; 13th April 2020; 5th May 2020, 13th January 2021, 8th December 2021, 14th December 2021 and 5th May 2022 respectively (“MCA Circulars”) and all other relevant circulars issued from time to time (hereinafter collectively referred to as “Circulars”) allowed companies whose AGMs were due to be held in the year 2020 or become due in the year 2021 or become due in the year 2022, to conduct their AGMs on or before 31st December 2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020. Hence, in compliance with these Circulars, the Annual General Meeting of the Company (hereinafter referred as “AGM”) will be conducted through Video Conferencing (VC)/Other Audio Visual Mode (OAVM), the physical attendance of the members at the AGM Venue is not required. The deemed venue for the 2<sup>nd</sup> AGM shall be the Registered Office of the Bank/Company.

For this purpose, necessary arrangements have been made by the Company and instructions for the process to be followed for attending and participating in the ensuing AGM through VC/OAVM is forming part of this Notice.

2. The Explanatory Statement as required under Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the AGM is annexed hereto.
3. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and MCA Circulars, the Company is providing facility of Remote e-voting (E-voting from a place other than venue of the Meeting), to its Members in respect of the businesses to be transacted at the AGM.
4. Pursuant to Section 105 of the Act and Rule 19 of the Companies (Management and Administration) Rules, 2014 (as amended from time to time), a member entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote, instead of himself / herself and the proxy need not be a Member of the Company. However, pursuant to MCA Circulars, since the AGM will be held through VC / OAVM, the physical attendance of Members in any case has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form is not annexed to this Notice.
5. Pursuant to Section 113 of the Companies Act, representatives of Corporate Members may be appointed for the purpose of voting through Remote e-voting or for participation and voting in the AGM to be conducted through VC / OAVM. Corporate Members intending to attend the AGM through their authorised representatives are requested to send a Certified True Copy of

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- the Board Resolution and Power of Attorney, (PDF/JPG Format), authorizing its representative to attend and vote on their behalf at the AGM. The said Resolution / Authorisation shall be sent to the Company by e-mail through its registered e-mail address at [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com) with a copy marked to [info@shivalikbank.com](mailto:info@shivalikbank.com).
6. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report for FY 2021-22 is being sent only through electronic mode to those Members whose name appearing the Register of Members/Beneficial Owners maintained by the Depositories as on Benpos date i.e. 19th August 2022 and whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report for FY 2021-22 will also be available on website of the Company i.e. [www.shivalikbank.com](http://www.shivalikbank.com).
  7. The Relevant documents referred to in the accompanying Notice and the Explanatory Statement, Registers and all other documents will be available for inspection in electronic mode. Members can inspect the same up to the date of AGM, by sending an e-mail to the Company at [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com).
  8. There is no record date for the purpose of Dividend as the Board of Directors has not recommended Dividend for FY 2021-22.
  9. The Company has appointed Mr. Deepak Kukreja (FCS 4140, C.P. No. 8265), Partner of DMK & Associates, failing him, Ms. Monika Kohli (FCS 5480, C.P. No. 4936) Partner of DMK & Associates, Practicing Company Secretaries, New Delhi (Firm Registration No. P2006DE003100) as the Scrutinizer for scrutinizing the Remote e-voting to ensure that the process is carried out in a fair and transparent manner.
  10. The Member whose name appears in the Register of Members / Beneficial Owners maintained by the Depositories as on cut-off date i.e. 12th September 2022 will only be considered for the purpose of Remote e-voting. Voting rights shall be reckoned on the paid-up value of shares registered in the name of Members / Beneficial Owners maintained by the Depositories as on the cut-off date i.e. 12th September, 2022. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
  11. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
  12. The Members attending the AGM should note that those who are entitled to vote but have not exercised their right to vote by Remote e-voting, may vote during the AGM through show off hand for all businesses specified in the accompanying Notice. The Members who have exercised their right to vote by Remote e-voting may attend the AGM but shall not vote at the AGM.
  13. Voting by the members at AGM shall be done in the following ways:
    - a. the Chairman may decide to conduct a vote by show of hands, unless a demand for poll is made by any member in accordance with section 109 of the Companies Act, 2013.
    - b. Where the Poll is demanded it will take place by way of email in following manner:
      - During the meeting, where a poll on any item is demanded, the members shall cast their vote on the resolutions only by sending e-mails through their email addresses which are registered with the Company/DPs. The said e-mails shall only be sent at [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com) (designated email address);

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- The confidentiality of the password and other privacy issues associated with the designated email address is strictly maintained by the company at all times;
  - Due safeguards with regard to authenticity of email address(es) and other details of the members shall also be taken by the Company;
  - In case the counting of votes requires time, the said meeting may be adjourned and called later to declare the result.
  - In case voting by poll is demanded:
  - Where a poll on any item is required, the members shall cast their vote on the resolutions by sending duly filled polling paper (format enclosed along with this notice), through their registered email addresses which are registered with the Company, to the designated email address i.e. [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com). Votes sent after the time as may be decided by the Chairman, shall not be eligible for being considered and shall be strictly treated as if no reply has been received from the Member; please note that email received from any other email id except from the one registered with Company shall be considered invalid for all purpose.
  - Members are requested to carefully read the instructions for voting through poll given separately in this notice as **Annexure A**.
14. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
  15. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
  16. Institutional shareholders are encouraged to attend and vote at the AGM.
  17. Additional Information of Directors seeking appointment / re-appointment at the ensuing AGM, as required under Clause 1.2.5 of the Secretarial Standard - 2 on General Meetings ("SS-2"), is annexed to the Notice as **Annexure B**.
  18. All grievances connected with the facility for voting by electronic means may be addressed to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call at toll free no.: 1800 1020 990 and 1800 22 44 30.
  19. Since the AGM will be held through VC/OAVM, the Route Map and Attendance Slip are not annexed to this Notice.

#### **Voting Results:**

1. The Scrutinizer shall, after the conclusion of the AGM, electronically submit the Consolidated Scrutinizer's Report (i.e. votes cast through Remote e-voting and by show off hand during AGM) or by poll as the case may be, of the total votes cast in favour or against the resolution and invalid votes, to the Chairman of the AGM or to any other person authorised by the Chairman of the Company.
2. Based on the Scrutinizer's Report, the result will declared within 3 days from the conclusion of the AGM and the details of result along with Scrutinizer's Report will be placed on the website of the Company at [www.shivalikbank.com](http://www.shivalikbank.com).

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**Details of E-Voting and joining AGM through VC:**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and the MCA Circulars, the Bank is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM.

For this purpose, the Bank has entered into an agreement with National Securities Depository Limited (“NSDL”) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system will be provided by NSDL.

The remote e-voting period begins on 16<sup>th</sup> September 2022 and ends on 18<sup>th</sup> September, 2022. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners, as on the record date (cut-off date) i.e. 12<sup>th</sup> September, 2022 may cast their vote electronically.

The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being 12<sup>th</sup> September 2022.

**The details of the process and manner for remote e-Voting are as under:**

Step 1: Log in to e-Voting system by following details given below.

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 are mentioned below:

**A) Login method for e-Voting for Individual shareholders**

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	1. If you are already registered for NSDL <b>IdeAS facility</b> , please visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “ <b>Beneficial Owner</b> ” icon under “ <b>Login</b> ” which is available under ‘ <b>IDEAS</b> ’ section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “ <b>Access to e-Voting</b> ” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you

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Sector - 126, Noida - 201 304.

Ph: 0120-4060000

info@shivalikbank.com  
www.shivalikbank.com

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	<p>will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</p> <ol style="list-style-type: none"> <li>If user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period.</li> </ol>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>

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info@shivalikbank.com  
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<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period</p>
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**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget

User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
<p>Individual Shareholders holding securities in demat mode with NSDL</p>	<p>Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<p>Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43</p>

**B) Login Method for e-Voting shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

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4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
  - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
  - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**

6. If you are unable to retrieve or have not received the “ Initial password” or have forgotten your password:

- a) Click on “[Forgot User Details/Password?](#)” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- b) [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
- d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.

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8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

## **Step 2: Cast your vote electronically on NSDL e-Voting system.**

### **How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period Now you are ready for e-Voting as the Voting page opens.
3. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
4. Upon confirmation, the message “Vote cast successfully” will be displayed.
5. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
6. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
2. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the resolutions set out in this notice:**

- i. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining AGM through VC for Individual shareholders.**
- ii. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.

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Sector - 126, Noida - 201 304.

Ph: 0120-4060000

[info@shivalikbank.com](mailto:info@shivalikbank.com)  
[www.shivalikbank.com](http://www.shivalikbank.com)

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**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Members whose email IDs are already registered with the Company and who are desirous to attend the AGM through VC/OAVM can apply at [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com) requesting for participation in the AGM, by giving their name as registered in the records of the Company and the Registered email id.
2. Members may attend the AGM, by following the invitation link sent to their registered email ID. Members will be able to locate JOIN MEETING tab. By Clicking on JOIN MEETING they will be redirected to Meeting Room via browser or by running Temporary Application. In order to join the Meeting, follow the following step. Members are encouraged to join the Meeting through Laptops for better experience.

Steps to **join a Teams meeting as a guest** from any device (Desktop/Mobile) without a Teams accounts are shown herein below:

**A. To Join Microsoft Teams meeting via Desktop:**

**Step 1:** Go to the meeting invite and select Join Microsoft Teams Meeting.

**Step 2:** That'll open a web page, where you'll see two choices: Download the Windows app and Join on the web instead. If you join on the web, you can use either Microsoft Edge or Google Chrome. Your browser may ask if it's okay for Teams to use your mic and camera. Be sure to allow it so you'll be seen and heard in your meeting.

**Step 3:** Enter your name and choose your audio and video settings. If the meeting room (or another device that's connected to the meeting) is nearby, choose Audio off to avoid disrupting. Select Phone audio if you want to listen to the meeting on your mobile phone.

**Step 4:** When you're ready, hit Join now.

**Step 5:** This will bring you into the meeting lobby. We'll notify the meeting organizer that you're there, and someone in the meeting can then admit you.

**B. To Join Microsoft Teams meeting via Microsoft Teams Mobile app:**

**Step 1:** In the meeting invite, select **Join Microsoft Teams Meeting**.

**Step 2:** If you don't already have the Teams mobile app, you'll be taken to your app store to download it.

**Step 3:** Download the app and open it right from the app store page.

Teams will ask if it's okay to use your mic. Be sure to allow it so others in the meeting will be able to hear you.

**Step 4:** Next, you'll be given two options for joining your meeting: **Join as a guest** or **Sign in and join**. Choose **Join as a guest**.

**Step 5:** Type your name and tap **Join meeting**.

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**Step 6:** Once you're in the meeting, you can turn your video or mic on or off by tapping on the centre of your screen to show the meeting controls. Tap again to hide them.

3. The helpline number for joining the Meeting through Electronic Mode will be provided in the Meeting Invitation which will be sent to the eligible applicants.

**OTHER INFORMATION:**

- (A) Only those shareholders of the Company who are holding shares as on the cut-off date (i.e. 12<sup>th</sup> September 2022), shall be entitled to cast their vote through venue voting through VC/OAVM at the AGM. Any person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- (B) As per the MCA General Circular 17/2020 dated April 13, 2020, the Notice of the AGM has been sent through electronic mode to only those Members whose email IDs are registered with the Company/DPs.

**By order of the Board of Directors  
For Shivalik Small Finance Bank Limited**

**Sd/-  
(Shruti Pandey)  
Company Secretary  
Membership No.: A34796**

**Place: Noida  
Date: 27<sup>th</sup> August 2022**

**Registered Office:**  
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New Delhi – 110025  
Website: [www.shivalikbank.com](http://www.shivalikbank.com)  
Tel no.:0120-4060000  
E-mail: [investorrelations@shivalikbank.com](mailto:investorrelations@shivalikbank.com)

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**Explanatory Statement pursuant to the provisions of Section 102(1) of Companies Act, 2013**

The following Statement sets out all material facts relating to the below mentioned Item no(s) mentioned in the above Notice:

**Item No. 3, 5 and 6**

The Board of directors of the Company (“the Board”) was re-constituted and following persons were appointed as Additional Directors, in terms of Section 161 of the Companies Act, 2013 (the Act) as per the details given here under:

S. No.	Name of Director	DIN	Date of appointment
1	Mr. Anshul Swami	09446950	26 <sup>th</sup> April 2022
2	Mr. Malay Mukherjee	02272425	31 <sup>st</sup> May 2022
3	Mr. Dinesh Kumar Mittal	00040000	6 <sup>th</sup> August 2022

In accordance with the provisions of Section 161 of the Act read with Articles of Association of the Company, these directors shall hold office up to the date of ensuing Annual General Meeting.

The Company has received notices under Section 160 of the Companies Act from members proposing the candidature of these directors for being appointed as directors of the Company.

The Company has received declaration from Mr. Malay Mukherjee that he meets the criteria of independence as prescribed under the Act. In the opinion of the Board, Mr. Malay Mukherjee fulfils the conditions for his appointment as Independent Directors as specified in the Act.

As per the provisions of the Act, Independent Directors can be appointed for a maximum term of five consecutive years and shall not be liable to retire by rotation.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors of the Bank had appointed Mr. Malay Mukherjee, Mr. Anshul Swami and Mr. Dinesh Kumar Mittal as Additional Directors having expertise in Banking sector, subject to the confirmation by the members. In accordance with the provisions of Section 149, 150 and 152 of the Companies Act, 2013, the appointment of respective Directors on the Board requires approval of members.

Mr. Malay Mukherjee, Mr. Anshul Swami and Mr. Dinesh Kumar Mittal are not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given their consents to act as a Director. Mr. Malay Mukherjee, being an Independent Director had also submitted a declaration to the effect that he meets the criteria of independence in accordance with the provisions of the Companies Act, 2013.

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The Board of Directors had expressed its satisfaction over the Fit and Proper Status of the appointee as per the Guidelines issued by the RBI. The Board of Directors were of the opinion that he is a person of integrity, fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the Management of the Bank.

Considering the seniority, expertise, and vast banking experience of Mr. Anshul Swami, Mr. Malay Mukherjee and Mr. Dinesh Kumar Mittal in their respective field(s), the Board recommends the Resolution for approval of the Members as set out at item No. 3, 5 & 6 of the Notice as Ordinary resolution.

A copy of the draft letter for appointment of Independent Director setting out the terms and conditions is available for inspection at the Registered Office of the Company on any working day between 2.00 P.M. (IST) to 4.00 P.M. (IST) up to the date of declaration of the result of AGM and will also be available for inspection in the electronic mode.

#### Disclosure under Section 102(3)

All documents mentioned in this notice and the explanatory statement are available for inspection during the Company's business hours on all business days at the Registered Office of the company.

#### Disclosure of Interest under Section 102 (1) (a)

Save and except Mr. Anshul Swami, Mr. Malay Mukherjee, Mr. Dinesh Kumar and their relatives (to the extent of their shareholding interest in the Company), none of the other Directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolutions.

#### **Item No. 4**

The Board of Directors of the Company in its meeting held on 23<sup>rd</sup> April 2022 approved the appointment of Mr. Anshul Swami as Managing Director of the Company for a period of three year w.e.f. 26<sup>th</sup> April 2022 and designated him as the Managing Director and Chief Executive Officer (MD & CEO) of the Company and payment of the remuneration during his tenure as MD & CEO of the Company.

The Company has not defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or other secured creditor, if any.

It is strongly believed that the Company would be immensely benefitted with vast knowledge and varied experience and leadership of Mr. Anshul Swami as MD & CEO of the Company.

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Disclosure under Section 102(3)

All documents mentioned in this notice and the explanatory statement are available for inspection during the Company’s business hours on all business days at the Registered Office of the company.

Disclosure of Interest under Section 102 (1) (a)

Save and except Mr. Anshul Swami and his relatives to the extent of their shareholding interest, if any, in the Company, none of the other directors, Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends his appointment as set out in item No.4 by way of passing of special Resolution.

