

**Deloitte Haskins & Sells**

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**Kirtane & Pandit LLP**

Chartered Accountants  
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**INDEPENDENT AUDITORS' REPORT****To The Members of UTKARSH SMALL FINANCE BANK LIMITED  
Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of **UTKARSH SMALL FINANCE BANK LIMITED** ("the Bank"), which comprise the Balance Sheet as at March 31, 2023, Profit and Loss Account, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

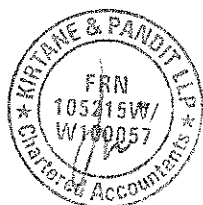
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949 and the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act ("Accounting Standards") as applicable to bank and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2023, its profit and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

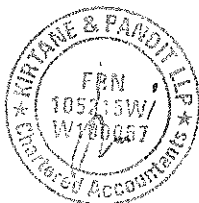
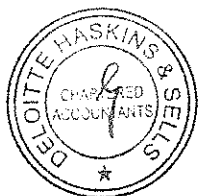
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.



Sl. No.	Key Audit Matter	Auditor's Response
1	<p><b>Identification of Non-Performing Advances and Provisioning for Advances</b></p> <p>(Refer Schedule 9 read with Note 18.4 to the financial statements)</p> <p>Advances constitute a significant portion of the Bank's assets and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank has net advances amounting to Rs. 13,06,877 Lakhs as at 31 March, 2023.</p> <p>Advances constitute a significant portion of the Bank's assets, and the quality of these advances is measured in terms of ratio of Non-Performing Advances ("NPA") to the gross advances of the Bank. The Bank has gross advances amounting to Rs. 13,35,711 Lakhs (Previous Year Rs. 10,63,072 Lakhs) and the gross NPA ratio of Bank is 3.23 % (Previous Year 6.10%) as at March 31, 2023.</p> <p>The Reserve Bank of India's (RBI) guidelines on income recognition, asset classification and provisioning ('IRAC norms') and other RBI guidelines (herein after referred as "Relevant RBI guidelines") prescribes the norms for identification and classification of NPAs and the minimum provision required for such assets.</p> <p>The Bank is also required to apply its judgement to determine the identification and provisioning for NPAs by applying quantitative as well as qualitative factors.</p> <p>Since the identification of NPAs and provisioning for advances is significant to the overall audit, we have ascertained this as a key audit matter.</p>	<p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and provisioning pertaining to advances. In particular, our procedures include :</p> <ul style="list-style-type: none"> <li>• We have evaluated and understood the Bank's internal control system in adhering to the Relevant RBI guidelines;</li> <li>• We have analysed and understood key IT systems/ applications used and tested the design and implementation as well as operational effectiveness of relevant controls in relation to income recognition, asset classification, viz., standard, sub-standard, doubtful and loss with reference to relevant RBI guidelines and provisioning pertaining to advances;</li> <li>• We test checked advances to examine the validity of the recorded amounts, underlying loan documentation and statement of accounts, indicators of impairment, impairment provision for NPAs, and compliance with IRAC norms and other RBI Guidelines.</li> <li>• We had performed the walkthrough of the NPA automation process in the current financial year and tested the core functionality for selected sample and tested the identification of NPA and computation of provisions.</li> <li>• With respect to contingency and floating provision held as at March 31, 2023 towards unforeseen risk and stress emanating from certain portfolio of advances, we have tested key inputs, assumptions and methodology used by the management in estimating the provision amount (including utilization thereof).</li> </ul>



2	<p><b>Key Information technology (IT) systems used in financial reporting process:</b></p> <p>As a Scheduled Commercial Bank that operates on core banking solution ("CBS") and other loan applications across its branches, the reliability and security of IT systems plays a key role in the business operations. Since large volume of transactions are processed daily, the IT controls are required to ensure that applications process data as expected and that changes are made in an appropriate manner.</p> <p>The IT infrastructure is critical for smooth functioning of the Bank's business operations as well as for timely and accurate financial accounting and reporting.</p> <p>Due to the pervasive nature and complexity of the IT environment we have identified and tested access controls, segregating of duties and change management of relevant Information technology applications, databases and operating systems ("IT") used in financial reporting process as a key audit matter.</p>	<p>We involved our IT specialists to obtain an understanding of the Bank's IT related control environment. Furthermore, we conducted an assessment and identified key IT applications, databases and operating systems that are relevant for our audit. For the key IT systems used to prepare accounting and financial information, our areas of audit focus included access security (including controls over privileged access), program change controls, database management and network operations. In particular, our procedures include :</p> <p>We tested the design, implementation and operating effectiveness of the Bank's General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of Bank's controls to evaluate segregation of duties and access rights being provisioned / modified based on duly approved requests, access for exit cases being revoked in a timely manner and access of all users being recertified during the period of audit;</p> <p>We also tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; including testing of compensating controls or performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.</p>
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**Information Other than the Financial Statements and Auditor's Report Thereon**

- The Bank's Board of Directors is responsible for the preparation of the other information. The other information comprises the Chairman's Statement, the Directors Report including annexures to the Directors report included in the Annual Report but does not include the financial statements and our auditors report thereon and the Basel II Disclosures under New Capital Adequacy Framework (Basel II Disclosures).
- Our opinion on the financial statements does not cover the other information and Basel II Disclosures and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, Accounting Standards and other accounting principles generally accepted in India and the circulars, guidelines and the directions issued by the Reserve Bank of India, from time to time. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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



**Auditor's Responsibility for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

The comparative financial information of the Bank for the previous reporting periods included in the Financial Statements have been audited by the predecessor auditor. The report of the predecessor auditor dated April 25, 2022, on this comparative financial information expressed an un-modified opinion.

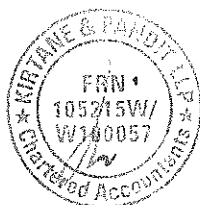
Our Opinion on the Financial Statements is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act and Section 30(3) of the Banking Regulation Act, 1949, based on our Audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and found them to be satisfactory.
  - b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the bank.
  - c) As explained in the paragraph 2 below, the financial accounting system of the Bank are centralised and, therefore, accounting returns are not required to be submitted by branches.
  - d) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books.
  - e) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - f) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act as applicable to the Banks.
  - g) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

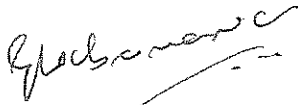


- h) With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls with reference to financial statements.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the entity being a banking company, section 197 of the Act related to the managerial remuneration is not applicable by virtue of Section 35B(2A) of the Banking Regulation Act, 1949.
- j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Bank has disclosed the impact of pending litigations on its financial position as at the yearend in its financial statements - Refer Schedule 12 to the financial statements;
  - ii. The Bank did not have any long-term contracts including derivative contracts as at the yearend for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank.
  - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 18.28 to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 18.28 to the financial statements, no funds have been received by the Bank from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Bank shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.