The information required to be provided in terms of Schedule V of the Companies Act, 2013 is given hereunder:

**I. GENERAL INFORMATION:**

- a. **Nature of Industry:** Banking
- b. **Date of Commencement of Commercial Production:** The Company is incorporated on 12<sup>th</sup> July 2021. It commenced its banking business operation w.e.f. 26<sup>th</sup> April 2021.
- c. **In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus:** NOT APPLICABLE
- d. **Financial Performance based on given indicator:**

(Amount Rs. in Thousand)

PARTICULARS	Financial Year Ended on 31 <sup>st</sup> March 2022
Total Income	14,60,437
Total Expenses	14,53,025
<b>Tax Expense:</b>	
Current Tax	Nil
Deferred Tax	796
Profit/(Loss) for the year	7,412
Add: Balance brought forward	(6,610)
Balance carried to Balance Sheet	<b>802</b>

- e. **Foreign investments or collaborations, if any:** The Company has received investments from Mr. Shishir Priyadarshi, Non-resident Indian and as on 31st March 2022, he holds 3,00,000 Equity Shares of the Company. Further the Members of the Company at their meeting held on 20<sup>th</sup> August 2022 had approved the offer and issue of 50,45,339 equity shares of the Company to Quona Accion Inclusion Fund III, L.P. and 50,45,339 equity shares of the Company to Accel India VII (Mauritius) Ltd.

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**II. INFORMATION ABOUT THE APPOINTEE:**

**1) Background Details:**

<b>Total Experience</b>	19+ Years
<b>Profile Summary</b>	<p>Mr. Swami has 19+ years of commercial banking and NBFC experience with large private domestic and foreign banks and NBFC in India across sales, product &amp; portfolio management &amp; delivery of P&amp;L targets. He has key expertise in the areas such as Banking, Finance, Accounting, Information Technology, Agriculture and Rural Economy, Small Scale Industry and Business Administration. He has worked across various customer segments including Urban consumer &amp; MSME business, Digital lending initiatives, farmers &amp; rural community and financial inclusion for women. Key highlights of his experience are as follows:</p> <ul style="list-style-type: none"> <li>a. Business planning &amp; implementation with focus on P&amp;L accountability, risk &amp; financial modelling.</li> <li>b. Build business and take it to scale including setting up teams, infrastructure, process &amp; controls.</li> <li>c. Setting up of operations from finalization of back-end system, alignment to product &amp; underwriting process and building data management and analytics support.</li> <li>d. Bancassurance, Micro marketing &amp; Branding</li> <li>e. Deal evaluation for portfolio purchase, buyouts</li> </ul>
<b>Professional Qualification</b>	MBA - IIM Lucknow; BE mechanical, Pune University

**2) Past Remuneration:** Rs. 2.35 crores p.a.

**3) Recognition or award:** NA

**4) Job Profile and his Suitability:** Mr. Anshul Swami is a seasoned banking professional with rich experience in Product & Portfolio management, Driving- lending initiatives in the digital space, Rural branch banking, Deal evaluation, Business planning & implementation, Operations, Sales and Underwriting. Anshul brings rich experience across various customer and geographic segments including Urban consumer and MSME business: Financial inclusion across Rural women, Small business lending and Agri lending to farmers. He was associated with RBL Bank as Head - Retail, Inclusion & Products before joining Shivalik. He has worked with Barclays, Citi Financial, and Britannia.

**5) Remuneration Proposed:** The details of the proposed remuneration are presented in the resolution set out in Item No. 4 of the Notice.

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**6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:** The remuneration payable has been benchmarked with the remuneration being drawn by peers in similar capacity in similar companies of comparable size in the banking industry and has been approved by the Reserve Bank of India. The profile of Mr. Anshul Swami, his responsibilities, complex business operations, industry benchmark and size of the Company justify the payment of said remuneration and commensurate with the remuneration packages paid to their similar counterparts in other companies.

**7) Pecuniary relationship directly or indirectly with the Company, or relationship with the Managerial Personnel:** Mr. Anshul Swami is currently the Managing Director and Chief Executive Officer of the Company and has been offered ESOPs and is not related to promoter group of the Company.

**III. Other Information:**

- 4) Reasons of loss or inadequate profits:** Given it is the first year of operations of the bank as a Small Finance Bank, Bank incurred various expenditures for ramping up the in terms of talent, processes and technology to enable the bank to prepare for scale.
- 2) Steps taken or proposed to be taken for improvement:** The transition from Shivalik Mercantile Co-operative Bank Limited (SMCB) has been completed to Shivalik Small Finance Bank Limited (SSFB). SSFB has commenced its banking operation w.e.f. 26<sup>th</sup> April 2021 and management expects the profits in measurable terms as per Annual Business Plan of the Bank.
- 3) Expected increase in productivity and profits in measurable terms:** Refer point no 2 above
- 4) Disclosure:** The disclosures on remuneration package of MD & CEO and details of all elements of remuneration package, details of fixed components and stock options details etc. are mentioned in this notice.

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**Annexure A****Procedure/Instructions for Voting through Poll:**

The procedure and instructions for voting are as follows:

- i. Open the word file of Polling Paper as provided along with the Notice of the meeting as an Form MGT-12.
- ii. Enter the details as required.
- iii. On the polling paper, you will see Resolution Description and against the same the option 'FOR/AGAINST for voting. Enter the number of shares (which represents number of votes) under 'FOR/AGAINST or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding.
- iv. Please convey your assent/ dissent through the Polling Paper by sending the same only on designated email id. The assent or dissent received in any other form shall not be considered valid.
- v. Consent must be accorded by placing a tick mark in the column, 'I/We assent to the Resolution', or dissent must be accorded by placing a tick mark in the column, 'I/We dissent to the Resolution'. Polling Paper bearing tick mark in both the columns will be treated as invalid. A Member need not use all his/her votes nor does he/she need to cast his/her votes in the same way.
- vi. Incomplete or incorrect polling Paper will be rejected.
- vii. The votes of a Member will be considered invalid on any of the following grounds:
  - a) If a form other than the Polling Paper issued by the Company is used;
  - b) If the Member has marked his/her/its vote both for 'Assent' and also for 'Dissent' to the 'Resolution' in such manner that the aggregate Equity Shares voted for 'Assent' and 'Dissent' exceeded total number of Shares held;
  - c) If the Member has made any amendment to the Resolution or imposed any condition while exercising his vote;
  - d) If the Polling Paper is incomplete and incorrectly filled;
  - e) If the Polling Paper is received in a manner such that it is difficult for the Scrutinizer to identify either the Member or the number of votes, or whether the votes are for 'Assent' or 'Dissent', or neither assent or dissent is mentioned or one or more of the above grounds;
  - f) The Polling Paper is received after the time as specified above;
  - g) Any competent authority has given directions in writing to the Company to freeze the voting rights of the Member.
- viii. There will be only one Polling Paper for every folio irrespective of the number of joint Shareholder(s).

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- ix. Members are requested not to send any other paper along with the Polling Paper to the designated e-mail, as all such polling paper will be sent to the Scrutinizer and any extraneous paper found in such mail would be destroyed by the Scrutinizer.
- x. The voting rights of equity shareholders shall be determined based on the equity shares held by them as on Cut-off Date i.e 12<sup>th</sup> September 2022.

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**Annexure B**

**Details of directors seeking appointment/re-appointment at the Annual General Meeting of the Company, pursuant to the Standard 1.2.5 of Secretarial Standard – 2 on General Meetings issued by the Institute of The Company Secretaries of India**

<b>Name of Director</b>	<b>Director 1</b>	<b>Director 2</b>	<b>Director 3</b>
	<b>Mr. Anshul Swami</b>	<b>Mr. Malay Mukherjee</b>	<b>Mr. Dinesh Kumar Mittal</b>
<b>DIN:</b>	09446950	2272425	00040000
<b>Date of Birth (Age in Years)</b>	1 <sup>st</sup> April 1978 (43 Years)	26 <sup>th</sup> July 1955 (67 Years)	25 <sup>th</sup> January 1953 Age: -69 years
<b>Qualification</b>	MBA - IIM Lucknow; BE mechanical Pune University	Master’s degree in science (Physics) from B.H.U, CAIIB (Part I)	M.Sc.
<b>Experience (including Expertise in Specific area/ Brief Resume)</b>	<p>i. Anshul Swami is a seasoned banking professional with rich experience in Product &amp; Portfolio management, Driving- lending initiatives in the digital space, Rural branch banking, Deal evaluation, Business planning &amp; implementation, Operations, Sales and Underwriting.</p> <p>ii. He brings rich experience across various customer and geographic segments including Urban consumer and MSME business: Financial inclusion across Rural women, Small business</p>	<p>i. Mr. Mukherjee retired as General Manager of Indian Bank in September 2012 after serving 36 years.</p> <p>ii. He was an Executive Director of Central Bank of India from September 2012 to December 2013, wherein he oversaw the portfolios such as Credit, HR, General Administration, IT, Corporate Communications, Publicity, Marketing, Client coverage and New Initiatives.</p> <p>iii. He was also Chairman of Cent Bank Home Finance Ltd., a subsidiary of Central Bank of India.</p> <p>iv. He retired as MD &amp; CEO of IFCI Limited. As an</p>	<p>i. Mr. Mittal was an Indian Administrative Service (IAS) officer of 1977 batch (UP cadre) and has served the Government of India in various capacities.</p> <p>ii. He served as Secretary of Department of Financial Services for Ministry of Finance where he was responsible for overseeing Banking, Insurance and Pension policies of India.</p> <p>iii. He was Secretary, Ministry of Corporate Affairs and has worked closely with ICAI, ICSI and ICWAI.</p>

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	<p>lending and Agri lending to farmers.</p> <p>iii. He was associated with RBL Bank as Head - Retail, Inclusion &amp; Products before joining Shivalik.</p> <p>iv. He has worked with Barclays, Citi Financial, and Britannia.</p>	<p>MD &amp; CEO, he was responsible for the growth and development of business of IFCI Ltd. He advises companies on financial tie-ups and restructuring. He is also empanelled as a consultant with Asian Development Bank (ADB).</p> <p>v. In addition to this, he serves as an Independent Director to board of listed Infrastructure company and other companies in India.</p> <p>vi. He is also director of a Bank in Nepal and senior advisor to biggest business Group of Nepal.</p>	<p>He has hands on experience in Infrastructure, International Trade, Urban Development, Renewable Energy, Agriculture Development and Micro-Credit, Corporate Governance, Banking, Insurance, Pension and Finance.</p> <p>iv. He served in the State of Uttar Pradesh Government, Joint Secretary and Additional Secretary in the Ministry of Commerce and Industry.</p> <p>v. He holds board positions on a number of large corporates in sectors such as Insurance, Telecommunications, Power and Manufacturing.</p>
<b>Terms and conditions of appointment/ re-appointment</b>	As per Appointment letter	As per Appointment letter	As per Appointment letter
<b>Details of Remuneration sought to be paid (Per annum)</b>	RS. 2,26,00,012/- p.a	No remuneration paid apart from sitting fees	No remuneration paid
<b>Remuneration Last drawn during FY 2020-21</b>	NA	NA	NA
<b>Date of first appointment on the Board</b>	26 <sup>th</sup> April 2022	31 <sup>st</sup> May 2022	6 <sup>th</sup> August 2022

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<b>Shareholding in the Company</b>	NA	NA	30.74% of paid-up share capital
<b>Relationship with other director / KMP</b>	Not related to any directors or KMP of the Company	Not related to any directors or KMP of the Company	Not related to any directors or KMP of the Company
<b>No. of meetings of the Board attended during the year</b>	NA	NA	NA
<b>Directorship in other Companies (Excluding Foreign Companies)</b>	Nil	<ul style="list-style-type: none"> <li>i. Dilip Buildcon Limited</li> <li>ii. Engenrin Energy Private Limited</li> <li>iii. Eqaro Surety Private Limited</li> <li>iv. Chartered Finance Management Limited</li> <li>v. NABIL Bank Limited (Nepal)</li> </ul>	<ul style="list-style-type: none"> <li>i. Balrampur Chini Mills Ltd</li> <li>ii. Max Financial Services Limited</li> <li>iii. Bharti Airtel Limited</li> <li>iv. Max Ventures and Industries Limited</li> <li>v. Trident Limited</li> <li>vi. Niva Bupa Health Insurance Company Limited</li> <li>vii. Max Life Pension Fund Management Limited</li> <li>viii. HSBC Asset Management (India) Private Limited</li> <li>ix. Arohan Financial Services Limited</li> <li>x. Ergos Business Solutions Private Limited</li> <li>xi. Business Strategy Advisory Services Private Limited</li> </ul>
<b>Chairmanship/membership of Committees of other Board</b>	Nil	<ul style="list-style-type: none"> <li>1. Infomerics India Foundation</li> <li>2. CFM Asset Reconstruction Private Limited</li> </ul>	i. Arohan Financial Services Limited

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**Form No. MGT- 12****Polling Paper**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

**Name of the Company:** Shivalik Small Finance Bank Limited

**Registered Office:** 501, Salcon Aurum, Jasola District Centre, New Delhi- 110025

**CIN:** U65900DL2020PLC366027

**BALLOT PAPER**

S No	Particulars	Details
1.	Name of the first named Shareholder (In Block Letters)	
2.	Postal address	
3.	Registered Folio No./ *Client ID No. (*applicable to investors holding shares in dematerialized form)	
4.	Class of Share	Equity Shares

I hereby exercise my vote in respect of Ordinary/Special Resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner:

No.	Ordinary Business	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
1.	To adopt the Audited Financial Statements of the Company for the financial year ended on 31st March 2022 including Audited Balance Sheet and Profit and Loss account as on 31st March 2022 along with Cash Flow Statement on that date together with the reports of the Board of Directors and Auditors thereon.			
2.	To appoint a director in place of Mr. Sudhakar Agarwal (DIN: 00418663), who retires by rotation and being eligible, has offered himself for re-appointment.			
<b>Special Business</b>				
3.	Appointment of Mr. Anshul Swami (DIN: 09446950) as the Director of the Company			
4.	Appointment of Mr. Anshul Swami (DIN: 09446950) as Managing Director and Chief Executive Officer of the Bank and approval of terms and conditions thereof			
5.	Appointment of Mr. Malay Mukherjee (DIN: 02272425), as Independent Director of the Company.			
6.	Appointment of Mr. Dinesh Kumar Mittal (DIN: 00040000), as Non-executive/Non-Independent Director of the Company			

**Place:**

**Date:**

**(Signature of the shareholder\*)**

(\*as per Company records)

**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Balance Sheet as on 31 March,2022**

(Amounts in INR thousands, unless otherwise stated)

<b>Particulars</b>	<b>Schedule</b>	<b>As at March 31,2022</b>	<b>As at March 31,2021</b>
<b><u>Capital and Liabilities</u></b>			
(1) Capital	1A	8,94,558	1,03,357
(2) Share warrants	1B	4,800	-
(3) Share application Money	1C	-	69,278
(4) Reserves and surplus	2	1,50,823	(6,610)
(5) Deposits	3	1,59,29,094	-
(6) Borrowings	4	16,77,678	11,389
(7) Other liabilities and provisions	5	2,43,251	51,557
<b>Total</b>		<b>1,89,00,204</b>	<b>2,28,971</b>
<b><u>Assets</u></b>			
(1) Cash and balances with Reserve Bank of India	6	9,57,224	7,118
(2) Balance with banks and money at call and short notice	7	18,12,329	2,15,700
(3) Investments	8	42,51,080	-
(4) Advances	9	1,10,86,036	-
(5) Fixed assets	10	4,14,866	-
(6) Other assets	11	3,78,669	6,153
<b>Total</b>		<b>1,89,00,204</b>	<b>2,28,971</b>
Contingent liabilities	12	41,498	-
Bills for collection		-	-
Significant accounting policies and notes forming part of the financial statements	17-18		

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

As per our report of even date

**For S. N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No: 000050N/N500045

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

Partner

Membership No.: 087701

Place: Delhi

Date: 06 August,2022

**Shankar Aggarwal**

Director

DIN:02116442

Place: Delhi

Date: 06 August,2022

**Anshul Swami**

Managing Director and CEO

DIN:09446950

Place: Delhi

Date: 06 August,2022

**Gaurav Seth**

Chief Financial Officer

Membership No: 503517

Place: Delhi

Date: 06 August,2022

**Shruti Pandey**

Company Secretary

Membership No. : 34796

Place: Delhi

Date: 06 August,2022

**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Profit and loss Account for the year ended on 31 March, 2022**

(Amounts in INR thousands, unless otherwise stated)

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

The Schedules 1 to 18 form an integral part of the Accounts

**As per our report of even date attached**

**For S. N. Dhawan & CO LLP**

Chartered Accountants

Firm Registration No: 000050N/N500045

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

**Shivalik Small Finance Bank Limited**

**Vinesh Jain**

Partner

Membership No.: 087701

Place: Delhi

Date: 06 August,2022

**Shankar Aggarwal**

Director

DIN:02116442

Place: Delhi

Date: 06 August,2022

**Anshul Swami**

Managing Director and CEO

DIN:09446950

Place: Delhi

Date: 06 August,2022

**Gaurav Seth**

Chief Financial Officer

Membership No: 503517

Place: Delhi

Date: 06 August,2022

**Shruti Pandey**

Company Secretary

Membership No. : 34796

Place: Delhi

Date: 06 August,2022

**SHIVALIK SMALL FINANCE BANK LIMITED**  
**CIN NO. U65900DL2020PLC366027**  
**Cash Flow Statement**  
(Amounts in INR thousands, unless otherwise stated)

Particulars	Year Ended March 31, 2022	Year Ended March 31, 2021
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(I) Net profit/(loss) before tax	7,412	(6,610)
(II) Adjustments for:		
Depreciation on fixed assets	52,992	-
Amortization of premium on investments (held to maturity)	2,266	-
Provision for non performing assets	32,000	-
Provision for standard assets	8,250	-
Provisions written back	1,614	-
Loss on sale of fixed assets	899	-
<b>Operating profit before changes in operating assets and liabilities</b>	<b>1,05,433</b>	<b>(6,610)</b>
(III) Adjustments for net change in operating assets and liabilities:		
Increase in investments (other than HTM)	(10,93,031)	-
Increase in advances	(32,57,010)	(1,486)
Increase in Deposits	37,56,271	-
Increase in other assets	(70,381)	(2,528)
Decrease other liabilities and provisions	(1,68,577)	52,223
<b>Cash generated from operations</b>	<b>(7,27,295)</b>	<b>41,599</b>
Direct taxes paid (net of refund)	(28,573)	(2,139)
<b>Net cash used in operating activities (A)</b>	<b>(7,55,868)</b>	<b>39,460</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchase of fixed assets	(1,61,269)	-
Proceeds from sale of fixed assets	250	-
Investments in HTM securities (Net)	(3,25,542)	-
Bank Deposits made having original maturity of more than three months	-	-
<b>Net cash used in investing activities (B)</b>	<b>(4,86,561)</b>	<b>-</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share application money	-	69,278
Proceeds from issue of share warrants	4,800	-
Proceeds from Issue of Share Capital	7,16,923	1,03,357
Proceeds from Issue of Preference shares	5,000	-
Proceeds from borrowings	4,41,753	-
Share premium received	7,000	-
Share issue expenses	(4,721)	-
Proceeds from debentures issued during the year	7,97,936	10,723
<b>Net cash flow from financing activities (C)</b>	<b>19,68,691</b>	<b>1,83,358</b>
<b>Net increase in cash and cash equivalents (A)+(B)+(C)</b>	<b>7,26,262</b>	<b>2,22,818</b>
Cash and cash equivalents at the beginning of the year	2,22,818	-
Cash and cash equivalents at acquisition of business (see note 18.2)	18,20,473	-
<b>Cash and cash equivalents at the end of the year</b>	<b>27,69,553</b>	<b>2,22,818</b>
<b>Cash and cash equivalent comprises :</b>		
Cash and balances with Reserve Bank of India	9,57,224	7,118
Balance with banks and money at call and short notice	18,12,329	2,15,700
	<b>27,69,553</b>	<b>2,22,818</b>

**Notes:**

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

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

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

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

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

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

**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

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

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

**Schedule 1B: Share warrants**

<b>I Share warrants authorised for issue</b>		
60,00,000 warrants of Rs. 10 each (previous year: Nil)	60,000	-
	<b>60,000</b>	<b>-</b>
<b>II Share warrants issued and paid-up</b>		
Share warrants 40,00,000 warrants Rs 1.20 paid-up (previous year: Nil)	4,800	-
	<b>4,800</b>	<b>-</b>

**Schedule 1C: Share application Money**

<b>I Share application money pending allotment (see note below)</b>		
	-	69,278
	<b>-</b>	<b>69,278</b>

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



**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

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

**Description of the nature and purpose Reserves and Surplus****Statutory Reserves**

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

**Share Premium**

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

**Investment Fluctuation Reserve**

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

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

- (i) Net Profit on the Sale of the investment during the year
- (ii) Net Profit for the year less mandatory appropriation

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

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

	As at March 31,2022	As at March 31,2021
<b>Schedule-3: Deposits</b>		
<b>A.I. Demand deposits</b>		
(i) From banks	134	-
(ii) From others	8,81,027	-
<b>Sub-Total</b>	<b>8,81,161</b>	
<b>II. Savings bank deposits</b>	<b>37,74,104</b>	-
<b>III. Term deposits</b>		
(i) From banks	14,64,578	-
(ii) From others	98,09,251	-
<b>Sub-Total</b>	<b>1,12,73,829</b>	-
<b>Total(I+II+III)</b>	<b>1,59,29,094</b>	
<b>B.I</b> Deposits of branches in India	1,59,29,094	-
<b>B.II</b> Deposits of branches outside India	-	-
<b>Total</b>	<b>1,59,29,094</b>	-

**Schedule-4 : Borrowings**

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

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

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

	As at March 31,2022	As at March 31,2021
<b>Schedule-5 : Other liabilities and provisions</b>		
I Bills payable	37,305	-
II Inter-office adjustment (net)	-	-
III Interest accrued <sup>1</sup>	62,808	-
IV Others (including provisions) <sup>2</sup>	1,43,138	51,557
<b>TOTAL</b>	<b>2,43,251</b>	<b>51,557</b>

1. Interest accrued on deposits is due to the frequency of payment of interest not being aligned as per the calendar quarter

2. Includes Rs.1,586 thousand payable to Shivalik Mercantile Co-operative Bank shareholders as a refund on account of business acquisition

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(Amounts in INR thousands, unless otherwise stated)

	As at March 31,2022	As at March 31,2021
<b>Schedule 6 : Cash and balances with Reserve Bank of India</b>		
I. Cash in hand (including foreign currency notes)	2,60,905	-
II. Balances with Reserve Bank of India		
a. in current account	6,16,319	7,118
b. in other accounts-reverse repo	80,000	-
<b>Total (I and II)</b>	<b>9,57,224</b>	<b>7,118</b>
<b>Schedule 7 : Balance with banks and money at call and short notice</b>		
<b>I. In India</b>		
(i) Balances with banks	-	-
(a) In current accounts	76,033	-
(b) In other deposit accounts	16,36,296	2,15,700
<b>Total Balances with banks</b>	<b>17,12,329</b>	<b>2,15,700</b>
(ii) Money at call and short notice		
(a) with banks	1,00,000	-
(b) with other institutions	-	-
<b>Money at call and short notice</b>	<b>1,00,000</b>	<b>-</b>
<b>Sub-Total</b>	<b>18,12,329</b>	<b>2,15,700</b>
<b>II. Outside India</b>		
(i) Balances with banks		
(a) In current accounts	-	-
(b) In other deposit accounts	-	-
<b>Total Balances with banks</b>	<b>-</b>	<b>-</b>
(ii) Money at call and short notice	-	-
<b>Total Money at call and short notice</b>	<b>-</b>	<b>-</b>
<b>Sub-Total</b>	<b>-</b>	<b>-</b>
<b>Grand Total (I and II)</b>	<b>18,12,329</b>	<b>2,15,700</b>
<b>Schedule 8 : Investments</b>		
<b>I. Investments in India (net of provision)</b>		
(i) Government securities*	31,60,315	-
(ii) Others (Purchase of agriculture loan portfolio through securitization)	10,88,293	-
(iii) Debentures and bonds	2,472	-
<b>Sub-Total</b>	<b>42,51,080</b>	<b>-</b>
<b>II. Investments outside India (net of provision)</b>		
<b>Sub-Total</b>	<b>-</b>	<b>-</b>
<b>Grand Total (I and II)</b>	<b>42,51,080</b>	<b>-</b>

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

**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

	<b>As at March 31,2022</b>	<b>As at March 31,2021</b>
<b>Schedule 9:Advances</b>		
<b>A.</b> (i) Bills purchased and discounted	-	-
(ii) Cash credits, overdrafts and loans repayable on demand	57,94,559	-
(iii) Term loans	52,91,477	-
<b>Total</b>	<b>1,10,86,036</b>	-
<b>B.</b> (i) Secured by tangible assets #	1,06,03,001	-
(ii) Covered by Bank/Government Guarantees	-	-
(iii) Unsecured	4,83,035	-
<b>Total</b>	<b>1,10,86,036</b>	-
<b>C. (I).</b> Advances in India		
(i) Priority Sectors	57,39,993	-
(ii) Public Sector	-	-
(iii) Banks	-	-
(iv) Others	53,46,043	-
<b>Total</b>	<b>1,10,86,036</b>	-
<b>C. (II).</b> Advances outside India		
(i) Due from banks	-	-
(ii) Due from others	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c') Others	-	-
<b>Total</b>	-	-
<b>Grand Total (C.I and II)</b>	<b>1,10,86,036</b>	-

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

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

	As at March 31,2022	As at March 31,2021
<b>Schedule 10 : Fixed assets</b>		
<b>A. Tangible assets</b>		
<b>I. Premises</b>		
At cost as on 31st March of the preceding year	-	-
Additions during the year	-	-
Deductions during the year	-	-
Depreciation to date	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>II. Other fixed assets (including furniture and fixtures)</b>		
At cost as on 31st March of the preceding year	-	-
Acquisition of Fixed assets on acquisition of Business (see note 18.2)	4,77,854	-
Additions during the year	99,004	-
Deductions during the year	9,659	-
Depreciation to date	2,44,143	-
<b>Total</b>	<b>3,23,056</b>	<b>-</b>
<b>III. Capital work-in progress</b>		
Acquisition of Fixed assets on acquisition of Business of (see note 18.2)	29,548	-
Additions during the year	62,262	-
Deductions during the year	-	-
Depreciation to date	-	-
<b>Total</b>	<b>91,810</b>	<b>-</b>
<b>Total (I,II and III)</b>	<b>4,14,866</b>	<b>-</b>
<b>Schedule-11 : Other assets</b>		
I. Inter-office adjustments (net)	-	-
II. Interest accrued	2,17,963	-
III. Advance Tax (Net of Provision)	30,776	2,203
IV. Stationery and stamps	2,347	521
V. Non-banking assets acquired in satisfaction of claims	-	-
VI. Others*	1,27,583	3,429
<b>Total</b>	<b>3,78,669</b>	<b>6,153</b>
*Includes deferred tax asset amounting to 3,324 thousand		
<b>Schedule-12 : Contingent liabilities</b>		
I. Guarantees given on behalf of constituents	-	-
(a) In India	28,211	-
(b) Outside India	-	-
II. Other items for which the bank is contingently liable (DEAF )*	13,287	-
III. Bills for collection	-	-
<b>Total</b>	<b>41,498</b>	<b>-</b>
* Refer note 18.10		

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

	Year ended on 31 March,2022	Period from 12 July,2020 to 31 March,2021
<b>Schedule 13 : Interest earned</b>		
I. Interest/discount on advances/bills	9,19,776	-
II. Income on investments	2,46,734	-
III. Interest on balances with Reserve Bank of India and other inter-bank funds	1,40,120	2,094
IV. Others	1,975	-
<b>V. Total</b>	<b>13,08,605</b>	<b>2,094</b>
<b>Schedule 14 : Other income</b>		
I. Commission, exchange and brokerage	19,870	-
II. Profit on sale of investments	40,242	-
Less: Loss on sale of investments	-	-
III. Profit on revaluation of investments	-	-
IV. Profit on sale of land, buildings and other assets	51	-
Less: Loss on sale of land, buildings and other assets	(950)	-
V. Profit on exchange transactions	56	-
Less: Loss on exchange transactions	-	-
VI. Processing fees and Charges recovered	88,267	-
VII. Miscellaneous Income*	4,296	-
<b>Total</b>	<b>1,51,832</b>	<b>-</b>
*Miscellaneous income includes Rs. 3,880 thousand of locker rent and Rs. 416 thousand as UPI income		
<b>Schedule 15 : Interest expended</b>		
I. Interest on deposits	7,14,404	-
II. Interest on Reserve Bank of India/ Inter-bank borrowings	3,918	-
III. Others*	32,021	-
<b>Total</b>	<b>7,50,343</b>	<b>-</b>
*Includes Rs. 11,041 thousand of interest paid on refinance and Rs. 4,981 thousand as repo interest		
<b>Schedule 16 : Operating expenses</b>		
I. Payments to and provisions for employees	2,88,208	-
II. Rent, taxes and lighting	52,596	-
III. Printing and stationery	4,041	-
IV. Advertisement and publicity	12,820	-
V. Depreciation on bank's property	52,992	-
VI. Director's fees, allowances and Expenses	3,777	-
VII. Auditors' fees and expenses (including branch auditors)	2,015	218
VIII. Law charges (including professional fees)	1,01,445	10,580
IX. Postages, Telegrams, Telephones, etc.	1,973	-
X. Repairs and maintenance (includes AMC)	27,290	-
XI. Insurance	23,339	-
XII. Other expenditure*	92,754	45
<b>Total</b>	<b>6,63,250</b>	<b>10,843</b>
*Includes professional fees, security, system management fees and others		

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**17 Significant Accounting Policies****17.1 Basis of Preparation**

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

**17.2 Use of Estimates**

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

**17.3 Revenue Recognition**

- (i) Items of income and expenditure are generally accounted for on accrual basis except interest on overdue bills, insurance premium paid on Housing Loans and interest on tax refunds are accounted for on realisation/payment basis. Dividend is accounted when the right to receive the same is established.
- (ii) Income from non-performing assets is recognized to the extent realized, as per the extant instructions issued by Reserve Bank of India
- (iii) Income derecognized on classification of any advance account as NPA is recognized as income on subsequent actual realization and re-classification of asset as standard asset
- (iv) Interest on Government securities, debentures and other fixed income securities is recognized on a period proportional basis. Income on discounted instruments is recognized over the tenor of the instrument on a straight-line basis.
- (v) Any recovery against advances written off in earlier years is considered as income of the year in which the same is recovered.
- (vi) Interest on overdue fixed deposits is provided at rate of interest applicable on savings account in accordance with the extant instructions of RBI.
- (vii) Dividend on equity shares, preference shares and on mutual fund units is recognized as income when the right to receive the dividend is established.
- (viii) Loan processing fee is recognized as income when due. Certain items of income such as Locker Rent, DD Commission and others are recognized on an as collected basis.

**17.4 INVESTMENTS****(i) Categories**

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

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

**(ii) Disclosure**

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

- (a) Government Securities
- (b) Other Approved Securities
- (c) Shares
- (d) Debentures and Bonds
- (e) Subsidiaries / Joint Ventures
- (f) Others

**(iii) Valuation****1 Held to Maturity:**

- (a) Investments under "Held to Maturity" category are carried at acquisition cost or amortized cost if acquired at a premium over face value. Wherever the book value is higher than the face value / redemption value, the premium is amortized over the remaining period of maturity
- (b) Investments in joint venture are valued at carrying cost less diminution, in value, if any, other than temporary in nature
- (c) Investment in venture capital is valued at carrying cost
- (d) The Amortization of premium on investments in HTM category is calculated on the basis of days remaining to maturity and the amount of amortization is directly debited to the Profit and Loss Account as suggested in the RBI guidelines

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**2 Available for sale and held for trading**

(a)

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

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

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

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

**6 Others:**

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



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(Amounts in INR thousands, unless otherwise stated)

**17.5 Advances, Provisions and Recoveries**

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

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

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

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

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

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**Notes to the financial statements**

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**17.6 Fixed Assets Depreciation and Amortization**

- (a) Fixed Assets are stated and carried in the Balance Sheet at written down value, arrived at cost less depreciation. Cost includes cost of purchase and all expenditure like site preparation, installation costs and professional fees incurred on the asset before it is ready to use. Subsequent expenditure incurred on assets put to use is capitalized only when it increases the future benefit / functioning capability from / of such assets
- (b) As per applicable accounting standards, the residual value and useful life of assets should be reviewed periodically and if expectations differ from future estimates, this should be considered a change in accounting estimates. Change in accounting estimates are applied prospectively starting with the current financial year and restatement of prior year comparatives is not required
- (c) Depreciation on Property, Plant, Equipment and software is charged on a straight-line basis using the rates arrived at, based on the useful lives estimated by the management as given below. The useful life have been estimated by the management based on technical advice obtained and pursuant to Part C of Schedule II to the Companies Act, 2013. Determination of useful life of an asset is a matter of judgment and based on various factors such as type and make of an item, its place and pattern of usage, nature of technology, obsolescence factors, availability of spares, etc. and makes a significant impact on the useful life of an asset.