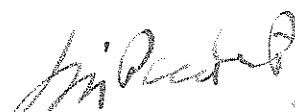
- v. The Bank has not declared or paid any dividend during the year and has not proposed final dividend for the year.
  - vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Bank w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. We report that during the course of our audit we have visited and performed select relevant procedures at 43 branches. Since the Bank considers its key operations to be automated, with the key applications largely integrated to the Core Banking System, it does not require its branches to submit any financial returns. Accordingly, our audit is carried out centrally at Head Office based on the records and data required for the purpose of Audit being made available to us.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No. 117365W)

  
G. K. Subramaniam  
Partner  
Membership No. 109839  
UDIN: 23109839BGXPXI7832  
Place: Mumbai  
Date: April 28, 2023



For **Kirtane & Pandit LLP**  
Chartered Accountants  
(Firm Registration  
No.105215W/W100057)

  
Sandeep Welling  
Partner  
Membership No. 044576  
UDIN: 23044576BGXPSD7569  
Place: Mumbai  
Date: April 28, 2023





**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to financial statements of **UTKARSH SMALL FINANCE BANK LIMITED** (the "Bank") as of March 31, 2023 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

**Auditor's Responsibility**

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

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

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



**Meaning of Internal Financial Controls with reference to financial statements**

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

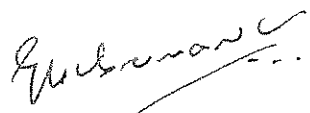
**Inherent Limitations of internal financial control with reference to financial statements**

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

**Opinion**

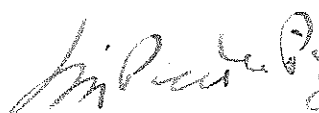
In our opinion, to the best of our information and according to the explanations given to us the Bank has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control over financial reporting established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

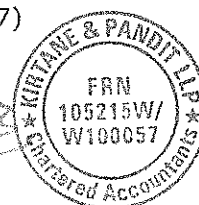
For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm Registration No. 117365W)

  
G. K. Subramaniam  
Partner  
Membership No. 109839  
UDIN: 23109839BGXPXI7832  
Place: Mumbai  
Date: April 28, 2023



For **Kirtane & Pandit LLP**  
Chartered Accountants  
(Firm Registration  
No.105215W/W100057)

  
Sandeep Welling  
Partner  
Membership No. 044576  
UDIN: 23044576BGXPSD7569  
Place: Mumbai  
Date: April 28, 2023



Utkarsh Small Finance Bank Limited  
Balance Sheet as at 31 March 2023

(₹ in '000s)

	Schedule	As at 31 March 2023	As at 31 March 2022
<b>CAPITAL and LIABILITIES</b>			
Capital	1	8,959,047	8,955,215
Reserves and Surplus	2	11,044,159	6,767,753
Deposits	3	137,101,400	100,741,826
Borrowings	4	23,494,753	25,719,349
Other Liabilities and Provisions	5	10,576,056	8,453,555
<b>Total</b>		<b>191,175,415</b>	<b>150,637,698</b>
<b>ASSETS</b>			
Cash and balances with Reserve Bank of India	6	11,920,566	17,978,972
Balances with banks and money at call and short notice	7	13,243,064	737,519
Investments	8	28,594,222	23,479,238
Advances	9	130,687,655	102,281,473
Fixed Assets	10	3,033,239	2,865,335
Other Assets	11	3,696,669	3,295,161
<b>Total</b>		<b>191,175,415</b>	<b>150,637,698</b>
Contingent Liabilities	12	3,416,049	564,192
Bills for Collection		-	-
Significant accounting policies	17		
Notes to the financial statements	18		

Schedules referred to above form an integral part of the Financial statements. The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report of even date attached  
for M/s Deloitte Haskins & Sells  
Chartered Accountants  
ICAI Firm Registration No. 117365W

for M/s Kirtane & Pandit LLP  
Chartered Accountants  
ICAI Firm Registration No. 105215W/W100057

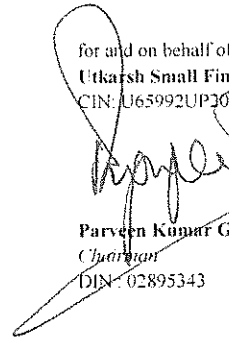
for and on behalf of the Board of Directors of  
Utkarsh Small Finance Bank Limited  
CIN: U65992UP3016PLC082804



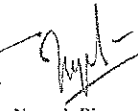
G.K. Subramaniam  
Partner  
Membership No. 109839



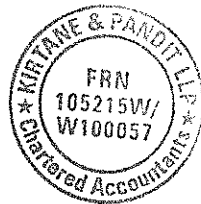
Sandeep D Welling  
Partner  
Membership No. 044576



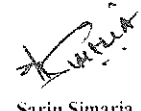
Parveen Kumar Gupta  
Chairman  
DIN: 02895343



Nagesh Pinge  
Director  
DIN: 00062900




Govind Singh  
Managing Director & CEO  
DIN: 02470880



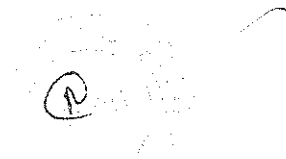
Sarju Simaria  
Chief Financial Officer  
FCA: 046998



Muthiah Ganapathy  
Company Secretary  
FCS 5674

Place : Mumbai  
Date : 28 April 2023

Place : Mumbai  
Date : 28 April 2023



Utkarsh Small Finance Bank Limited  
Profit and Loss Account for the year ended 31 March 2023

(₹ in '000s)


	Schedule	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>I INCOME</b>			
Interest Earned	13	25,049,798	18,488,126
Other Income	14	2,993,062	1,848,334
<b>Total</b>		<b>28,042,860</b>	<b>20,336,460</b>
<b>II EXPENDITURE</b>			
Interest Expended	15	9,759,489	7,879,625
Operating Expenses	16	9,900,136	7,337,495
Provisions and Contingencies	18.14.5	4,338,216	4,504,724
<b>Total</b>		<b>23,997,841</b>	<b>19,721,844</b>
<b>III PROFIT</b>			
Net Profit for the year		4,045,019	614,616
Balance in Profit and Loss account brought forward from previous year		2,537,240	2,072,483
<b>Total</b>		<b>6,582,259</b>	<b>2,687,099</b>
<b>IV APPROPRIATIONS</b>			
Transfer to Statutory Reserve		1,011,254	153,654
Transfer to Investment Fluctuation Reserve		17,986	111,273
Transfer to Capital Reserve		-	2,322
Other adjustments	18.4 & d	105,156	105,156
<b>Balance carried over to Balance Sheet</b>		<b>5,694,147</b>	<b>2,537,240</b>
<b>Total</b>		<b>6,582,259</b>	<b>2,687,099</b>
<b>V EARNINGS PER EQUITY SHARE</b>	18.15		
Basic EPS (₹)		4.52	0.70
Diluted EPS (₹)		4.51	0.70
Face Value per share (₹)		10	10
Significant accounting policies	17		
Notes to the financial statements	18		

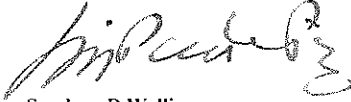
Schedules referred to above form an integral part of the Financial statements. The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

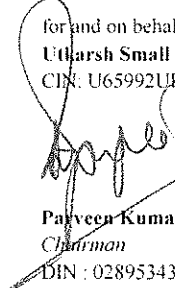
As per our report of even date attached  
for M/s Deloitte Haskins & Sells  
Chartered Accountants  
ICAI Firm Registration No. 117365W


for M/s Kirtane & Pandit LLP  
Chartered Accountants  
ICAI Firm Registration No. 105215W/W100057

for and on behalf of the Board of Directors of  
**Utkarsh Small Finance Bank Limited**  
CIN: U65992UP2016PLC082804