- (d) The applicable depreciation methodology on Fixed Assets is mentioned below:

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

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

**17.7 Impairment of Assets**

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

**17.8 Foreign Exchange Transactions**

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

**SHIVALIK SMALL FINANCE BANK LIMITED**

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

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**17.9 Employee Benefits**

- (a) The bank operates a defined benefit plan for its employees, viz. gratuity liability. The cost of providing benefits under these plans is determined on the basis of an independent actuarial valuation at each year-end.
- (b) The bank maintains the fund under trust deed and requisite insurance arrangements with Life Insurance Corporation of India (LIC) as Employees Group Gratuity Scheme. The shortfall, if any, between the present value of the benefit obligation and the fair value of plan assets as on 31 March is paid/provided for and recognized as expenses in the profit and loss account
- (c) Bank's Contribution and Employees' contribution towards provident fund is paid every month to Commissioner of Provident Fund in accordance with the provisions of Employees Provident Fund and Misc. Provision Act 1952. Provident Fund contributions are made for each individual and the scheme is administered by Regional Provident Fund Commissioner (RPFC), as applicable. The rate at which the annual interest is payable to the beneficiaries by the trusts is being administered by the government.
- (d) The Bank's contribution to provident fund is accounted for in Profit and Loss account on the basis of contribution to the scheme
- (e) All earned leaves which are due are paid by the end of the financial year.

**17.10 Leases**

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

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(Amounts in INR thousands, unless otherwise stated)

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**17.11 Taxes on Income**

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

**17.12 Provisions, Contingent Liabilities and Contingent Assets**

- (a) In conformity with Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India, the Bank recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.
- (b) Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

**17.13 Earnings Per Share**

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

**17.14 Share Issue Expenses**

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

**17.15 Segment information**

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

**17.16 Goods and Services Tax (GST)**

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

Income and Expense on which GST is applicable are accounted for on net of eligible GST.

**17.17 Long Term Subordinated (Tier II) Deposit**

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

**17.18 Refundable Securities**

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

**17.19 Cash and cash equivalents**

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

**17.20 Corporate social responsibility**

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

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**SCHEDULE 18 : Notes forming part of the Financial Statements for the year ended March 31,2022****18.1 Dividend**

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

**18.2 Scheme of acquisition and business transfer**

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

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

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

**SHIVALIK SMALL FINANCE BANK LIMITED**

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**Notes:**

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

ii. **Contingent Liabilities**

DEAF(refer note 18.10)	Rs./000	3,860
Bank gaurentee	Rs./000	17,896
Total	<b>Rs./000</b>	<b>21,756</b>

Amount of Rs.7,00,504 thousand has been paid to shareholder of Shivalik Mercantile Cooperative Bank the cheques amounting to Rs. 1586 thousand have not been encashed and classified as a liability in the balance sheet.

iii **Cash and cash equivalent**

Cash and balances with Reserve Bank of India	Rs./000	8,95,798
Balance with banks and money at call and short notice	Rs./000	9,24,675
	<b>Rs./000</b>	<b>18,20,473</b>

iv **Fixed Assets**

(a) Gross Block	Rs./000	4,77,854
Less: Accumulated Depreciation	Rs./000	1,99,664
Net Block	<b>Rs./000</b>	<b>2,78,190</b>
(b) Capital work-in progress	<b>Rs./000</b>	<b>29,548</b>

**SHIVALIK SMALL FINANCE BANK LIMITED**

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**18.3 Capital Adequacy Ratio**

1 Capital to risk-weighted asset ratio ('Capital Adequacy Ratio') of the Bank, as on March 31, 2022 has been calculated by using the capital measurement approaches as detailed below:

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

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

	As at March 31,2022	As at March 31,2021
1 Common Equity Tier 1 (CET 1)	10,29,843	-
2 Tier 1 Capital	10,29,843	-
3 Tier 2 Capital	4,18,800	-
<b>4 Total Capital</b>	<b>14,48,643</b>	-
4 Total Risk Weighted Assets	66,77,673	-
5 Capital Adequacy Ratio under Basel II		
6 CET 1	15.42%	-
7 Tier 1	15.42%	-
8 Tier 2	6.27%	-
<b>9 Total</b>	<b>21.69%</b>	-
10 Leverage ratio	5.40%	-
11 Percentage of the shareholding of Government of India	Nil	-
12 Amount of Paid-up Share Capital Raised During the year	7,86,201	-
13 Amount of non-equity Tier 1 capital raised during the year of which	-	-
(a) Basel III compliant Perpetual Non-Cumulative Preference Share	-	-
(b) Basel III compliant Perpetual Debt Instruments	-	-
14 Amount of Tier 2 capital raised during the year	3,00,000	-

**Notes :****1 Common Equity Tier 1 (CET 1)/ Tier 1 capital**

Equity Shares(8,89,55,820 shares of Rs. 10.00 each) fully paid-up*	8,89,558	-
Statutory Reserves	1,46,895	-
Balance in Profit and loss account	-6,610	-
<b>Total Common Equity Tier 1 (CET 1)</b>	<b>10,29,843</b>	-

**2 Tier 2 capital**

General provisions and loss reserves (Reserves for standard and restricted assets)	44,076	-
Investment fluctuation reserve	8,259	-
Non Convertible Debentures	3,00,000	-
Compulsory convertible Debentures (to the extent fully paid-up)	20,625	-
Long Term Deposits (discounted @60% as per RBI regulations)	45,840	-
<b>Total Tier 2 capital</b>	<b>4,18,800</b>	-

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



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**18.4 Maturity Pattern of Key assets and liabilities**

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

	Day 1	2 to 7 days	8 to 14 days	15 to 30 days	31 Days to 2 months	Over 2 months and to 3 months	Over 3 months and up to 6 months	Over 6 months and up to 1 year	Over 1 year and up to 3 years.	Over 3 year and up to 5 years.	Over 5 Years	Total
(i) Deposits												<b>1,59,29,094</b>
(a) Volatile	1,66,262	3,56,661	2,79,640	2,70,007	3,17,901	4,70,719	21,20,380	34,48,758	-	-	-	<b>74,30,328</b>
(b) Core	-	-	-	-	-	-	-	-	83,82,421	67,776	48,569	<b>84,98,766</b>
(ii) Advances	1,05,239	2,25,333	3,30,688	4,75,936	3,82,572	3,82,196	11,57,946	18,86,116	33,45,537	16,22,751	11,71,722	<b>1,10,86,036</b>
(iii) Investments	5,90,194	57,147	70,114	1,78,909	1,60,063	1,48,322	4,43,184	10,90,460	14,53,635	23,581	35,471	<b>42,51,080</b>
(iv) Borrowings	2,89,808	-	-	-	-	-	-	3,27,900	6,51,945	76,400	3,31,625	<b>16,77,678</b>
(v) Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
(vi) Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-	-

**Notes**

**(i) Deposits**

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

**(ii) Advances**

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

**For Non Performing Advances**

**(a) Substandard**

(i) All overdue and instalments of principal falling due during the next three years

In 3-5 year time bucket

(ii) Entire principal amount due beyond the next three year

In the time-bucket arrived at after adding 3 years to the respective due dates of various instalments

**(b) Doubtful and loss**

(i) All instalments of principal falling due during the next five years as also all overdue

In 3-5 year time bucket

(ii) Entire principal amount due beyond the next five years

In the time-bucket arrived at after adding 3 years to the respective due dates of various

(iii) **Investments** As per their residual maturity

(iv) **Borrowings** As per their residual maturity

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

**SHIVALIK SMALL FINANCE BANK LIMITED**
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**Notes to the financial statements**

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**18.4.1 Liquidity Ratio<sup>1</sup>**

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

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

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**18.4.2 Net Stable Funding Ratio <sup>1</sup>**

Particulars	Quarter ended March 31,2022				Quarter ended December 31,2021					
	Unweighted Value by residual maturity		Weighted Value		Unweighted Value by residual maturity		Weighted Value			
	No Maturity	less than 6 Months to 1 year	6 Months to 1 year	More Than 1 year	No Maturity	less than 6 Months to 1 year	6 Months to 1 year	More Than 1 year		
<b>ASF Item</b>										
1 Capital (2+3)	-	-	-	151	151	-	-	-	128	128
2 Regulatory Capital	-	-	-	145	145	-	-	-	124	124
3 Other Capital Instruments	-	-	-	5	5	-	-	-	4	4
Retail deposits and deposits 4 from small business customers:(5+6)	465	240	289	377	1,295	421	221	295	393	1,259
5 Stable Deposits	223	132	123	147	601	209	110	136	158	590
6 Less Stable Deposits	242	108	166	230	694	212	111	159	236	670
7 Wholesale funding :(8+9)	-	108	56	58	111	-	86	43	9	69
8 Operational Deposits	-	-	-	-	-	-	-	-	-	-
9 Other Wholesale Funding	-	108	56	58	111	-	86	43	9	69
10 Other Liabilities (11+12)	66	-	-	98	98	-	56	-	50	50
11 NSFR Derivative liabilities All other liabilities and equity 12 not included in the above categories	-	-	-	-	-	-	-	-	-	-
All other liabilities and equity	66	-	-	98	98	-	56	-	50	50
<b>13 Total ASF (1+4+7+10)</b>	<b>531</b>	<b>347</b>	<b>345</b>	<b>684</b>	<b>1,655</b>	<b>421</b>	<b>364</b>	<b>339</b>	<b>580</b>	<b>1,506</b>

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**18.4.2 Net Stable Funding Ratio <sup>1</sup>**

Particulars	Quarter ended March 31,2022				Quarter ended December 31,2021				Weighted Value	Weighted Value	
	Unweighted Value by residual maturity				Unweighted Value by residual maturity						
	No Maturity	less than 6 Months to 6 Months	6 Months to 1 year	More Than 1 year	No Maturity	less than 6 Months to 6 Months	6 Months to 1 year	More Than 1 year			
<b>RSF Items</b>											
14	Total NSFR high quality liquid assets (HQLA)	96	-	-	316	16	83	-	-	302	15
15	Deposits held at other financial institutions for operational purposes	4	-	-	-	2	10	-	-	-	5
16	Performing loans and securities: (17+18+19+21+23)	-	122	645	628	921	-	119	450	648	850
17	Performing loans to financial institutions secured by Level 1 HQLA	-	57	75	59	105	-	47	78	59	105
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	-	-	-	-	-	-	-	-
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	-	532	452	651	-	-	322	460	553
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-	-	-	-	-	-
21	Performing residential mortgages, of which:	-	-	-	110	72	-	-	-	106	69

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**18.4.2 Net Stable Funding Ratio <sup>1</sup>**

Particulars	Quarter ended March 31,2022				Quarter ended December 31,2021				Weighted Value	Weighted Value
	Unweighted Value by residual maturity				Unweighted Value by residual maturity					
	No Maturity	less than 6 Months to 1 year	6 Months to 1 year	More Than 1 year	No Maturity	less than 6 Months to 1 year	6 Months to 1 year	More Than 1 year		
22	-	-	-	110	72	-	-	-	106	69
23	-	64	39	6	93	-	72	51	23	123
24	-	-	-	98	98	-	-	-	92	92
25	-	-	-	-	-	-	-	-	-	-
26	-	-	-	-	-	-	-	-	-	-
27	-	-	-	-	-	-	-	-	-	-
28	-	-	-	-	-	-	-	-	-	-
29	-	-	-	98	98	-	-	-	92	92
30	-	3	-	-	-	-	3	-	-	-
31	103	122	645	1,041	1,036	92	121	450	1,041	962
32	Net Stable Funding Ratio (%)				159.75%					156.59%

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

\*The NSFR reporting requirement has been applicable from quarter ended December 2021, accordingly the information for earlier quarters have not been disclosed.

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(Amounts in INR thousands, unless otherwise stated)

**18.5 Investments**

**a) Composition of Investment Portfolio**

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

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(Amounts in INR thousands, unless otherwise stated)

**b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve**

	<b>As at March 31,2022</b>	<b>As at March 31,2021</b>
i) Movement of provisions held towards depreciation on investments		
(a) Opening balance	-	-
(b) Acquisition of Reserve on acquisition of Business (see note 18.2)	1,614	-
(c) Add: Provisions made during the year	-	-
(d) Less: Write off / write back of excess provisions during the year	1,614	-
(e) Closing balance	-	-
ii) Movement of Investment Fluctuation Reserve		
(a) Opening balance		
(b) Acquisition of Reserve on acquisition of Business (see note 18.2)	2,700	-
(c) Add: Amount transferred during the year	5,559	-
(d) Less: Drawdown	-	-
(e) Closing balance	8,259	-
(iii) Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category.	0.76%	-

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

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

**(d) Non-SLR Investment Portfolio**

	<b>As at March 31,2022</b>	<b>As at March 31,2021</b>
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**(i) Non-Performing non-SLR investments**

The Bank does not have any non-performing Non-SLR investment during the year ended March 31, 2022

<b>(a)</b>	Opening balance	-	-
	Additions during the year	-	-
	Reductions during the year	-	-
	Closing Balance	-	-
	Total Provisions held	-	-

**(ii) Issuer composition of non-SLR investments**

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



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**(e) Repo Transactions**

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

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

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**18.6 Asset Quality**

	Standard		Non-Performing		Total	
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	
<b>(a) Classification of Gross Standard Advances and NPAs</b>						
Opening Balance	-	-	-	-	-	-
Acquisition of advances on acquisition of Business (see note 18.2)	75,07,714	1,89,800	1,63,512	-	3,53,312	78,61,026
Add: Additions During the year	57,71,903	77,171	49,574	14,354	1,41,099	59,13,002
Less: Reductions During the year	23,41,275	1,49,142	20,203	-	1,69,345	25,10,620
<b>Closing Balance</b>	<b>1,09,38,342</b>	<b>1,17,829</b>	<b>1,92,883</b>	<b>14,354</b>	<b>3,25,066</b>	<b>1,12,63,408</b>
*Reductions in NPAs Due to:						
(i) Upgradation	-	1,25,737	15,962	-	-	-
(ii) Recoveries (excluding recoveries from upgraded accounts)	-	23,405	4,159	-	-	-
(iii) Technical/Prudential Write-offs	-	-	82	-	-	-
(iv) Write-offs other than those under (iii) above	-	-	-	-	-	-
<b>Provisions (excluding Floating provisions)</b>						
Opening Balance of Provisions held	-	-	-	-	-	-
Acquisition of advances on acquisition of Business (see note 18.2)	28,618	31,102	1,09,128	-	1,40,230	-
Add: fresh Provisions made during the year	15,458	-	30,734	14,354	45,088	-
less: Excess provisions reversed/write-off loans	-	7,946	-	-	7,946	-
<b>Closing balance of provisions held</b>	<b>44,076</b>	<b>23,156</b>	<b>1,39,862</b>	<b>14,354</b>	<b>1,77,372</b>	<b>-</b>
<b>Net NPAs</b>						
Opening Balance	-	-	-	-	-	-
Acquisition of advances on acquisition of Business (see note 18.2)	-	1,58,698	54,384	-	2,13,082	-
Add: Fresh additions during the year	-	77,171	18,844	-	96,015	-
Less: Reductions during the year	-	1,41,196	20,203	-	1,61,399	-
<b>Closing Balance</b>	<b>-</b>	<b>94,673</b>	<b>53,025</b>	<b>-</b>	<b>1,47,698</b>	<b>-</b>
Floating Provision	-	-	-	-	-	-
Opening Balance	-	-	-	-	-	-
Add: Additional provisions made during the year	-	-	-	-	-	-
Less: Amount Drawn down during the year	-	-	-	-	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Technical write-offs and the recoveries made thereon</b>						
Opening balance of Technical/ Prudential written-off	-	-	-	-	-	-
Add: Technical/ Prudential write-offs during the year	-	-	82	-	-	-
Less: Recoveries made from	-	-	-	-	-	-
<b>Closing Balance</b>	<b>-</b>	<b>-</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ratios</b>					<b>As at</b>	<b>As at</b>
					<b>March</b>	<b>March</b>
					<b>31,2022</b>	<b>31,2021</b>
Gross NPA to Gross Advances					2.89%	-
Net NPA to Net Advances					1.31%	-
Provision coverage ratio					54.56%	-

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**b) Sector-wise Advances and Gross NPAs**