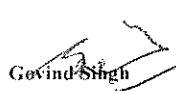
  
**G.K. Subramaniam**  
Partner  
Membership No. 109839

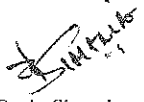
  
**Sandeep D Welling**  
Partner  
Membership No. 044576


  
**Parveen Kumar Gupta**  
Chairman  
DIN : 02895343

  
**Nagesh Pinge**  
Director  
DIN : 00062900




  
**Govind Singh**  
Managing Director & CEO  
DIN : 02470880

  
**Sarju Simaria**  
Chief Financial Officer  
FCA : 046998

  
**Muthiah Ganapathy**  
Company Secretary  
FCS 5674

Place : Mumbai  
Date : 28 April 2023

Place : Mumbai  
Date : 28 April 2023



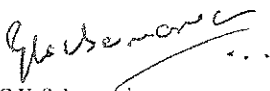
S.No	Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
I	<b>Cash flow from operating activities</b>		
	Profit before taxes	5,358,142	797,128
	Adjustments for:-		
	Depreciation on fixed assets	586,550	408,840
	Depreciation on investments, net	(44,217)	(149,409)
	Amortization of premium on Held to Maturity Investment	207,016	174,921
	Profit on sale & Redemption of HTM portfolio	-	(4,137)
	Unrealised loss on external commercial borrowings	-	(6,039)
	Write-off of non performing advances	3,827,814	2,193,834
	Provision for standard advances and other contingencies (including floating provision)	288,919	(17,115)
	Provision for non performing advances (net of reversal)	(1,128,850)	2,024,254
	Loss on sale of fixed assets (Net)	-	(625)
	Other provisions and write off	170,531	171,957
		(i) 9,265,905	5,593,609
	Adjustments for:-		
	Decrease in investments	899,293	5,563,628
	(Increase) in advances	(31,091,648)	(24,344,484)
	Increase in deposits	36,359,575	25,666,144
	(Increase) in other assets	(1,043,856)	(389,259)
	Increase in other liabilities and provisions	1,907,832	1,745,693
		(ii) 7,031,196	8,241,722
	Payment of Direct Taxes	(iii) (707,104)	(543,769)
	<b>Net cash flow generated from operating activities (A)</b>	<b>15,589,997</b>	<b>13,291,562</b>
II	<b>Cash flow from/(used in) investing activities</b>		
	Addition to Premises		
	Purchase of fixed assets including capital work in progress	(758,470)	(1,466,733)
	Proceeds from sale of fixed assets	4,017	4,895
	Purchase of held to maturity (HTM) securities (net of sales)	(6,177,077)	(5,924,886)
	<b>Net cash flow (used in) investing activities (B)</b>	<b>(6,931,530)</b>	<b>(7,386,724)</b>
III	<b>Cash flow from/(used in) Financing Activities</b>		
	Proceeds from issue of share capital (net of share issue expenses)	13,268	1,466,357
	Net (repayments) from borrowings	(2,224,596)	(352,864)
	<b>Net cash flow (used in) / generated from financing activities (C)</b>	<b>(2,211,328)</b>	<b>1,113,493</b>
IV	<b>Net increase in cash and cash equivalents (A) + (B) + (C)</b>	<b>6,447,139</b>	<b>7,018,331</b>
V	<b>Cash and cash equivalents at the beginning of the year</b>	<b>18,716,491</b>	<b>11,698,160</b>
VI	<b>Cash and cash equivalents at the end of the year</b>	<b>25,163,630</b>	<b>18,716,491</b>
	<b>Notes to the Cash Flow Statement:</b>		
	Cash and cash equivalents includes the following:		
(i)	Cash and Balances with Reserve Bank of India (Refer Schedule 6)	11,920,566	17,978,972
(ii)	Balance with banks and money at call and short notice (Refer Schedule 7)	13,243,064	737,519
	<b>Cash and cash equivalents at the end of the year</b>	<b>25,163,630</b>	<b>18,716,491</b>

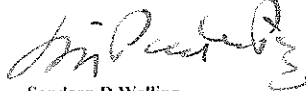
The above Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard (AS) 3 - Cash Flow Statements specified under Section 133 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

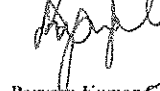
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Chartered Accountants  
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for and on behalf of the Board of Directors of  
Utkarsh Small Finance Bank Limited  
CIN: U65992UP2016PLC082804

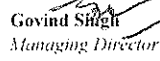
  
G.K. Subramaniam  
Partner  
Membership No. 109839

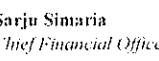
  
Sandeep D Welling  
Partner  
Membership No. 044576


  
Parveen Kumar Gupta  
Chairman  
DIN: 02895343

  
Nagesh Pinge  
Director  
DIN: 00062900



  
Govind Singh  
Managing Director & CEO  
DIN: 02470880

  
Sarju Simaria  
Chief Financial Officer  
FCA: 046998

  
Muthiah Ganapathy  
Company Secretary  
FCS 5674

Utkarsh Small Finance Bank Limited  
Schedules forming part of the Balance Sheet as at 31 March 2023

Schedule 1 - Capital

(₹ in '000s)

	As at 31 March 2023	As at 31 March 2022
<b>Authorised Capital</b>		
1,300,000,000 Equity shares of ₹10/- each (31 March 2022: 1,300,000,000 Equity shares of ₹10/- each)	13,000,000	13,000,000
200,000,000 Preference shares of ₹10/- each (31 March 2022: 200,000,000 Preference shares of ₹10/- each)	2,000,000	2,000,000
<b>Issued, subscribed and fully paid-up capital</b>		
895,904,663 Equity shares of ₹10/- each (31 March 2022: 895,521,522 Equity shares of ₹10/- each)	8,959,047	8,955,215
<b>TOTAL</b>	<b>8,959,047</b>	<b>8,955,215</b>

Schedule 2 - Reserves and Surplus

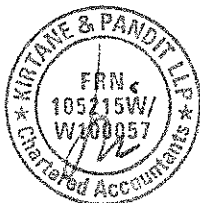
(₹ in '000s)

	As at 31 March 2023	As at 31 March 2022
<b>1. Statutory Reserve</b>		
Opening balance	1,146,856	993,202
Addition during the year	1,011,254	153,654
Deduction during the year	-	-
<b>Total</b>	<b>2,158,110</b>	<b>1,146,856</b>
<b>2. Capital Reserve</b>		
Opening balance	90,207	87,885
Addition during the year	-	2,322
Deduction during the year	-	-
<b>Total</b>	<b>90,207</b>	<b>90,207</b>
<b>3. Share Premium</b>		
Opening balance	2,852,026	1,357,545
Addition during the year	9,436	1,028,373
Deduction during the year	-	33,892
<b>Total</b>	<b>2,861,462</b>	<b>2,852,026</b>
<b>4. Investment Fluctuation Reserve</b>		
Opening balance	77,799	189,072
Addition during the year	(17,986)	(111,273)
Deduction during the year	-	-
<b>Total</b>	<b>59,813</b>	<b>77,799</b>
<b>5. ESOP Reserve</b>		
Opening balance	63,624	-
Addition during the year	121,931	63,873
Deduction during the year	5,133	249
<b>Total</b>	<b>180,422</b>	<b>63,624</b>
<b>6. Balance in Profit and Loss Account</b>	<b>5,694,145</b>	<b>2,537,241</b>
<b>TOTAL ( 1+2+3+4+5+6)</b>	<b>11,844,159</b>	<b>6,767,753</b>

Schedule 3 - Deposits

(₹ in '000s)

	As at 31 March 2023	As at 31 March 2022
<b>A. 1. Demand Deposits</b>		
i) From banks	874,882	380,008
ii) From others	2,965,155	3,244,782
<b>Total</b>	<b>3,840,037</b>	<b>3,624,790</b>
<b>2. Savings Bank Deposits</b>	<b>24,797,322</b>	<b>18,908,056</b>
<b>3. Term Deposits</b>		
i) From banks	36,660,154	28,229,159
ii) From others	71,803,887	49,979,821
<b>Total</b>	<b>108,464,041</b>	<b>78,208,980</b>
<b>TOTAL ( 1 to 3 )</b>	<b>137,101,400</b>	<b>100,741,826</b>
<b>B. i. Deposits of branches in India</b>	<b>137,101,400</b>	<b>100,741,826</b>
<b>ii. Deposits of branches outside India</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>137,101,400</b>	<b>100,741,826</b>