Sr No. Sector	As at 31st March 2022			As at 31st March 2021		
	Outstanding Total Advances	Gross NPA's	Percentage of Gross NPAs to Total Advances in that sector	Outstanding Total Advances	Gross NPA's	Percentage of Gross NPAs to Total Advances in that sector
<b>(I) Priority Sector</b>						
(a) Agriculture and allied activities	16,57,222	39,974	2.4%	-	-	-
(b) Advances to industries sector eligible as priority sector lending	7,54,831	6,227	0.8%	-	-	-
(c) Services	22,18,451	56,602	2.6%	-	-	-
(d) Personal Loans	12,34,879	1,25,903	10.2%	-	-	-
<b>Subtotal (i)</b>	<b>58,65,383</b>	<b>2,28,706</b>	<b>3.9%</b>	-	-	-
<b>(II) Non-Priority Sector</b>						
(a) Agriculture and allied activities	85,318	69	0.1%	-	-	-
(b) Advances to industries sector eligible as priority sector lending	-	-	0.0%	-	-	-
(c) Services	-	-	0.0%	-	-	-
(d) Personal Loans	33,17,210	95,052	2.9%	-	-	-
(e) Gold loans	19,95,497	1,239	0.1%	-	-	-
<b>Subtotal (ii)</b>	<b>53,98,025</b>	<b>96,360</b>	<b>1.8%</b>	-	-	-
<b>Grand Total</b>	<b>1,12,63,408</b>	<b>3,25,066</b>	<b>2.9%</b>			

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

**c) Overseas assets, NPAs and revenue**

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

**(d) Particulars of resolution plan and restructuring**

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

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**(e) Divergence in asset classification and provisioning**

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

**(f) Disclosure of transfer of loan exposures**

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

Details of stressed loans transferred during the year

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

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**(g) Fraud Accounts**

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

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

		As at March 31,2022	As at March 31,2021
(i)			
(a)	Number of accounts restructured	404	-
(b)	Amount	Rs/Thousands 45,586	-

**(ii)**

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

**18.7 Exposures**
**(a) Exposure to real estate sector**

Category	As at March 31,2022	As at March 31,2021
<b>(i) Direct Exposure</b>		
(a) Residential Mortgages- Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.  Individual housing loan priority sector non fund based limits	11,31,318	-
(b) Commercial Real Estate Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	2,87,382	-
(c) Investments in Mortgage-Backed Securities (MBS) and other securitized exposures: On fund based limits:	-	-
(i) Residential	-	-
(ii) Commercial real Estate	-	-
<b>(ii) Indirect Exposure</b>		
Total exposure to real estate	-	-

**(a) Exposure to Capital markets**

The Bank does not have any exposure to capital markets as at 31st March 2022

(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds	-	-

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

**(c) Risk category-wise country exposure**

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

**(d) Unsecured Advances**

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

**(e) Factoring exposures**

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

**(f) Intra-group exposures**

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

**(g) Unhedged foreign currency exposure**

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

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<b>18.8 Concentration of deposits, advances, exposures and NPAs</b>	<b>As at March 31,2022</b>	<b>As at March 31,2021</b>
<b>(a) Concentration of deposits</b>		
<b>Particulars</b>		
Total Deposits of the twenty largest depositors	31,28,593	-
Percentage of deposits of twenty largest depositors to total deposits of the bank	19.64%	-
<b>(b) Concentration of Advances</b>		
<b>Particulars</b>		
Total Advances of the twenty largest borrowers	8,05,434	-
Percentage of Advances of twenty largest borrowers to total advances of the bank	7.27%	-
<b>(c) Concentration of Exposures</b>		
<b>Particulars</b>		
Total Exposure to the twenty largest customers	8,05,434	-
Percentage of Exposures of twenty largest customers to total exposure of the bank on customers	7.27%	-
<b>(d) Concentration of NPAs</b>		
<b>Particulars</b>		
Total Exposure of the twenty NPA accounts	88,051	-
Percentage of Exposures of twenty largest NPA exposure to total Gross NPAs	27.09%	-

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

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

**18.8.1 Derivatives**

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

**(b) Credit Default Swaps**

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

**18.8.2 Disclosures relating to securitisation**

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

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

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

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

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

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**18.11 Disclosures of Complaints**

**(a) Summary information on complaints received by the bank from customers**

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

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

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
<b>As at March 31,2022</b>					
Related to Loan	-	44	-	-	-
Related to Fraud Transaction	-	7	-	-	-
Related to Digital Banking	-	17	-	-	-
Related to Deliverables	-	4	-	-	-
Related to TDS	-	5	-	-	-



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**18.12 Disclosures of Penalties imposed by Reserve Bank of India**

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

**18.13 Disclosure on Remuneration**

**(i) Qualitative Disclosure**

**The Nomination and Remuneration Committee consist of the following members:**

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

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

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

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

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

**The key objectives of Bank's Compensation Policy are:**

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

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

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

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

The NRC will approve and monitor that:

- 1 Compensation is adjusted for all types of risks.
  - 2 Compensation outcomes are symmetric with risk outcomes.
  - 3 Compensation pay-outs are sensitive to the time horizon of the risks.
  - 4 The mix of cash, equity and other forms of compensation are consistent with risk alignment.
  - 5 The cost/income ratio of the bank supports the compensation package consistent with maintenance of sound capital adequacy ratio
  - 6 The staff engaged in financial and risk control will be independent, have appropriate authority and be compensated in a manner that is independent of the business areas they oversee and commensurate with their key role in the Bank
  - 7 All components of remuneration for WTDs, EDs, and MD & CEO, will be recommended by NRC and approved by the Board and the same will be subject to approval of shareholders of the Bank and RBI. This remuneration should remain within the overall limit as per Section 197 of the Companies Act, 2013 and rules framed thereunder.
  
  - 8 The remuneration of all employees including Control functions other than MD & CEO and MRT will be determined by Chief Human Resources Officer (CHRO) in consultation with MD & CEO of the Bank within the overall framework of this policy
  - 9 Any annual increments will be linked to the overall performance and other factors as may be decided by the NRC. The NRC will also consider and take into account regulatory penalties and Show Cause Notices.
  
  - 10 The Compensation and Benefits unit within the Human Resources function will administer the compensation policy by following rules and processes that are objective and transparent
- (d)**
- (i) Performance measures and their relation to remuneration packages is clearly defined at the beginning of the performance measurement period to ensure that the employees perceive the incentive mechanism. The usual annual determination of bonus is based on rules, processes and objectives known in advance, recognizing that some discretion will always be needed.
  - (ii) Bank uses a combination of financial and non-financial measures to assess employee performance and adapt the measurement to each employee's specific situation. Qualitative factors (like knowledge, skills or abilities) might play an important role when it comes to judging and rewarding some activities- particularly when these serve to reinforce the bank's risk management goals

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(Amounts in INR thousands, unless otherwise stated)

**(e) Bank's policy on deferral and vesting of variable remuneration and a discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting****1 Remuneration**

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

**2 Deferral of Cash Component of Variable Pay**

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

**(f) The different forms of variable remuneration that the bank utilizes and the rationale for using these different forms****1 Performance or Variable Pay (PP):**

- 1.1 Performance pay can be in the form of cash or share-linked instruments, or a mix of both cash and share-linked instruments. Only in cases where the compensation by way of share-linked instruments is not permitted by law/regulations, the entire performance pay can be in cash.
- 1.2 Performance Pay is linked to assessment of performance and potential. This would be based on Key Performance Indicators (KPIs) and achievement of targets with overall linkage to Bank Budgets and business/functional targets/objectives. Depending on the nature of the business/function, the risk involved, the time horizon for review of quality and longevity of the assignments performed, various forms of performance pay may be applicable
- 1.3 Performance pay is discretionary in nature and not guaranteed, nor is it an entitlement. Actual total performance pay granted in any year will be determined based on Bank, business unit and individual performance and other evaluation criteria. Based on evaluation on such criteria, actual total pay could be lower than target total pay or could even be zero.
- 1.4 The Bank will have a robust policy around performance management which has a direct bearing on performance pay. The organization may apply the malus model through the performance management framework. In the event of significant negative contributions of the bank and/ or the relevant line of business in any year, the deferred compensation (if any) would be subjected to clawback arrangement.
- 1.5 The components of performance pay are outlined as below:
- (a) I. Cash Incentive: At intervals ranging from Monthly, Quarterly, Annually II. Annual Incentive: Mix of cash and share linked incentive. Based on categories of employees, requirements for mandatory deferment of performance pay will be outlined as required. In case the Cash Component of actual variable pay is more than INR 25 Lacs, 50% of Cash Component shall be deferred for a period of at least 3 years. However, in case the Cash Component of actual variable pay is up to INR 25 Lacs, deferral of the Cash Component is not mandatory

**2 Share Linked Instruments**

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

**3 Vesting**

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

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**Notes to the financial statements**

		<b>As at</b>	<b>As at</b>
		<b>March 31,2022</b>	<b>March 31,2021</b>
<b>(ii) Quantitative Disclosures</b>			
(g)	(i) Number of meetings held by the Nomination and Remuneration Committee.	Nos	7
	(ii) Remuneration paid to members of Nomination and Remuneration Committee.		-
<b>Sr No. Name of Member</b>			
1	Shankar Aggarwal	Rs./'000	867
2	Sh K Narasimha Murthy	Rs./'000	1,030
3	Arundhati Mech	Rs./'000	627
4	Veena Hingarh	Rs./'000	582
5	Shalini Lal	Rs./'000	349
6	Arun Kumar Gupta	Rs./'000	322
	<b>Total</b>	Rs./'000	<b>3,777</b>
(h)	(i) Number of employees having received a variable remuneration award during the financial year.	Nos	233
	(ii) During the year total amount of sign-on/joining bonus made to 7 employees	Rs./'000	700
	(iii) Details of severance pay, in addition to accrued benefits, if any		-
(i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms		-
	(ii) Total amount of deferred remuneration paid out in the financial year		-
(j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and nondeferred.		-
(k)	(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.		-
	(ii) Total amount of reductions during the financial year due to ex post explicit adjustments.		-
(l)	Number of MRTs identified :	Nos	4
(m)	(i) Number of cases where malus has been exercised.		-
	(ii) Number of cases where clawback has been exercised		-
	(iii) Number of cases where both malus and clawback have been exercised.		-
(n)	(i) The mean pay for the bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	Rs./'000	585
	(ii) Deviation in the fixed Pay for Mr. Suveer Kumar Gupta , Managing Director and Chief Executive Officer from the mean pay is 7.57 times respectively.		-

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

	As at March 31,2022	As at March 31,2021
<b>18</b>		
(a) <b>Business ratios</b>		
Interest Income as a percentage to Working Funds <sup>1</sup>	8.21%	-
Non-interest income as a percentage to Working Funds <sup>2</sup>	0.95%	-
Cost of Deposits <sup>3</sup>	5.59%	-
Net Interest Margin <sup>4</sup>	4.16%	-
Operating Profit as a percentage to Working Funds <sup>5</sup>	0.29%	-
Return on Assets <sup>6</sup>	0.05%	-
Business per employee <sup>7</sup>	47,669	-
Profit per employee <sup>8</sup>	14	-

**Notes :**

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

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

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**(d) Disclosures regarding Priority Sector Lending Certificates (PSLCs)***Bank has not traded in any Priority Sector Lending Certificates (PSLCs) during the year ended 31st March 2022.***(e) Provisions and contingencies**

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

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

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

**(g) Payment of DICGC Insurance Premium**

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

## SHIVALIK SMALL FINANCE BANK LIMITED

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## Notes to the financial statements

(Amounts in INR thousands, unless otherwise stated)

## 18.15 Other Disclosures with respect to certain Accounting Standards

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

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

## (b) Accounting Standard 9 - Revenue Recognition

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

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

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

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

**SHIVALIK SMALL FINANCE BANK LIMITED**

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

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

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



(e) Accounting Standard 19 - Lease

(i) Operating lease primarily comprise office premises, which are renewable at the option of the bank normally at the end of every 3rd or 5th year.

(ii) As per information available, Non-Cancellable lease as on 31.03.2022: 1 (Noida H.O).

(iii) Amount of lease payment recognized in P & L Account for operating lease is as under.

Number of lease/rented premises	No's	38
Amount of Rent	Amount	40,559

(f) Accounting Standard 20 - Earnings per Share

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

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

	As at March 31,2022	As at March 31,2021
<b>(a) Deferred Tax Asset</b>		
(i) Provisions	8,091	-
(ii) Preliminary Expense under section 35D	1,604	2,139
(iii) Taxable loss (carried forward)	1,136	-
(iv) Other Contingencies	-	-
<b>(v) Total</b>	<b>10,831</b>	<b>2,139</b>
<b>(b) Deferred Tax Liabilities</b>		
(i) Depreciation on Fixed Assets	7,507	-
(ii) Special Reserve u/s 36(1)(viii) of Income Tax Act 1961	-	-
<b>(iii) Total</b>	<b>7,507</b>	<b>-</b>
<b>Deferred tax (liabilities) / assets (net)</b>	<b>3,324</b>	<b>2,139</b>
<b>(c) Current Tax</b>	-	-
<b>(d) Advance Tax Paid</b>	8,300	-

**Note: Movement of Deferred tax assets**

(i) Opening deferred tax asset	2,139	-
(ii) Balance of deferred tax asset acquired on business acquisition (see note 18.2)	1,981	-
(iii) Closing Deferred tax (liabilities) / assets (net)	3,324	2,139
(iv) Amount for the current year ((i)+(ii)-(iii))	796	2,139

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

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

(i) Accounting Standard 24 – Discontinuing operations

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

(j) Accounting Standard 26 – Intangible asset

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

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

(k) Accounting Standard 28 – Impairment of assets

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

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

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

**(m) Accounting Standard 15 – Employees Benefits**

- (i) The Bank has Defined Contribution Plan applicable to all categories of employees joining the bank. The scheme is managed by LIC of India. The detail of the contribution during the Financial Year 2021-2022 Rs. 5,23,281.
- (ii) In line with the accounting policy and as per the Accounting Standard – 15(R), the summarized position of employment benefits is as under

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

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

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

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

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

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

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

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**(n) Accounting Standard 18 - Disclosure of Related Parties**

**(l) List of related parties**

**(a) Key Management Personnel (KMP)**

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

**(b) Relatives of KMP**

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

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

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

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

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

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**(i) Deposits**

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

**(ii) Borrowings**

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

**(iii) Interest paid**

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

**(iv) Interest received**

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

**(v) Leasing / HP arrangements availed**

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

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**(o) Accounting Standard 17 – Segment Reporting****PART A- BUSINESS SEGEMENTS**

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

**PART B- GEOGRAPHIC SEGMENTS**

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

**Notes**

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

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

Details of provisions

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

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

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

**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**18.16 Additional Disclosures**

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

Additional disclosure of Companies Act, 2013 are as follows:

**i. Right and restrictions attached to equity shares**

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

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

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

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

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

**(c) Insurance Business**

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

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

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

**SHIVALIK SMALL FINANCE BANK LIMITED****CIN NO. U65900DL2020PLC366027****Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

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



**SHIVALIK SMALL FINANCE BANK LIMITED**

CIN NO. U65900DL2020PLC366027

**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

**(e) Description of Contingent Liabilities**

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

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

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

**(g) Corporate Social Responsibility**

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

**(h) Dues to Micro Small and Medium Enterprises**

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

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

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

**SHIVALIK SMALL FINANCE BANK LIMITED**

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**Notes to the financial statements**

(Amounts in INR thousands, unless otherwise stated)

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

**(j) Comparative Figures**

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

**For S. N. Dhawan & CO LLP**

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

Chartered Accountants

Firm Registration No: 000050N/N500045

**Shivalik Small Finance Bank Limited**

**Vinesh Jain**

Partner

Membership No.: 087701

Place: Delhi

Date: 06 August,2022

**Shankar Aggarwal**

Director

DIN:02116442

Place: Delhi

Date: 06 August,2022

**Anshul Swami**

Managing Director and CEO

DIN:09446950

Place: Delhi

Date: 06 August,2022

**Gaurav Seth**

Chief Financial Officer

Membership No: 503517

Place: Delhi

Date: 06 August,2022

**Shruti Pandey**

Company Secretary

Membership No. : 34796

Place: Delhi

Date: 06 August,2022

## DIRECTORS' REPORT

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

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

### 1. Financial Results

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

#### Operations and activities

(Amount Rs. in Thousand)

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

### 2. Dividend

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

### 3. Transfer to Reserve

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

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

### 4. Change in the Nature of Business

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

### 5. Information about Financial Performance / Financial Position of the Subsidiaries, Associates and Joint Venture Companies.