Utkarsh Small Finance Bank Limited  
Schedules forming part of the Balance Sheet as at 31 March 2023 (continued)

Schedule 4 - Borrowings

	(₹ in '000s)	
	As at 31 March 2023	As at 31 March 2022
<b>1. Borrowings in India</b>		
i) Reserve Bank of India	1,500,000	2,370,000
ii) Other banks	-	-
iii) Other institutions and agencies		
a) Government of India	-	-
b) Financial institutions	19,549,900	19,383,100
iv) Capital instruments		
a) Borrowing in the form of bonds and debentures * (subordinated debt included in Tier 2 capital)	2,350,000	2,350,000
v) Other borrowings**	94,853	116,249
<b>Total borrowings in India</b>	<b>23,494,753</b>	<b>24,219,349</b>
<b>2. Borrowings outside India #</b>		
i) Capital instruments		
a) Unsecured redeemable debentures/bonds (subordinated debt included in Tier 2 capital)	-	1,500,000
ii) Debentures	-	-
iii) Other borrowings	-	-
<b>Total borrowings outside India</b>	<b>-</b>	<b>1,500,000</b>
<b>TOTAL ( 1 + 2 )</b>	<b>23,494,753</b>	<b>25,719,349</b>
Secured borrowings included in 1 and 2 above	1,500,000	2,370,000

Refinance borrowings of ₹1,954.99 crore (31 March 2022: ₹1,938.31 crore)

# Borrowing from outside India include subordinated debt of NIL (₹1,500,000 thousands in year ended 31 March 2022) in the nature of Non Convertible Debenture

\* Represents unsecured bonds and debentures

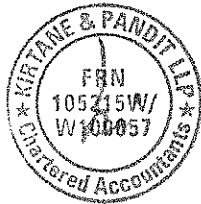
\*\* Represents payable under lease obligation

Schedule 5 – Other Liabilities and Provisions

	(₹ in '000s)	
	As at 31 March 2023	As at 31 March 2022
1. Bills payable	1,472,278	436,448
2. Inter office adjustments (net)	-	-
3. Interest accrued	4,081,135	3,822,477
4. Others (including provisions)	5,022,643	4,194,630
<b>TOTAL ( 1 to 4 )</b>	<b>10,576,056</b>	<b>8,453,555</b>

Schedule 6 – Cash and balances with Reserve Bank of India

	(₹ in '000s)	
	As at 31 March 2023	As at 31 March 2022
1. Cash in hand	1,473,305	832,692
2. Balances with Reserve Bank of India		
i) In current account	5,507,261	4,506,280
ii) In other accounts	4,940,000	12,640,000
<b>TOTAL ( 1 + 2 )</b>	<b>11,920,566</b>	<b>17,978,972</b>



Utkarsh Small Finance Bank Limited  
Schedules forming part of the Balance Sheet as at 31 March 2023 (continued)

Schedule 7 – Balance with banks and money at call and short notice

(₹ in '000s)

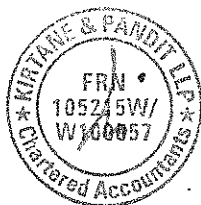
	As at 31 March 2023	As at 31 March 2022
<b>1. In India</b>		
i) Balances with banks		
a) In current accounts	610,552	702,881
b) In other deposit accounts	36,996	34,638
ii) Money at call and short notice		
a) With banks	500,000	-
b) With other institutions	12,095,516	-
<b>Total (i+ii)</b>	<b>13,243,064</b>	<b>737,519</b>
<b>2. Outside India</b>		
In current accounts	-	-
In other deposits accounts	-	-
Money at call and short notice	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL ( 1 + 2 )</b>	<b>13,243,064</b>	<b>737,519</b>

Schedule 8 – Investments

(₹ in '000s)

	As at 31 March 2023	As at 31 March 2022
<b>1. Investments in India (net of provisions)</b>		
i) Government securities *	25,603,571	20,485,732
ii) Other approved securities	-	-
iii) Shares	-	-
iv) Debentures and bonds	-	-
v) Subsidiaries / joint ventures	-	-
vi) Others (certificate of deposits and mutual funds)	2,990,651	2,993,506
<b>Total</b>	<b>28,594,222</b>	<b>23,479,238</b>
<b>2. Investments Outside India (net of provisions)</b>		
i) Government securities	-	-
ii) Subsidiaries / joint ventures	-	-
iii) Others (equity shares and bonds)	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL ( 1 + 2 )</b>	<b>28,594,222</b>	<b>23,479,238</b>
<b>3. Investments</b>		
i) Gross value of investments		
a) In India	28,594,222	23,523,455
b) Outside India	-	-
	<b>28,594,222</b>	<b>23,523,455</b>
ii) Provision for depreciation		
a) In India	-	44,217
b) Outside India	-	-
	<b>-</b>	<b>44,217</b>
iii) Net value of investments		
a) In India	28,594,222	23,479,238
b) Outside India	-	-
	<b>28,594,222</b>	<b>23,479,238</b>

\* Include securities of ₹115.08 crore (31 March 2022: ₹152.87 crore) pledged for clearing facilities and margin requirement





Utkarsh Small Finance Bank Limited  
Schedules forming part of the Balance Sheet as at 31 March 2023 (continued)

Schedule 9 – Advances (net of provisions)

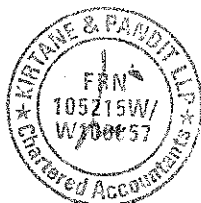
	(₹ in '000s)	
	As at 31 March 2023	As at 31 March 2022
A.		
i) Bills purchased and discounted	-	-
ii) Cash credits, overdrafts and loans repayable on demand	4,112,670	1,123,303
iii) Term loans **	126,574,985	101,158,170
<b>Total</b>	<b>130,687,655</b>	<b>102,281,473</b>
B.		
i) Secured by tangible assets (includes advances against fixed deposits and book debts)	43,227,990	29,150,587
ii) Covered by Bank/Government guarantees	553	981
iii) Unsecured	87,459,112	73,129,905
<b>Total</b>	<b>130,687,655</b>	<b>102,281,473</b>
C.1		
Advances in India		
i) Priority sector	101,522,583	84,393,070
ii) Public sector	-	-
iii) Banks	569,897	75,000 *
iv) Others	28,595,175	17,813,403
<b>Total</b>	<b>130,687,655</b>	<b>102,281,473</b>
C.2		
Advances Outside India		
i) Due from banks	-	-
ii) Due from others	-	-
a) Bills purchases and discounted	-	-
b) Syndicated loans	-	-
c) Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>TOTAL (C.1 + C.2)</b>	<b>130,687,655</b>	<b>102,281,473</b>

\* Amount of Nil as on 31 March 2023 (31 March 2022: ₹7.50 crores) comes under priority sector advance

\*\* Net of loans outstanding under Inter bank participation certificate ₹600 crores (Previous Year: ₹ Nil)

Schedule 10 – Fixed Assets

	(₹ in '000s)	
	As at 31 March 2023	As at 31 March 2022
1.		
Premises		
i) At cost at 31st March of the preceding year	1,122,502	121,202
ii) Additions during the year	-	1,001,300
iii) Deductions during the year	-	-
iv) Accumulated depreciation to date	17,465	777
<b>Total</b>	<b>1,105,037</b>	<b>1,121,725</b>
2.		
Other Fixed Assets (including furniture and fixtures)		
i) At cost at 31st March of the preceding year	2,768,303	1,776,730
ii) Additions during the year	728,850	1,005,102
iii) Deductions during the year	61,270	13,529
iv) Accumulated depreciation to date	1,602,843	1,126,052
<b>Total</b>	<b>1,833,040</b>	<b>1,643,251</b>
3.		
Leased Assets		
i) At cost at 31st March of the preceding year	242,199	238,058
ii) Additions during the year	20,499	10,091
iii) Deductions during the year	-	5,950
iv) Accumulated depreciation to date	185,853	150,055
<b>Total</b>	<b>76,845</b>	<b>92,164</b>
4.		
Capital Work in Progress	18,317	9,195
<b>TOTAL (1 to 4)</b>	<b>3,033,239</b>	<b>2,865,335</b>



Utkarsh Small Finance Bank Limited

Schedules forming part of the Balance Sheet as at 31 March 2023 (continued)

Schedule 11 – Other Assets

(₹ in '000s)

	As at 31 March 2023	As at 31 March 2022
1. Inter-office adjustment (net)	-	-
2. Interest accrued	1,251,642	931,848
3. Tax Paid in advance/tax deducted at source (net of provision)	-	-
4. Stationery and stamps	-	-
5. Non-banking assets acquired in satisfaction of claims	-	-
6. Deferred Tax Asset (net)	870,948	926,627
7. Others	1,574,079	1,436,686
<b>TOTAL (1 to 7)</b>	<b>3,696,669</b>	<b>3,295,161</b>

Schedule 12 – Contingent Liabilities

(₹ in '000s)

	As at 31 March 2023	As at 31 March 2022
1. Claims against the bank not acknowledged as debts	-	-
2. Liability for partly paid investment	-	-
3. Liability on account of outstanding forward exchange contracts	-	-
4. Liability on account of outstanding derivative contracts	-	-
5. Guarantees given on behalf of constituents		
i) In India	255,111	173,300
ii) Outside India	-	-
6. Acceptances, endorsements and other obligations	-	-
7. Other items for which the bank is contingently liable *	3,160,938	390,892
<b>TOTAL (1 to 7)</b>	<b>3,416,049</b>	<b>564,192</b>

\* Includes capital commitment of ₹30.66 crores (31 March 2022: ₹37.81 crores) and commitment towards irrevocable Undrawn Fund Based Credit facilities of ₹278.25 crores



Utkarsh Small Finance Bank Limited  
Schedules forming part of the Profit and Loss Account for the year ended 31 March 2023

Schedule 13 – Interest Earned

	(₹ in '000s)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
1. Interest / discount on advances / bills	22,781,210	16,461,263
2. Income on investments	1,505,355	1,549,252
3. Interest on balance with Reserve Bank of India and Other inter bank funds	762,903	477,248
4. Others	330	363
<b>TOTAL (1 to 4)</b>	<b>25,049,798</b>	<b>18,488,126</b>

Schedule 14 – Other Income

	(₹ in '000s)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
1. Commission, exchange and brokerage	852,996	568,626
2. Profit/(Loss) on sale/redemption of investments (net)	(14,887)	(133,341)
3. Profit/(Loss) on revaluation of investments	15,390	104,986
4. Profit/(Loss) on sale of land, building and other assets (net)	441	625
5. Profit/(Loss) on exchange transactions (net)	-	-
6. Income earned by way of dividends from Subsidiaries / Associates and /or Joint Venture abroad / in India	-	-
7. Miscellaneous Income	2,139,122	1,307,438
<b>TOTAL (1 to 3)</b>	<b>2,993,062</b>	<b>1,848,334</b>

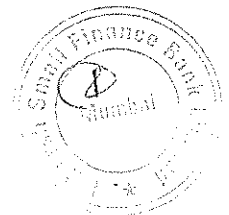
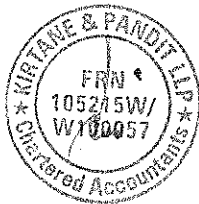
Schedule 15 – Interest Expended

	(₹ in '000s)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
1. Interest on deposits	7,843,630	5,756,674
2. Interest on Reserve Bank of India / Inter-bank borrowings	106,373	66,645
3. Others	1,809,486	2,056,306
<b>TOTAL (1 to 3)</b>	<b>9,759,489</b>	<b>7,879,625</b>

Schedule 16 – Operating Expenses

	(₹ in '000s)	
	For the year ended 31 March 2023	For the year ended 31 March 2022
1. Payments to and provisions for employees	5,700,569	4,298,255
2. Rent, taxes and lighting	580,767	463,504
3. Printing and stationery	125,075	109,924
4. Advertisement and publicity	141,666	50,387
5. Depreciation on Bank's property	586,550	408,840
6. Director's fees allowances and expenses	28,823	23,591
7. Auditors' fees and expenses	19,549	16,435
8. Law charges	180,306	125,557
9. Postage, telegrams, telephones, etc.	235,452	198,142
10. Repairs and maintenance	197,080	126,915
11. Insurance	116,364	78,593
12. Other expenditure*	1,987,935	1,437,552
<b>TOTAL (1 to 12)</b>	<b>9,900,136</b>	<b>7,337,495</b>

\* Includes professional charges, service charges for core banking software and ATM, traveling and other expenses



**Utkarsh Small Finance Bank Limited**  
**Schedules forming part of the financial statements for the year ended 31 March 2023**

**Schedule 17 – Significant accounting policies**

**17.1 Background**

Utkarsh Small Finance Bank Limited (“Company” or “the Bank”), incorporated on 30 April 2016 in India, is a Small Finance Bank (‘SFB’) engaged in providing banking and financial services and governed by the Banking Regulation Act, 1949. The Bank had commenced its banking operations from 23 January 2017. Scheduled Bank status was accorded by Reserve Bank of India vide notification no. DBR.NBD. (SFB-UMFL). No.2689/16.13.216/2017-2018 dated 04 October 2017 and was published in the Gazette of India on 07 November 2017. The Bank is subsidiary of Utkarsh Core Invest Limited (“the Holding Company”).

The Reserve Bank of India (“RBI”) issued license no. MUM: 125 on 25 November 2015 to the Company to carry on business as SFB with certain terms and conditions. Pursuant to the condition attached in the approval for small finance bank, the Holding Company entered into a business transfer agreement (“BTA”) and transferred its micro finance business to the Bank. Pursuant to the BTA all the assets and liabilities (except certain specified assets and liabilities) as at 21 January 2017 of the Holding Company were transferred to the Bank at book value based on slump sale basis for cash consideration of ₹68.51 crores. Pursuant to BTA, all the employees of the Holding Company (except certain employees) were transferred to SFB on the same employment terms and rights granted under employee stock option scheme of the Holding Company are continued in SFB. Resultant, non-convertible debentures listed on the stock exchange were also transferred in the name of the Bank and a transfer was effected by the exchange effective 03 May 2017.

**17.2 Basis of preparation**

The accompanying financial statements have been prepared and presented under the historical cost convention, unless otherwise stated, and on accrual basis of accounting and the Accounting Standards specified under section 133 of the Companies Act, 2013 including the provisions of the Banking Regulation Act, 1949, the Master Direction on Financial Statements - Presentation and Disclosures issued by Reserve Bank of India dated on August 30, 2021, as amended from time to time and various other orders/circulars/directions issued by the RBI in this regard to the extent applicable and practices prevailing in the Banking industry in India and other accounting principles generally accepted in India.