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

### 6. Meetings of the Board of Directors

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

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

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## 7. Board Committees

The Bank believes that the Board Committees are pillars of good corporate governance. In pursuit of the highest standard of corporate governance and to comply with the provisions of the Companies Act, 2013, the Bank has constituted various statutory Board committees. Further, in order to improve the Board's effectiveness, efficiency, and fast decision making, the Bank has also constituted a few non-statutory Board Committees.

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

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

## 8. Meeting of Independent Directors

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

## 9. Declaration by Independent Director

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

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

#### **10. Evaluation of Board Performance**

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

#### **11. Directors' Responsibility Statement**

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

- (i) in the preparation of Annual Accounts for the year ended 31<sup>st</sup> March 2022, the applicable accounting standards have been followed along with proper explanation relating to the material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and that the judgment and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for the year under review;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) internal financial controls to be followed by the Bank were laid down and that the same were adequate and were operating effectively, and.
- (v) The accounts for the year ended 31<sup>st</sup> March 2022 have been prepared on a going concern basis.
- (vi) Proper and adequate systems have been devised to ensure compliance with the provisions of all applicable laws, and these systems are operating effectively.

#### **12. Statutory Auditors**

Based on the recommendation of Audit Committee and the Board, the members of the Bank at 1st Annual General meeting held on 30<sup>th</sup> September 2021, approved appointment of M/s.

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S. N. Dhawan & Co. LLP, (FRN:000050N) Chartered Accountants, New Delhi as Statutory auditors for a period of three (3) years, to hold office till the conclusion of the 4th Annual General Meeting of the Company in accordance with Companies Act 2013 on such remuneration as may be fixed by the Board of Directors of the Company in consultation with the Auditors. The approval of the RBI is required to be sought for the re-appointment of Statutory Auditors every year.

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

### **13. Adequacy of Internal Financial Controls related to Financial Statements**

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

### **14. IND AS Implementation**

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

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

### **15. Secretarial Auditors**

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

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

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

#### **16. Reporting of Frauds by Auditors**

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

#### **17. Particulars of Loans, Guarantees and Investments under Section 186**

Pursuant to Section 186(11) of the Act, the provisions of Section 186 of the Act, except sub-section (1), do not apply to a loan made, guarantee given, or security provided by a banking company in the ordinary course of its business.

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

#### **18. Particulars of contracts or arrangements with related parties**

There were no materially significant transactions with related parties including promoters, directors, or relatives of the Directors during the financial year under review which could lead to a potential conflict with the interest between the Bank and these parties. The details of the transactions with related parties, if any, were duly placed before the Audit Committee of the Board from time to time. There were no material individual transactions with related parties, which were not in the ordinary course of business of the Bank, nor were there any transactions with related parties, which were not on arm's length basis. Accordingly, disclosure of particulars of contracts/arrangements referred to in Section 188(1) of the Companies Act, 2013 is not required to be reported in Form AOC-2.

The Policy on Related Party Transactions as approved by the Board is disclosed on the website of the Bank at [https://shivalikbank.com/regulatory\\_section.php](https://shivalikbank.com/regulatory_section.php).

#### **19. Material changes and commitments affecting the financial position of the Company**

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

## **20. Conservation of energy, technology absorption and foreign exchange earnings and outgo:**

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

### **Conservation of Energy:**

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

### **Technology Absorption:**

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

### **Foreign Exchange Earnings and Outgo**

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

## **21. Policy on Directors' appointment and remuneration and other details**

Pursuant to the provisions of section 178 of the Companies Act, 2013, the policy on nomination and remuneration of Directors, Key Managerial Personnel (KMP), Senior Management and other employees of the Company had been formulated and approved by the Board of Directors

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in its meeting held on 17<sup>th</sup> April 2021 which are disclosed in our website [https://shivalikbank.com/regulatory\\_section.php](https://shivalikbank.com/regulatory_section.php).

**22. Risk Management Policy**

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

**23. Corporate Social Responsibility (CSR) and details of policy developed and implemented by the company on its Corporate Social Responsibility initiatives**

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

**24. Board of Directors**

**Appointments of Directors:**

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

S. No.	Name of Directors	DIN	Designation	Date of Appointment by the Board	Date of Appointment by the Shareholders
1	Mr. K Narasimha Murthy	00023046	Non-executive & Independent Director	3rd April 2021	

**SHIVALIK SMALL FINANCE BANK LTD.**

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Plot No - 2B, 6<sup>th</sup> Floor, Tower 3,  
Sector - 126, Noida - 201 304.

Ph: 0120-4060000  
info@shivalikbank.com  
www.shivalikbank.com

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CIN NO: U65900DL2020PLC366027

2	Mr. Shankar Aggarwal	02116442	Non-executive & Independent Director		30 <sup>th</sup> September 2021
3	Mr. Sudhakar Aggarwal	00418663	Non-executive Director		
4	Mr. Suveer Kumar Gupta	02112717	Director with designation Managing Director and Chief Executive Officer	26 <sup>th</sup> April 2021	
5	Ms. Veena Hingarh	00885567	Non-executive & Independent Director	4 <sup>th</sup> September, 2021	
6	Ms. Shalini Lal	08128182	Non-executive & Independent Director		
7	Mr. Arun Kumar Gupta	06879404	Non-executive & Independent Director		
8	Ms. Arundhati Mech	09177619	Non-executive & Independent Director		

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

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

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

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

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

## **25. Key Managerial Personnel (KMP):**

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

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

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

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

## **26. Share Capital**

### **A) Authorized Capital:**

During the financial year under review, the Authorized Share Capital of your Company has been increased from Rs. 1,10,00,00,000/- (Rupees One Hundred Ten Crores only) divided into 11,00,00,000 (Eleven Crore) equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 1,60,00,00,000/- (Rupees One Hundred Sixty Crores only) divided into 14,00,00,000 (Fourteen Crore) equity Shares of Rs. 10/- (Rupees Ten) each amounting to Rs.

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1,40,00,00,000 (Rupees One Hundred Forty Crore) and 2,00,00,000 (Two Crore) preference shares of Rs. 10/- (Rupees Ten) each amounting to Rs. 2,00,00,00,000 (Rupees Twenty Crore) by the creation of additional 3,00,00,000 (Three Core) equity shares of Rs. 10/- (Rupees Ten) each and 2,00,00,000 (Two Crore) preference shares of Rs. 10/- (Rupees Ten) each.

**B) Issued, Subscribed & Paid – up Capital:**

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

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

**Non-Convertible Debentures (NCDs):**

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

**27. Annual Return**

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

**28. Requirement for maintenance of cost records**

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

**29. Details of Employee Stock Options Scheme**

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

**30. Particulars of employees**

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

**31. Vigil Mechanism/Whistle Blower Policy**

The Bank has adopted a Whistle Blower Policy and Vigil Mechanism in compliance with the relevant provisions of Companies Act, 2013. This Policy provides an opportunity to address concerns of employees & Directors relating to fraud, malpractice or any other activity or event which is against the interest of the Bank or society as a whole. During the year under review, the Bank did not receive any complaints under the Whistle Blower Policy of the Bank. The functioning of the Mechanism is reviewed by the Audit Committee from time to time. No employee of the Bank has been denied access to the Audit Committee for raising a whistle blower complaint. The Policy is available in the Bank’s website [https://shivalikbank.com/regulatory\\_section.php](https://shivalikbank.com/regulatory_section.php).

**32. Ratings of Debt Instruments**

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

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### **33. Deposits**

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

### **34. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

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

### **35. Significant and Material Order Passed by Regulators or Courts or Tribunals Impacting the Going Concern Status and Operations of the Bank**

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

### **36. Compliance with Secretarial Standards**

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

### **37. Acknowledgement**

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

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

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

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

**Sd/-  
(Shankar Aggarwal)  
Part-Time Chairman  
DIN: 02116442**

**Sd/-  
(Anshul Swami)  
MD & CEO  
DIN: 09446950**

**Date: 6<sup>th</sup> August 2022  
Place: Noida**



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## CORPORATE GOVERNANCE REPORT

### 1. BANK'S PHILOSOPHY ON CORPORATE GOVERNANCE

Shivalik Small Finance Bank Limited ("Bank") recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business, ethics, and accountability to its shareholders, customers, government and other stakeholders.

Bank's activities are carried out in accordance with good corporate practices and Bank is constantly striving to make them better and adopt the best practices. The Bank believes that timely reporting, transparent accounting policies and a strong Independent Board goes a long way in preserving shareholders' trust and maximising long-term corporate value.

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

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

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

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

### 2. BOARD OF DIRECTORS

#### 2.1 Composition of Board

The Board of the Bank is duly constituted with an optimal mix of Independent, Non-Executive, and Executive Directors with a majority of the Board members comprising of Independent Directors ("IDs") The Board consists of professionals having diversified knowledge, varied background, and vast experience that enables it to delegate responsibilities effectively.

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

#### 2.2 Key Skills/ Expertise/ Competence of Board

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

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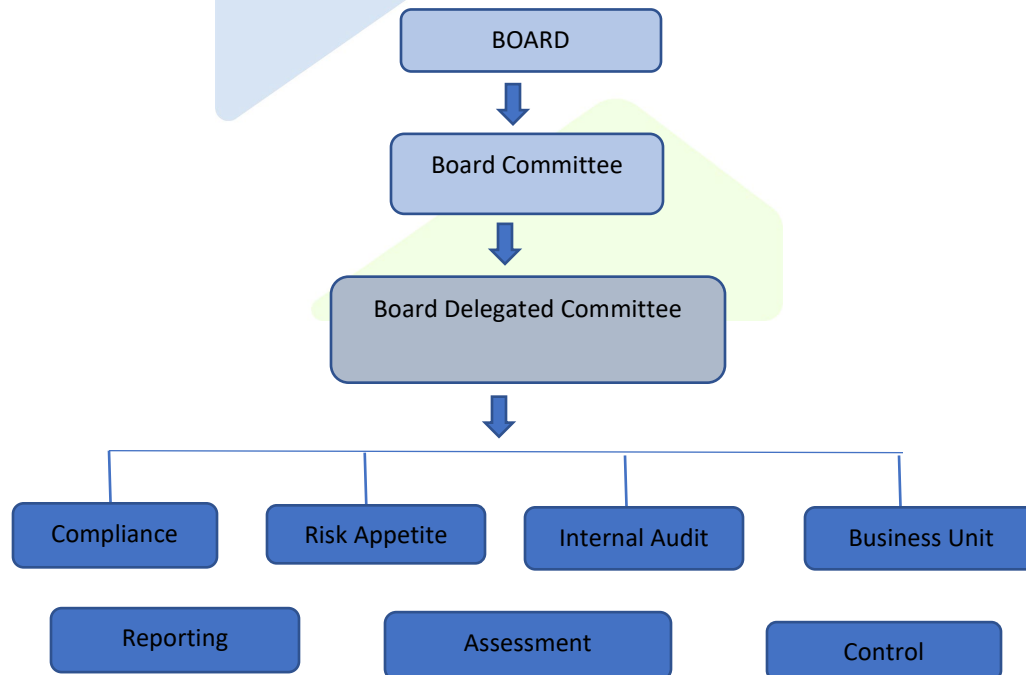
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1. Accountancy
2. Agriculture and Rural Economy
3. Banking
4. Co-operation
5. Economics
6. Finance
7. Law
8. Small-scale industry
9. Information Technology
10. Payment and settlement systems
11. Human Resources
12. Risk Management
13. Business Management

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

### Governance Structure



### 2.4 Roles & Responsibilities of the Board of Directors

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

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

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

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

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

### **Role of Independent Director(s)**

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

### **Role of Managing Director & CEO**

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

## **2.5 Conduct of Board Meetings**

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

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

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The intervening gap between the said meetings were in accordance with the provisions of Companies Act, 2013, relevant Rules made thereunder, Secretarial Standard-I Issued by Institute of Company Secretaries of India. The requisite quorum was present throughout the meetings of the Board held during FY 2021-2022.

The Board has accepted and implemented all the recommendations, including mandatory recommendations, made by the Committees.

### 3. COMMITTEES OF THE BOARD

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

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

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

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

#### 3.1 Audit Committee

Brief Terms of Reference/Roles and Responsibilities	
	<ol style="list-style-type: none"> <li>1. To provide direction and to oversee the operation of the audit function.</li> <li>2. To review the internal audit system with special emphasis on its quality and effectiveness.</li> <li>3. To review all matters as specified by RBI in the circular on Calendar of Reviews as per RBI Circular dated November 10, 2010 and notifications, if any, issued from time to time in this regard.</li> <li>4. To review findings of internal and concurrent audit reports.</li> <li>5. To discuss the matters related to frauds.</li> <li>6. To discuss and follow up for the audit observations relating to Long Form Audit Report.</li> <li>7. To review the status of compliance with respect to Risk Assessment Report, Risk Mitigation Plan, Scrutiny Reports issued by RBI and any other domestic/overseas regulators and forensic audit reports by external agencies, if any."</li> <li>8. To review the concurrent audit system of the Bank (including the appointment of concurrent auditors) and appointment of statutory auditors.</li> <li>9. To oversee the Bank's financial reporting process and the disclosure of its</li> </ol>

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	<p>financial information to ensure that the financial statement is correct, sufficient and credible.</p> <ol style="list-style-type: none"> <li>10. To recommend to the Board, the appointment, re-appointment, remuneration and terms of appointment of the statutory auditors of the Bank.</li> <li>11. To approve payments to statutory auditors for any other services rendered by them.</li> <li>12. Reviewing with the management the annual financial statements and auditor's report thereon before submission to the Board for approval, with reference to: <ul style="list-style-type: none"> <li>- matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of section 134 (3)(c) of the Companies Act, 2013</li> <li>- changes, if any, in accounting policies and practices and reasons for the same</li> <li>- major accounting entries involving estimates based on the exercise of judgment by management</li> <li>- significant adjustments made in the financial statements arising out of audit findings</li> <li>- compliance with listing and other legal requirements relating to financial statements</li> <li>- disclosure of any related party transactions</li> <li>- modified opinion(s) in the draft audit report</li> <li>- oversight of the financial reporting process and the disclosure of its financial information</li> </ul> </li> <li>13. To review, with the management, the quarterly financial statements of the Bank (standalone and on a consolidated basis, in terms of the relevant provisions of the Listing Regulations) before it recommended for the approval of the Board.</li> <li>14. To oversee the progress of the Ind AS implementation process and report to the Board at quarterly intervals.</li> <li>15. To review, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board for taking steps in the matter.</li> <li>16. To review the utilization of loans and/ or advances from/investment by the Bank in its subsidiary companies, in excess of Rs. 100 crore or 10% of the asset size of the subsidiary, whichever is lower, including existing loans / advances / investments.</li> <li>17. To review with the management, performance and independence of statutory and internal auditors, adequacy of the internal control systems and effectiveness of audit process.</li> <li>18. To obtain and review reports of the Compliance Officer appointed in the Bank, at stipulated periodicity, in terms of RBI instructions and circulated to</li> </ol>
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	<p>all the functional heads."</p> <ol style="list-style-type: none"> <li>19. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing, seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.</li> <li>20. To discuss with CAE/internal auditors any significant audit findings and follow up thereon.</li> <li>21. To review the findings of any internal investigations by the internal / statutory auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.</li> <li>22. To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit as also conduct post-audit discussion to ascertain any area of concern.</li> <li>23. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.</li> <li>24. To review functioning of the Whistle Blower- and Vigilance mechanism.</li> <li>25. To approve the appointment of the CFO. The Audit Committee, while approving the said appointment, shall assess the qualifications, experience &amp; background, etc. of the candidate.</li> <li>26. To review and approve the appointment, removal and terms of remuneration of the Chief Audit Executive and / or any change in the incumbency of the Chief Audit Executive of the Bank, along with the reasons for such change.</li> <li>27. To approve any subsequent modification of transactions of the Bank that shall involve related parties.</li> <li>28. Scrutiny of inter-corporate loans and investments.</li> <li>29. Evaluation of internal financial controls and risk management system.</li> <li>30. Valuation of undertakings or assets of the company, wherever it is necessary.</li> <li>31. Review and approve the change in the incumbency of the Chief Compliance Officer of the Bank</li> <li>32. Review Segmental Reporting.</li> <li>33. Review of cases of wilful defaults and aspects of diversion of funds by the Borrower.</li> <li>34. Review of the consolidated status of adherence to the arm's length principle by the subsidiaries/step down subsidiaries as per the Group Arm's Length Policy.</li> <li>35. Oversee the implementation of Compliance Policy and review the compliance function on half-yearly and annual basis ensuring that all compliance issues are resolved effectively.</li> <li>36. For each of the omnibus approval given, on a quarterly (or as per the practice followed) basis, the details of Related Party Transactions entered into by the Bank is reviewed.</li> <li>37. The Annual Compliance Certificate of the audit conducted for the active vendors is reviewed by ACB and submitted to RBI.</li> <li>38. The Committee at quarterly intervals review the information in respect of legal audits which should cover aspects, inter alia, like number of loan</li> </ol>
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	<p>accounts due for legal audit for the quarter, how many accounts covered, list of deficiencies observed by the auditors, steps taken to rectify the deficiencies, number of accounts in which the rectification could not take place, course of action to safeguard the interest of bank in such cases, action taken on issues pending from earlier quarters.</p> <p>39. To review the performance of Information Security Audit and the critical issues highlighted during the Information Security Audit and provide appropriate guidance to the Bank's Management.</p> <p>40. Appointment of IS Audit Head who shall report to the Chief Audit Executive of the Bank.</p>
<b>Composition</b>	<p>Members of Audit Committee of the Board during financial year under review are:</p> <ol style="list-style-type: none"> <li>1. Ms. Veena Hingarh, Chairperson</li> <li>2. Ms. Arundhati Mech, Member</li> <li>3. Mr. N K Murthy, Member</li> <li>4. Dr. Shalini Lal, Member</li> </ol>
<b>Meetings</b>	<p>The committee held three (3) meetings during the year on 2<sup>nd</sup> August, 2021, 20<sup>th</sup> November, 2021 and 14<sup>th</sup> February, 2022.</p>

### 3.2 Nomination & Remuneration Committee

<b>Brief Terms of Reference/Roles and Responsibilities</b>	<ol style="list-style-type: none"> <li>1. Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel, senior management and other employees;</li> <li>2. Formulate criteria for evaluation of performance of individual directors including independent directors, the Board of Directors and its Committees. The criteria for evaluation of performance of directors (including independent directors) include personal attributes such as attendance at meetings, communication skills, leadership skills and adaptability and professional attributes such as understanding of the Bank's core business and strategic objectives, industry knowledge, independent judgment, adherence to the Bank's Code of Conduct, Ethics and Values, etc.</li> <li>3. Further the NRC would also determine the fixed pay, variable pay and Employee Stock Options for Whole time Directors, Key Management Personnel and Senior Management directly reporting to the CEO.</li> <li>4. To devise a policy on diversity of board of directors;</li> <li>5. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;</li> <li>6. To decide on the extension or continuation of the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors, to deliberate on the matters of succession planning of the executive directors, senior management.</li> <li>7. To recommend to the board all remuneration, in whatever form, payable to senior management</li> <li>8. To review and discuss all documents pertaining to candidates and will conduct evaluation of candidates in accordance with a process that it sees fit</li> </ol>
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Sector - 126, Noida - 201 304.

Ph: 0120-4060000  
info@shivalikbank.com  
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	<p>and appropriate, passing on the recommendations for the nomination to the Board.</p> <ol style="list-style-type: none"> <li>9. Scrutinizing the nominations of the directors with reference to their qualifications and experience, for identifying 'Fit and Proper' persons, assessing competency of the persons and reviewing compensation levels of the Bank's employees vis-à-vis other banks and the banking industry in general, as per the criteria laid in the Policy for Appointment of Directors</li> <li>10. Periodically review the compensation policy of the bank from a governance and risk perspective and suggest changes if any.</li> <li>11. To administer the Bank's Equity stock options (ESOP) schemes including grant of options to eligible employees under the different ESOP plans and prescribe terms and conditions applicable to such options, subject to provisions of respective ESOP plan and regulations.</li> <li>12. To review annually, the Board's committee structure and composition and to make recommendations to the Board regarding the appointment of directors to serve as members of each committee and committee chairpersons.</li> <li>13. To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable.</li> <li>14. The Committee to review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.</li> </ol>
<b>Composition</b>	<p>Members of Audit Committee of the Board during financial year under review are:</p> <ol style="list-style-type: none"> <li>1. Ms. Veena Hingarh, Chairperson</li> <li>2. Mr. Sudhakar Agarwal, Member</li> <li>3. Mr. N K Murthy, Member</li> <li>4. Dr. Shalini Lal, Member</li> </ol>
<b>Meetings</b>	<p>The committee held Seven (7) meetings during the year on 17<sup>th</sup> April, 2021, 17<sup>th</sup> May, 2021, 2<sup>nd</sup> August, 2021, 4<sup>th</sup> September, 2021, 20<sup>th</sup> November, 2021, 22<sup>nd</sup> December, 2021 and 1<sup>st</sup> February, 2022.</p>

### 3.3 Stakeholders Relationship Committee

<b>Brief Terms of Reference/Roles and Responsibilities</b>	<ol style="list-style-type: none"> <li>1. To monitor and resolve in a timely manner, the grievances/complaints of Investors related to transfer / transmission of shares, non-receipt of annual reports, non-receipt of dividend, approve issue of duplicate share certificates and new certificates on split / consolidation / renewal, general meetings, etc.;</li> <li>2. To consider requests and approve transfer/transmission, dematerialization, rematerialisation of securities in a timely manner</li> <li>3. To review allotment of shares to the employees of the Bank on exercise of stock options granted under the various Employees Stock Option Schemes.</li> <li>4. To oversee and review the performance of Registrar and Share Transfer Agents and recommend measures for improvements in the quality of investors services</li> <li>5. To review of adherence to the service standards adopted by the Registrar &amp; Share Transfer Agent</li> <li>6. To review of measures taken for effective exercise of voting rights by</li> </ol>
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	<p>shareholders.</p> <ol style="list-style-type: none"> <li>7. To review various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company</li> <li>8. The Chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders.</li> <li>9. To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable.</li> <li>10. The Committee to review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.</li> </ol>
<b>Composition</b>	<p>Members of Stakeholder relationship Committee of the Board during financial year under review are:</p> <ol style="list-style-type: none"> <li>1. Mr. Shankar Aggarwal, Chairperson</li> <li>2. Dr. Shalini Lal, Member</li> <li>3. Ms. Veena Hingarh, Member</li> </ol>
<b>Meetings</b>	The committee held one (1) meeting during the year on 31 <sup>st</sup> March, 2022.

### 3.4 Customer Service Committee

<b>Brief Terms of Reference/Roles and Responsibilities</b>	<ol style="list-style-type: none"> <li>1. To review and monitor comprehensive deposit policy, setting out the rights of the depositors in general and small depositors in particular, and other aspects as laid down in the guidelines of RBI.</li> <li>2. To have periodic interaction with the customer representatives invited at the Committee meeting and obtain feedback towards improvement in the quality of products and services rendered by the Bank.</li> <li>3. To review activities of Standing Committee of Customer Service, in accordance with the guidelines laid down by RBI.</li> <li>4. To review activities of Branch Level Customer Committee meetings, in accordance with the guidelines laid down by RBI.</li> <li>5. To review the status of settlement of claims in regard to deceased depositors.</li> <li>6. To monitor the quality of services rendered to the customers of the Bank.</li> <li>7. To review &amp; monitor the product approval processes.</li> <li>8. To review &amp; monitor Banking ombudsman awards passed by Banking Ombudsman relating to the Bank.</li> <li>9. To review &amp; monitor the steps and remedial actions taken by the bank to reduce the customer complaints.</li> <li>10. To review &amp; monitor the service delivery channels.</li> <li>11. To review &amp; monitor the customer rights policy as mandated by Reserve Bank of India (RBI)</li> <li>12. To formulate, review &amp; monitor Comprehensive Policies for customer satisfaction and conduct annual survey of Customer Satisfaction.</li> <li>13. To review the feedback obtained from the periodically Audit of Customer</li> </ol>
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	<p>Services.</p> <p>14. To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced or directed by any statutory authority including any modification, or amendment as may be applicable.</p> <p>15. The Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval. Besides, the Committee could also examine any other issues having a bearing on the quality of customer service rendered.</p>
<b>Composition</b>	<p>Members of Customer Service Committee of the Board during financial year under review are:</p> <ol style="list-style-type: none"> <li>1. Ms. Arundhati Mech, Chairperson</li> <li>2. Mr. Sudhakar Agarwal, Member</li> <li>3. Ms. Veena Hingarh, Member</li> </ol>
<b>Meetings</b>	<p>The committee held three (3) meetings during the year on 2<sup>nd</sup> August, 2021, 4<sup>th</sup> September, 2021, 20<sup>th</sup> November, 2021 and 1<sup>st</sup> February, 2022.</p>

### 3.5 Wilful Defaulter Review Committee

<b>Brief Terms of Reference/Roles and Responsibilities</b>	<ol style="list-style-type: none"> <li>1. To review and confirm the order of Wilful Defaulters Identification committee.</li> <li>2. Monitor that the borrower is given necessary opportunity to put forth their cases before classifying them under wilful defaulters.</li> <li>3. Review the wilful defaulter's status of the Bank in a periodic manner and highlight unfavourable trends</li> <li>4. Monitor the progress of the agreed action plans in coordination with collection &amp; Recovery department and suggest remedial actions for unresolved issues and unattended actions</li> </ol>
<b>Composition</b>	<p>Members of Wilful Defaulter Review Committee of the Board during financial year under review are:</p> <ol style="list-style-type: none"> <li>1. Mr. Arun Kumar Gupta, Chairperson</li> <li>2. Mr. Arundhati Mech, Member</li> <li>3. Mr. Suveer Kumar Gupta, Member*</li> <li>4. Mr. Anshul Swami, Member**</li> </ol> <p>*Was a member of the Committee till 25<sup>th</sup> April, 2022. **Inducted into the Committee in the Board Meeting held on 26<sup>th</sup> April, 2022.</p>
<b>Meetings</b>	<p>The committee held one (1) meeting during the year on 20<sup>th</sup> November, 2021.</p>

### 3.6 Risk Management Committee

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

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	<ol style="list-style-type: none"> <li>21. To review Back- Testing Report.</li> <li>22. To review the product approval process.</li> <li>23. To review the Country Risk exposures.</li> <li>24. To review the Risk Management Plan with respect to Cyber Security and monitor the implementation of the measures recommended by the IT Strategy &amp; Information System Security Committee of Directors of the Bank, to mitigate any risk arising therefrom.</li> <li>25. Framing of policies and strategies for integrated risk management, through putting in place policies and strategies involving specific risks or risk categories.</li> <li>26. Review and approves the Industry/Sector/Group wise exposure limits.</li> <li>27. To assess the internal and external risks, risks associated with systems, processes, individual platforms adopted by the Bank, from time to time.</li> <li>28. To review the legal risks that may arise out of operational risks.</li> </ol>
<b>Composition</b>	<p>Members of Risk Management Committee of the Board during financial year under review are:</p> <ol style="list-style-type: none"> <li>1. Mr. N K Murthy, Chairperson</li> <li>2. Mr. Arundhati Mech, Member</li> <li>3. Ms. Veena Hingarh, Member</li> </ol>
<b>Meetings</b>	The committee held three (3) meetings during the year on 2 <sup>nd</sup> August, 2021, 20 <sup>th</sup> November, 2021 and 5 <sup>th</sup> February, 2022.

### 3.7 Special Committee for monitoring of Large Value frauds

<b>Brief Terms of Reference/Roles and Responsibilities</b>	<ol style="list-style-type: none"> <li>1. Identify the systemic lacunae, if any that facilitated perpetration of the fraud and put in place measures to plug the same.</li> <li>2. Identify the reasons for delay, in detection, if any, and reporting to top management of the Bank and RBI.</li> <li>3. Monitor progress of CBI/Police investigation and recovery position.</li> <li>4. Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time;</li> <li>5. Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as, strengthening of internal controls.</li> <li>6. Put in place other measures as may be considered relevant to strengthen preventive measures against frauds.</li> <li>7. Monitor and review Red Flag Accounts as and when they are classified as per the guidelines prescribed by the RBI.</li> <li>8. To monitor the progress of mitigating steps taken by the Bank in case of electronic frauds and</li> <li>9. the efficacy of the same in containing fraud numbers and values.</li> <li>10. To carry out any other roles and responsibilities as is mandated by the Board from time to time and / or enforced by any statutory authority including any modification or amendment as may be applicable.</li> </ol>
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<b>Composition</b>	<p>Members of Special Committee for monitoring of Large Value frauds of the Board during financial year under review are:</p> <ol style="list-style-type: none"> <li>1. Mr. Arun Kumar Gupta, Chairperson</li> <li>2. Ms. Arundhati Mech, Member</li> <li>3. Mr. N K Murthy, Member</li> <li>4. Mr. Sudhakar Agarwal, Member</li> <li>5. Mr. Suveer Kumar Gupta, Member*</li> <li>6. Mr. Anshul Swami, Member**</li> </ol> <p>**Was a member of the Committee till 25<sup>th</sup> April, 2022. **Inducted into the Committee in the Board Meeting held on 26<sup>th</sup> April, 2022.</p>
<b>Meetings</b>	The committee held one (1) meeting during the year on 31 <sup>st</sup> March, 2022.

### 3.8 IT Strategy and Information Systems Security Committee

<b>Brief Terms of Reference/Roles and Responsibilities</b>	<ol style="list-style-type: none"> <li>1. Annually review and approve IT strategy, policy documents/agreements of the Bank, taking into account the changes to the Banks business plans and IT environment and recommend the same for the approval of the Board.</li> <li>2. Ensuring that management has an effective IT strategic planning process in place.</li> <li>3. Reviewing and ratifying that the business strategy is aligned with the IT strategy of the Bank.</li> <li>4. Ensuring that the IT organizational structure serves the business requirements of the Bank and its direction.</li> <li>5. Exercise oversight over implementation of processes and practices so as to ensure that IT delivers value to the businesses of the Bank.</li> <li>6. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.</li> <li>7. Ensuring proper balance of IT investments for sustaining Bank's growth.</li> <li>8. Assess exposure to IT risks and its controls and evaluating effectiveness of management in monitoring of such IT risks.</li> <li>9. Assessing senior management's performance in implementing IT strategies.</li> <li>10. Reviewing high level guidance of policy matters relating to IT viz. related to risk, funding or sourcing of tasks.</li> <li>11. Assessing if IT architecture has been designed to derive maximum business value from IT.</li> <li>12. Reviewing IT performance measurement and contribution of the IT Department to the businesses of the Bank i.e. delivering the promised value;</li> <li>13. To approve capital and revenue expenditure in respect of IT procurements.</li> <li>14. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.</li> <li>15. Overseeing the aggregate funding of IT at a bank-level and ascertaining if the management has resources to ensure the proper management of IT risks.</li> <li>16. Review the activities of the IT Steering Committee of the Bank.</li> <li>17. Review the IT/ Cyber Security Policy of the Bank and guide the</li> </ol>
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### SHIVALIK SMALL FINANCE BANK LTD.