**17.3 Use of estimates**

The preparation of the financial statements in conformity with the Indian GAAP requires the management to make estimates and assumptions that are considered in the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and reported income and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements and the management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from the estimates used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

**17.4 Significant accounting policies**

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

The accompany financial statements have been prepared as prescribed under the historical cost.



## A Revenue Recognition

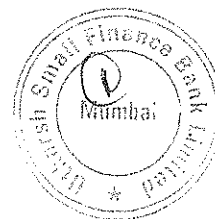
- a) Interest income on performing assets is recognised on accrual basis. Interest income on non-performing assets is recognised on realisation;
- b) For other than JLG, till 24 September 2021, recoveries in respect of all past due loan accounts including classified as NPA is appropriated towards charges, interest, overdue and thereafter towards principal. From 25 September 2021 onwards except for Micro Finance (JLG) Loans and Relationship Management based products, recoveries in respect of all EMI based performing assets is appropriated towards interest, principal of each EMI followed by penal interest and then charges. For Non-performing assets, appropriation is made towards principal, interest of each EMI followed by oldest penal interest due and then oldest charges for the product defined;
- c) For Micro Finance (JLG) Loans recoveries would be appropriated towards instalment(s) outstanding and on partial collection appropriation will be in the sequence of first Interest component of oldest EMI followed by Principal component of oldest EMI, and so on both for standard and NPA accounts;
- d) Relationship Management Based products, recoveries is appropriated towards Outstanding;
- e) Penal Interest or Overdue Principal Interest and charges are recognized on collection basis except in case of Relationship Management based products where such penal interest or charges are recognized on accrual basis;
- f) Loan processing fees collected from the borrowers is recognized over the tenure of the loan;
- g) Documentation and monitoring charges collected from borrowers are accounted upfront when it becomes due;
- h) Recoveries in respect of debts written off are recognized in the year in which such amounts is recovered and the same are disclosed under "Other Income";
- i) Fees paid / received for priority sector lending certificates (PSLC) is recognised upfront;
- j) Profit / premium arising at the time of securitization / assignment of loan portfolio is amortized over the life of the underlying loan portfolio / securities and any loss arising therefrom is recognized immediately. Income from interest strip (excess interest spread) is recognized in the profit and loss account net of any losses when redeemed in cash. Interest retained under assignment of loan receivables is recognized on realization basis over the life of the underlying loan portfolio;
- k) Interest on term deposits is accrued on time proportion basis, using the underlying interest rate.
- l) Income on discounted instruments is recognised over the tenure of the instrument on a constant yield basis;
- m) Dividend is accounted on an accrual basis when the right to receive the dividend is established;
- n) Income from distribution of third party products is recognised on the basis of business booked;
- o) Recoveries in respect of purchase of Direct Assignment pools are to be appropriated as per appropriation methodology followed by the originators; and
- p) All other fees are accounted for as and when they become due and when service is rendered.

## B Advances

### a) Accounting and Classification

Advances are classified as performing and non-performing (NPA) as per RBI guidelines. Restructured assets are classified and provided for in accordance with the guidelines issued by the RBI from time to time. In respect of advances where resolution plan is under implementation or implemented under the RBI guidelines on "Resolution Framework for COVID-19-related Stress" and "Micro, Small and Medium Enterprises (MSME) Sector – Restructuring of Advances.

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 advances / 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. In accordance with the RBI guidelines on the prudential framework for resolution of stressed assets and the resolution framework for COVID-19 related stress, the Bank in accordance with its Board approved policy, carried out one-time restructuring of eligible borrowers. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.



**b) Inter Bank Participation Certificates**

The Bank enters into Inter Bank Participation Certificate with Risk Sharing as issuing Bank and the aggregate amount of participation are reduced from the aggregate loan outstanding.

**c) Provisioning**

Provisions in respect of non-performing and restructured advances are made based on management's assessment of the degree of impairment of the advances subject to the minimum provisioning levels prescribed under RBI guidelines with regard to the Prudential Norms on Income Recognition, Asset Classification & Provisioning prescribed from time to time.

The Bank also maintains provision on standard assets to cover potential credit losses which are inherent in any loan portfolio in accordance with RBI guidelines. However, provisioning rates prescribed by RBI are the regulatory minimum, and Bank made additional provisions in respect of advances to stressed sectors of the economy as approved by the Board from time to time. Provision made against standard assets is included in 'Other Liabilities and Provisions'.

Loans reported as fraud are classified appropriately as per relevant RBI guidelines and fully provided for immediately without considering the value of security.

**d) Floating Provision**

The Bank recognises floating provision as per the Board approved policy, which is in addition to the specific, contingent and general provisions made by the Bank. The floating provision will be utilised, with the approval of Board and RBI, in case of contingencies which do not arise in the normal course of business and are exceptional and non-recurring in nature and for making specific provision for impaired loans as per the requirement of extant RBI guidelines or any regulatory guidance / instructions. Floating provisions are netted off for NNPA Ratio and is included in 'Other Liabilities and Provisions'.

**C Investments**

Classification and valuation of Bank's Investments is carried out in accordance with relevant RBI guidelines/directions and Fixed Income Money Market and Derivatives Association ('FIMMDA') and Financial Benchmark India Private Limited ('FBIL') guidelines prescribed in this regard from time to time.

**a) Classification**

Investments are classified into 'Held for Trading' ('HFT'), 'Available for Sale' ('AFS') and 'Held to Maturity' (HTM) categories at the time of purchase.

Investments that are acquired with an intention to hold till maturity are classified as "HTM".

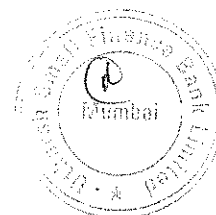
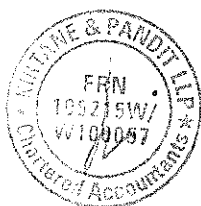
Investments that are held primarily for sale within 90 days from the date of purchase are classified as "HFT".

Investments, which are not classified in the above two categories, are classified as "AFS". Further, as per the RBI guidelines, HFT securities, which remain unsold for a period of 90 days are reclassified as AFS securities.

The Bank follows value date method of accounting for purchase and sale of investments, except for Government of India and state government securities where settlement date method of accounting is followed in accordance with RBI guidelines.

For the purpose of disclosure in the financial statements, the Investments are classified under six groups a) Government Securities b) Other Approved Securities c) Shares d) Debentures and Bonds e) Subsidiaries / Joint Ventures and f) Others.

Investments are classified as performing or non-performing as per RBI guidelines. Non performing investments are subjected to prudential norms for Classification, valuations and Operation of Investment Portfolio by Banks prescribed from time to time.



#### **b) Valuation**

Investments classified as "Held to Maturity" securities need not be marked to market and will be carried at acquisition cost, unless it is more than the face value, in which the premium should be amortised over the period remaining to maturity. Where in the opinion of the management, a diminution, other than temporary in the value of investments classified under HTM has taken place, appropriate provisions are made.

Investments classified as AFS and HFT are marked-to-market on a periodic basis as per relevant RBI guidelines. The securities are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of individual securities is not changed consequent to the periodic valuation of investments.

Treasury bills, commercial papers and certificates of deposit are valued at carrying cost including the pro rata discount accrued for the holding period.

Quoted investments are valued at traded quoted price available on the recognised stock exchanges, subsidiary general ledger account transactions are valued as per the price list of RBI or prices declared by Primary Dealers Association of India ("PDAI") jointly with FIMMDA / FBIL applicable as at the balance sheet date. For deriving market value of unquoted fixed income securities (other than Central and State Government securities), yields / mark-up rates (reflecting associate credit risk) declared by the FIMMDA / FBIL are considered.