	<p>management in implementing appropriate information security management measures/ practices taking into account the business needs of the Bank.</p> <p>18. Reviewing strategy for addressing cyber security risks and review of related issues.</p> <p>19. Review IT related frauds, if any.</p> <p>20. Review the Risk Management Policy of the Bank, with respect to Cyber Security posture of the Bank and recommend measures to mitigate any risk arising therefrom.</p> <p>21. Reporting of IT &amp; Cyber Security Incidents.</p> <p>22. Review the effectiveness and efficiency of information security arrangements and recommend areas for improvement.</p> <p>23. Exercise oversight to ensure effective functioning of the IT Operations of the Bank.</p> <p>24. Review the governance mechanism relating to outsourced processes,</p> <p>25. Review the Business Continuity Plan (BCP)/Disaster Recovery (DR) Plan of the Bank and exercise oversight over the efficacy of the BCP/DR process adopted by the Bank and recommend measures for its improvement.</p> <p>26. To review such other matters as may be required under applicable laws, rules, regulations and guidelines issued by the Reserve Bank of India or any other statutory/ regulatory authority, from time to time.</p>
<b>Composition</b>	<p>Members of IT Strategy and Information Systems Security Committee of the Board during financial year under review are:</p> <ol style="list-style-type: none"> <li>1. Mr. Shankar Aggarwal, Chairperson</li> <li>2. Ms. Veena Hingarh, Member</li> <li>3. Ms. Arundhati Mech, Member</li> <li>4. Mr. Ankit Khare, CTO, Permanent Invitee</li> <li>5. Mr. Mohit Gautam, CISO, Permanent Invitee</li> </ol>
<b>Meetings</b>	<p>The committee held two (2) meeting during the year on 20<sup>th</sup> November, 2022 and 5<sup>th</sup> February, 2022.</p>

#### 4. MEETING OF INDEPENDENT DIRECTORS

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

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

#### 5. OTHER FUNCTIONAL COMMITTEES OF THE BANK

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

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

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

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		Chief Technology Officer		
		Head –Finance		
		Head – Administration		
6.	<b>Risk Management Committee</b>	Managing Director & Chief Executive Officer, Chairman	Monthly or as and when required	12
		Deputy Managing Director		
		Chief Financial Officer		
		Chief Operating Office		
		Chief Risk Officer		
		Chief Compliance Officer		
		Chief Technology Officer		
		Head – Operations		
		Head-Credit		
		Head-Treasury		
7.	<b>Products Approval Committee</b>	Business Head of the product to be approved as Head of the Committee	Quarterly or as and when required	2
		Deputy Managing Director		
		Chief Risk Officer		
		Chief Information Security Officer		
		Chief Compliance Officer		
		Chief Technology Officer		
		Head – Business Development		
		Head-Credit		
		Head-Operations		
10.	<b>Identification of Wilful Defaulter Committee</b>	Managing Director & Chief Executive Officer, Chairman	Quarterly or as and when required	1
		Deputy Managing Director		
		Chief Financial Officer		
		Chief Risk Officer		
		Chief Compliance Officer		
		Head – Recovery		
		Chief Technology Officer		
		Head-Credit		
11.	<b>IT Steering Committee</b>	Managing Director & Chief Executive Officer, Chairman	Quarterly or as and when required	1
		Deputy Managing Director		
		Chief Financial Officer		
		Chief Operating Officer		
		Chief Information Security Officer		
		Chief Risk Officer		
		Chief Compliance Officer		

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		Chief Technology Officer		
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## 6. DIRECTORS' REMUNERATION CRITERIA

### Remunerations of Executive Directors

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

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

Details of Remuneration/Compensation of Managing Director and Chief Executive Officer		
S.No.	Particulars	Amount (INR)
1.	Fixed Pay (including perquisites)	40,00,000/-
2.	Variable Pay (Cash and non-cash components)	20,00,000/-
<b>Total Compensation (Fixed Pay + Variable Pay)</b>		<b>60,00,000/-</b>

### Remuneration of Non-Executive Directors

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

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

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

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

## SHIVALIK SMALL FINANCE BANK LTD.

**HEAD OFFICE:**  
Plot No - 2B, 6<sup>th</sup> Floor, Tower 3,  
Sector - 126, Noida - 201 304.

Ph: 0120-4060000  
info@shivalikbank.com  
www.shivalikbank.com

**REGD. OFFICE:**  
501, Salcon Aurum, Jasola District Centre, New Delhi - 110 025.  
CIN NO: U65900DL2020PLC366027

## 7. ANNUAL GENERAL BODY MEETINGS:

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

S.NO.	Year	Particular of Meeting	Date & Time	Location	Special Resolutions passed if any
1.	2020-21	1 <sup>st</sup> Annual General meeting	30 <sup>th</sup> September, 2021	Through Video Conferencing ("VC") and other audio-visual means ("OAVM")	1. Appointment of Mr. Suveer Kumar Gupta (DIN: 02112717) as Managing Director of the Company and approval of terms and conditions thereof. 2. Alteration in article of association of the company to enable to issue stock options/ share warrants. 3. Approval of "Employee stock option Scheme (ESOP) 2021" 4. Issuance of fully convertible warrants on preferential/private placement basis. 5. Issuance of compulsory convertible preference shares (CCPS) on preferential/private placement basis. 6. Approval of Shareholders Manual

## 8. General shareholders Information:

1.	<b>Date of Incorporation</b>	12 <sup>th</sup> July 2020
2.	<b>Corporate Identification Number</b>	U65900DL2020PLC366027
3.	<b>Address of correspondence and contact in detail</b>	6th Floor, Tower-3, India Glycols Building Plot no. 2B, Sector 126 Noida 201304 UP IN
4.	<b>Name of Depositories</b>	National Securities Depository Limited (NSDL) Central Depository Services (India) Limited (CDSL)
5.	<b>Registrar and share Transfer</b>	<b>KFIN Technologies Limited (Formerly known as KFIN</b>

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	<b>Agent</b>	<b>Technologies Private Limited)</b> Reg. Office: Selenium Building, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032. Contact Number: +91-40-67162222/7961 100 Email: <a href="mailto:reachus@kfintech.com">reachus@kfintech.com</a>
6.	<b>1<sup>st</sup> Annual General Meeting</b>	Date & Time: 30th September, 2021 (Thursday), Venue: Through Video Conferencing (“VC”) and other audio-visual means (“OAVM”)
7.	<b>Financial Year</b>	The Bank follows the financial year starting from 1st April to 31st March, every year.

## 9. INVESTOR GRIEVANCE REDRESSAL

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

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

## 10. RELATED PARTY TRANSACTION

There were no materially significant transactions with related parties including promoters, directors, or relatives of the Directors during the financial year under review which could lead to a potential conflict with the interest between the Bank and these parties. There were no material individual transactions with related parties, which were not in the ordinary course of business of the Bank, nor were there any transactions with related parties, which were not on arm’s length basis. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the notes to the Financial Statements. The Board of Directors has formulated a policy on materiality of Related Party Transactions. The Policy on Related Party Transactions is available on the website as [https://shivalikbank.com/regulatory\\_section.php](https://shivalikbank.com/regulatory_section.php).

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

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

The Anti Sexual Harassment policy have been disclosed on the website [https://shivalikbank.com/regulatory\\_section.php](https://shivalikbank.com/regulatory_section.php).

## 12. FAIR PRACTICES CODE

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

## 13. REGULAR UPDATES

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

## 14. WHISTLE BLOWER POLICY / VIGIL MECHANISM

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

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

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

The Whistle Blower Policy & Vigil Mechanism have been disclosed on the website [https://shivalikbank.com/regulatory\\_section.php](https://shivalikbank.com/regulatory_section.php).

## 15. CODE OF CONDUCT

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

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

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

**For and on Behalf of  
SHIVALIK SMALL FINANCE BANK LIMITED**

**Sd/-  
(Anshul Swami)  
MD & CEO  
DIN: 09446950**

**Date: 6<sup>th</sup> August 2022  
Place: Noida**



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**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED MARCH 31,2022**

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

**To,**  
**The Members,**  
**SHIVALIK SMALL FINANCE BANK LIMITED**  
**CINU65900DL2020PLC366027**  
501, Salcon Aurum, Jasola District Centre,  
New Delhi- 110025

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Shivalik Small Finance Bank Limited** (hereinafter called the "**Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31 March 2022 ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter along with **Annexure-A** attached to this report:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the "**Act**") and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder; (**Not applicable to the Company during the Audit Period**)
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to

the extent of Foreign Direct Investment("FDI"), Overseas Direct Investments ("ODI") and External Commercial Borrowings("ECB").

(v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended from time to time. **(Not applicable to the Company during the Audit Period as the company is an Unlisted Company)**

(vi) **OTHER ACTS SPECIFICALLY APPLICABLE TO THE COMPANY AS IDENTIFIED BY THE MANAGEMENT**

(i) Reserve Bank of India (RBI)Act, 1934, The Banking Regulation Act, 1949 read with the rules, regulations, directions, guidelines, licenses and circulars issued by RBI for compliance by Small Finance Bank:

(ii) The Payment and Settlement Systems Act, 2007;

(iii) Deposit Insurance and Credit Guarantee Corporation Act, 1961;

(iv) Prevention of Money-Laundering Act, 2002 and The Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions) Rules, 2005, and

(v) Negotiable Instruments Act, 1881.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India (SS-1 and SS-2).

(ii) The Listing Agreements entered into by the Company with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), if any. **(Not applicable to the Company during the Audit Period).**

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above *subject to the following*:

The Company has not filed e-form MGT-14 with the Registrar of Companies in respect of Board Resolutions passed in the Board Meetings held on 02.08.2021 and 04.09.2021 respectively as prescribed under Section 117 (3) read with Section 179 of the Act. Further, the Company has assured us to start the process of filling an application to the Central Government in accordance with the Section 460 of the Act to condone the delay in filing the aforesaid e-forms MGT-14.

Based on the information received and records maintained, we further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notices of at least seven days were given to all the directors to schedule the Board and Committee Meetings along with agenda and detailed notes on agenda in compliance with the provisions of the Act 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 in compliance of the Act except few board meetings which were held at shorter notice in compliance of the Act.
3. All decisions at Board Meetings and Committee Meetings have been carried out with requisite majority of the members of the Board or committees as the case may be. Further, as informed and verified from minutes, no dissent was given by any director in respect of the resolutions passed in the Board and the Committee Meetings.

Based on the compliance mechanism established by the Company **we further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report** that during the audit period the Company has not incurred any specific event / action that can have major bearing on the Company's affairs in pursuance of above referred laws, rules, regulations; guidelines, standards etc. subject to the following:

1. The Board of directors of the company vide its Board Resolutions dated April 01, 2021 has made following allotments of Equity shares pursuant to conversion of Compulsorily Convertible Debentures (CCD):
  - Allotment of 1,03,350 fully paid-up equity Shares of Rs. 10/- each in lieu of conversion of 1,03,350, 0.0001 % CCD series I.
  - Allotment of 5,62,500 fully paid up equity Shares of Rs. 10/- each in lieu of conversion of 10% of the face value of 56,25,000 9% CCD series II.
2. The Company has commenced its business as Small Finance Bank w.e.f. 26.04.2021.
3. The Board of directors of the company vide its Board Resolutions dated April 26, 2021 has:
  - Allotted 30,00,000 fully paid up equity Shares of Rs. 10/- each in lieu of conversion of 53.334% of the face value of 56,25,000 9% CCD series II.
  - cancelled the offer, issue and allotment of 11,50,000 Equity shares on private placement basis approved by the Board in meeting held on 19<sup>th</sup> March 2021.



4. The Shareholders of the Company has passed the following resolutions in its Annual General meeting held on 30.09.2021:
- Ordinary Resolution to alter the Memorandum of Association of the company under section 61 of the Act by increasing the Authorised Share Capital of the Company from Rs. 1,10,00,00,000/- (Rupees One Hundred Ten Crore Only) divided into 11,00,00,000 (Eleven Crore) equity shares of Rs.10/- (Rupees Ten) each to Rs. 1,60,00,00,000/- (Rupees One Hundred Sixty Crores Only) divided into 14,00,00,000 (Fourteen Crore) equity shares of Rs.10/- (Rupees Ten) each amounting to Rs. 1,40,00,00,000 (Rupees One Hundred Forty Crore) and 2,00,00,000 (Two Crore) Preference Shares of Rs. 10 each amounting to Rs. 20,00,00,000 (Rupees Twenty Crore).
  - Special Resolution under section 14 of the Act to amend the Article of Association of the Company by insertion of the Clause 13A after clause 13.
  - Special Resolution under section 62(1)(b) of the Act to approve the Employee Stock Option Plan 2021 ("2021 ESOP") and granting of options to employees of the company.
  - Special Resolution under section 42 and section 62(1)(c ) of the Act to offer, issue and allot 1,00,00,000 (One Crore) Compulsory Convertible Preference Shares of Rs. 10/- each at a premium of Rs 14/- per shares aggregating to Rs. 24,00,00,000/- (Rupees Twenty Four Crores).
  - Special Resolution under section 42 and section 62(1)(c ) of the Act to offer, issue and allot upto 60,00,000 (Sixty Lacs) fully convertible warrants of Rs. 10/- each at a premium of Rs 14/- per shares aggregating to Rs. 14,40,00,000 (Rupees Fourteen Crores Forty Lakhs Only).
5. The Board of directors of the company vide its Board Resolution dated August 02, 2021 have accorded their approval to issue 117 Shivalik Bank Tier II Debt Series I (Non-Convertible Debenture) of face value of Rs 5,00,000 each aggregating to Rs. 5,85,00,000/- (Rupees Five Crores Eight Five Lakhs Only) on Private Placement Basis in accordance with section 42 & 71 of the Act and subsequently the Board of Directors have cancelled the same at its Board Meeting held on August 12, 2021.
6. The Board of directors of the company vide its Board Resolution dated August 18, 2021 have allotted 118 Shivalik Bank Tier II Debt Series I (Non-Convertible Debenture) of face value of Rs 5,00,000 each aggregating to Rs. 5,90,00,000/ (Rupees Five Crores Ninety Lakhs Only) on Private Placement Basis in accordance with section 42 & 71 of the Act.
7. The Board of directors of the company vide its Board Resolutions dated October 29, 2021 have:
- allotted 107 Shivalik Bank Tier II Debt Series II (Non-Convertible Debenture) of face value of Rs 5,00,000 each aggregating to Rs. 5,35,00,000/- ( Rupees Five Crores Thirty Five Lakhs only) on Private Placement Basis in accordance with section 42 & 71 of the Act.

- withdrawn, rescinded, and cancelled the issuance of 2 (two) Shivalik Small Finance Bank Tier II Debt Series II (Non-Convertible Debenture) of Rs. 5,00,000/- (Rs. Five Lakh only) each aggregating to Rs. 10,00,000/- (Rupees Ten Lakh Only) to the investor who withdrawn his willingness to subscribe the 2 (two) Non-Convertible Debenture out of the total 109 Shivalik Bank Tier II Debt Series II (Non-Convertible Debenture) of face value of Rs 5,00,000/- each issued by the Board of Director vide its Board Resolution dated October 20, 2021 on Private Placement Basis.
8. The Board of directors of the company vide its Board Resolutions dated January 26, 2022 have allotted 205 Shivalik Bank Tier II Debt Series III (Non-Convertible Debenture) of face value of Rs 5,00,000/- each aggregating to Rs. 10,25,00,000/- (Rupees Ten Crores Twenty Five Lakh only) on Private Placement Basis in accordance with section 42 & 71 of the Act.
9. The Board of directors of the company vide its Board Resolution dated February 14, 2022 have:
- allotted 1,00,00,000 (One Crore) 0.0001% Compulsory Convertible Preference Shares ("CCPS") comprised in total 10 series of 10,00,000 CCPS of Rs. 10/- each at a premium of Rs 14/- per share on partly paid up basis on receipt of 5 % of the Subscription money on Private Placement Basis in accordance with section 42, 55, 62(1)(c) of the Act.
  - allotted 40,00,000 fully convertible warrants of Rs. 10/- each at a premium of Rs 14/- per shares aggregating to Rs.9,60,00,000 (Rupees Nine Crores Sixty Lakhs Only).
10. The Board of directors of the company vide its Board Resolutions dated March 27, 2022 have allotted 170 Shivalik Bank Tier II Debt Series IV (Non-Convertible Debenture) of face value of Rs 5,00,000/- each aggregating to Rs. 8,50,00,000/- (Rupees Eight Crores Fifty Lakh only) on Private Placement Basis in accordance with section 42 & 71 of the Act.

**FOR DMK ASSOCIATES  
COMPANY SECRETARIES**

**Date: 06.08.2022**

**Place: New Delhi**

**UDIN: F004140D000754659**

**Sd/-  
DEEPAK KUKREJA  
FCS, LLB., ACIS (UK), IP.  
PARTNER  
CP No 8265  
FCS No. 4140  
Peer Review No. 779/2020**

**To,**

**The Members,  
SHIVALIK SMALL FINANCE BANK LIMITED  
CIN U65900DL2020PLC366027  
501, Salcon Aurum, Jasola District Centre,  
New Delhi- 110025**

**Sub: Our report for the Audit Period is to be read along with this letter.**

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. We believe that the processes and practices, we followed provide a reasonable basis our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. As per the information provided by the Company, there are no pending cases filed by or against the Company which will have major impact on the Company.

**FOR DMK ASSOCIATES  
COMPANY SECRETARIES**

**Date: 06.08.2022  
Place: New Delhi  
UDIN: F004140D000754659**

**Sd/-  
DEEPAK KUKREJA  
FCS, LLB., ACIS (UK), IP.  
PARTNER  
CP No 8265  
FCS No. 4140  
Peer Review No. 779/2020**