Quoted Mutual Fund units are valued as per stock exchange quotes and un-quoted mutual fund units are valued at last available re-purchase price or Net Asset Value where re-purchase price is not available.

#### **c) Disposal of investments**

Profit / Loss on sale of investments under the aforesaid three categories is recognized in the Profit and Loss account. Cost of investments is based on the weighted average cost method. The profit from sale of investment under HTM category, net of taxes and transfer to statutory reserve is appropriated from Profit and Loss account to "Capital Reserve" in accordance with the RBI Guidelines.

#### **d) Transfer between categories**

Transfer of investments between categories is accounted in accordance with the extant RBI guidelines:

- a) Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- b) Transfer from HTM to AFS/HFT is made at acquisition price/ amortised cost if originally placed in HTM at par or at a discount and at amortised cost if originally placed in HTM at a premium.
- c) Transfer from AFS to HFT category or vice-versa is made at book value and the provision for the accumulated depreciation, if any, held is transferred to the provisions for depreciation against the HFT securities or vice-versa.

#### **e) Repurchase and Reverse repurchase transactions**

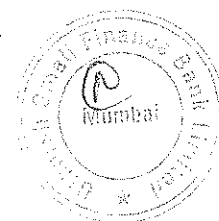
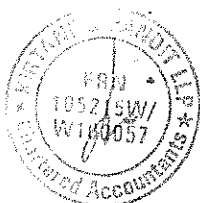
Repurchase ('Repo') and reverse repurchase ('Reverse Repo') transactions including liquidity adjustment facility (with RBI) are accounted for as borrowing and lending transactions respectively. Accordingly, securities given as collateral under an agreement to repurchase them continue to be held under the investment account of the Bank and the Bank would continue to accrue the coupon/discount on the security during the repo period. The Bank continues to value the securities sold under repo as per the investment classification of the security. Borrowing cost on repo transactions is accounted for as interest expense and income on reverse repo transactions are accounted for as interest income.

#### **f) Broken period interest, brokerage etc.**

Broken period interest and costs such as brokerage paid at the time of acquisition of the security are charged to the Profit and Loss account.

#### **g) Investment Fluctuation Reserve.**

Out of net profits earned during the year, transfer is made to Investment Fluctuation Reserve, for an amount not less than the lower of the (a) net profit on sale of investments during the year (b) net profit for the year less mandatory appropriations, till the balance in such Investment Fluctuation Reserve reaches a level of at least 2% of the aggregate HFT and AFS portfolio. Draw down from the Investment Fluctuation Reserve has been made in accordance with the applicable RBI guidelines.



## D Fixed assets and depreciation / amortisation

### Tangible assets

Tangible fixed assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and all other directly attributable expenditures towards acquisition and installation of assets before it is ready for commercial use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets.

Tangible fixed assets under construction and tangible fixed assets acquired but not ready for their intended use will be disclosed as capital work-in-progress.

Capital work in progress includes cost of fixed assets that are not ready for their intended use and also includes advances paid to acquire fixed assets.

Depreciation is provided as per straight-line method from the date of addition over the estimated useful life of the asset. For assets purchased/ sold during the year, depreciation is being provided on pro rata basis by the Bank. Depreciation on assets sold during the year is charged to the Profit and Loss account up to the date of sale. Assets costing less than ₹5,000 are fully depreciated in the year of purchase. If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is shorter, then the depreciation is provided at a higher rate based on management's estimate of the useful life/remaining useful life. The management believes that depreciation rates currently used, fairly reflect its estimate of the useful lives and residual values of fixed assets which are in accordance with lives prescribed under Schedule II of Companies Act, 2013.

Leasehold improvements are amortised on straight line basis over the primary period of the lease or the estimated useful life of the assets, whichever is lower.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognized in the Profit and Loss account.

### Intangible assets

Intangible assets that are acquired by the Bank are measured initially at cost. The cost of an intangible asset comprises its purchase price including after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use following initial recognition. After initial recognition, an intangible asset is carried at its cost less any accumulated amortization and any accumulated impairment loss. Subsequent expenditure is capitalized only when it increases the future economic benefits from the specific asset to which it relates.

Intangible assets are amortized in the Profit and Loss account over their estimated useful lives from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset. Intangible assets are amortized on straight line basis. Computer software are amortized on straight line basis over their estimated useful life of three years. For assets purchased/ sold during the year, amortisation is being provided on pro rata basis by the Bank.

### Impairment of Assets

In accordance with Accounting Standard 28- Impairment of assets, the Bank assesses at each balance sheet date whether there is any indication of impairment of assets based on internal / external factor. If any such indication exists, the Bank estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount will be reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. Depreciation is provided on the revised carrying amount of the asset over its remaining useful life.





**E Foreign Currency transactions**

Transactions denominated in foreign currency are recorded at exchange rates prevailing on the date of the transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the Profit and Loss account. Income and Expenditure items are translated at the rates of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the balance sheet date based on exchange rates notified by Foreign Exchange Dealers' Association of India ('FEDAI') and the resultant exchange differences are recognized in the Profit and Loss account.

**F Derivatives**

The Bank recognises all derivative contracts (other than those designated as hedges) at fair value, on the date on which the derivative contracts are entered into and are re-measured at fair value as at the Balance Sheet or reporting dates.

Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Changes in the fair value of derivatives other than those designated as hedges are recognised in the Profit and Loss account.

Derivative contracts designated as hedges are not marked to market unless their underlying transaction is marked to market. In respect of derivative contracts that are marked to market, changes in the market value are recognised in the Profit and Loss account in the relevant period.

The Bank identifies the hedged item (asset or liability) at the inception of the transaction itself. Hedge effectiveness is ascertained at the time of the inception of the hedge and periodically thereafter. Gains or losses arising from hedge ineffectiveness, if any, are recognised in the Profit and Loss account. Contingent liabilities on account of derivative contracts denominated in foreign currencies are reported at closing rates of exchange notified by FEDAI as at the balance sheet date.

**G Employee benefits**

**a. Defined Contribution Plan –**

The Bank makes specified monthly contribution towards employee provident fund to Government administered provident fund scheme, which is a defined contribution scheme. The Bank's contribution is recognised as an expense in Profit and loss account during the period in which the employee renders the related service.

**b. Defined Benefit Plan and Compensated absences-**

The Bank provides for gratuity, a defined benefit retirement plan covering eligible employees. Gratuity is covered under a scheme administered by Life Insurance Corporation of India through gratuity trust (Group Gratuity scheme) and the contributions made by the Bank to the scheme is recognised in the Profit and loss account. The liability recognised in the Balance Sheet in respect of defined benefit plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The calculation of the Bank's obligation under the plan is performed annually by qualified independent actuary using projected unit credit method. Actuarial gains and losses arising during the year is immediately recognised in the Profit & Loss account.

Compensated absence, is a long-term employee benefit, and accrued based on an actuarial valuation done as per projected unit credit method at the balance sheet date, carried out by an independent actuary. Compensated absence is covered under a scheme administered by Life Insurance Corporation of India. Actuarial gains and losses are recognized in full in the Profit and Loss account for the period and are not deferred.

**H Share Issue Expenses**

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



**I Employee Stock Option Scheme**

The holding company of the Bank has formulated Employees Stock Option Scheme. The scheme provides that subject to continued employment with the Bank, employees of the Bank are granted an option to acquire equity shares of the Holding Company that may be exercised within a specified period. The compensation cost for all options granted to employees by the Holding company is computed based on valuation of shares of Holding company as per intrinsic value method and is amortised over the period of vesting. Measurement and disclosure of the Employee Share-based Payment Schemes are done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India ('ICAI').

The Bank has formulated Employees Stock Option Schemes, and the policy will be applicable to all scheme. The Bank measures compensation cost relating to employee stock options using the Fair value method as per the Guidance Note on 'Accounting for Employee Share based Payments' issued by the ICAI and same is charged to Profit & Loss Account.

**J Lease transactions**

A lease is classified at the inception date as finance lease or an operating lease. Assets taken on lease where the Bank acquires substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance lease is capitalised at the commencement of the lease at an amount equal to lower of its fair value and present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of lease liability so as to achieve constant rate of interest on the remaining balance of the liability. The rental obligations, net of finance charges, are reflected as borrowings. Finance charges are recognised as finance costs in the profit and loss account.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as and when the payments are made over the lease terms.

**K Taxation**

Income tax comprises the current tax (i.e. amount of tax for the period, determined in accordance with the Income Tax Act, 1961 and the rules framed there under) and the net change in the deferred tax asset or liability for the period (reflecting the tax effects of timing differences between accounting income and taxable income for the period).

Provision for current income-tax is recognized in accordance with the provisions of the Income Tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

The current tax, deferred tax charge or credit and the corresponding deferred tax liability or asset is recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty (supported by convincing evidence of future taxable income) of realization of such assets.

Deferred tax assets are reviewed at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realized.

**L Provisions and contingencies**

The Bank recognises a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.



**M Earnings per share (EPS)**

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

**N Cash and cash equivalents**

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

**O Cash Flow Statements**

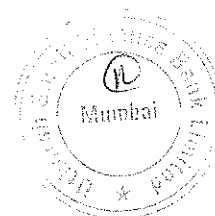
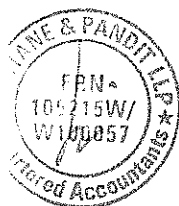
Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Bank are segregated.

**P Segment reporting**

The disclosures relating to segment reporting is done as per guidelines issued by the RBI.

**Q Priority Sector Lending Certificates**

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated 07 April 2016 trades in Priority Sector portfolio by selling or buying Priority Sector Lending Certificates (PSLCs). There is no transfer of risk on loan assets in these transactions. The fee paid for purchase of the PSLC is treated as an 'Expense' and the fee received for the sale of PSLCs is recognised upfront and is treated as 'Miscellaneous Income'.



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**Schedule 18**

**18.1.1 Regulatory Capital**

Capital Adequacy Ratio is computed as per operating guidelines issued by RBI for Small Finance Banks and amended thereafter.

(₹ in crore)

	Particulars	As at	
		31 March 2023	31 March 2022
i)	Common Equity Tier 1 (CET) capital	1,844.82	1,420.76
ii)	Additional Tier 1 capital	-	-
iii)	Tier 1 capital (i + ii)	1,844.82	1,420.76
iv)	Tier 2 capital	241.23	275.70
v)	Total capital (Tier I+Tier 2)	2,086.05	1,696.46
vi)	Total Risk Weighted Assets (RWAs)	10,105.89	7,857.05
vii)	Common Equity Tier 1 (CET) capital ratio (%)	18.25%	18.08%
viii)	Tier I capital ratio (%)	18.25%	18.08%
ix)	Tier II capital ratio (%)	2.39%	3.51%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (%)	20.64%	21.59%
xi)	Leverage Ratio	9.21%	9.49%
xii)	Percentage of the shareholding of the Government of India in public sector banks	-	-
xiii)	Amount of paid-up equity capital raised during the year *	0.81	150.02
xiv)	Amount of additional Tier I capital raised	-	-
xv)	Amount of Tier II capital raised (Refer 18.1.2) below)	-	-

\* includes share premium ₹0.43 crores (31 March 2022: ₹102.84 crores against the fresh issue of equity shares)

Notes:

- The Bank has followed Basel II Capital Regulations dated 01 July 2015 and amended thereafter for the purpose of Capital Adequacy Ratio in accordance with the operating guidelines for small finance banks as issued by RBI on 08 October 2016.
- The Bank has followed Master Circular No. DBR.No.BP.BC.4/21.06.001/2015-16 on Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF) issued by RBI dated 01 July 2015 for the purpose of computing Capital Adequacy Ratio.
- As per RBI letter DBR.NBD. No. 4502/16.13.218/2017-18 dated 08 November 2017, it is clarified that no separate capital charge is being prescribed for market risk and operational risk for the time being.

**18.1.2 Tier II Capital**

The Bank has not acquired Basel II compliant debt capital instruments during the year ended 31 March 2023 and 31 March 2022.

**18.1.3 Capital Infusion**

During the year ended 31 March 2023, the Bank has issued 213,025 and 170,116 equity shares to employees and MD & CEO respectively under ESOP scheme having face value of ₹10 each at a premium of ₹17.00 and ₹4.01 respectively for cash aggregating to ₹8,135,000. Accordingly, share capital increased by ₹38.31,410 and share premium increased by ₹43,03,590.

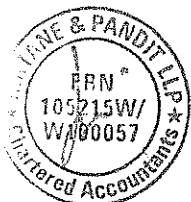
During the year ended 31 March 2022, the Bank has issued 47,169,809 equity shares as fresh issue and 17,844 equity shares under ESOP scheme having face value of ₹10 each at a premium of ₹21.80 and ₹4.01 respectively for cash aggregating to ₹1,500,249,920.

(₹ in crore except share data)

Particulars	For the year ended		For the year ended	
	31-Mar-23		31-Mar-22	
	Number of shares	Amount	Number of shares	Amount
Outstanding as at the beginning of the year	895,521,522	895.52	848,333,869	848.33
Shares issued during the year	383,141	0.38	47,187,653	47.19
<b>Outstanding at the end of the year</b>	<b>895,904,663</b>	<b>895.90</b>	<b>895,521,522</b>	<b>895.52</b>

**18.1.4 Draw down from Reserves**

The Bank has made draw down during the year ended 31 March 2023 of ₹1.80 crore from Investment Fluctuation Reserve due to reduction in AFS and HFT investment portfolio (31 March 2022: ₹14.19 crore).



Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

18.2.1 Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities is given below:

(₹ in crore)

	As at 31 March 2023											Total
	1 day	2 to 7 days	8 to 14 days	15 to 30 Days	31 Days to months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	
Deposits	68.75	578.40	351.43	269.74	405.42	466.61	2,227.07	2,535.82	6,533.74	198.39	54.77	13,710.14
Loans & Advances*	91.33	93.70	140.76	284.55	601.15	588.88	1,728.18	3,092.43	4,325.80	650.17	1,471.82	13,068.77
Investments	141.92	237.15	130.54	65.76	92.77	101.76	384.70	452.25	1,177.96	63.96	10.65	2,859.42
Borrowings **	0.02	0.08	16.72	0.20	44.05	43.38	316.69	453.40	1,234.91	224.40	15.63	2,349.48
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

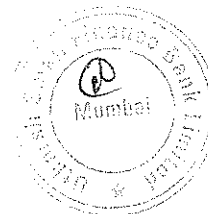
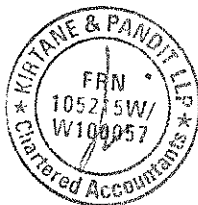
	As at 31 March 2022											Total
	1 day	2 to 7 days	8 to 14 days	15 to 30 Days	31 Days to months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	
Deposits	63.35	412.34	120.61	799.01	502.38	405.41	1,605.22	2,253.24	3,805.65	48.76	58.21	10,074.18
Loans & Advances*	129.88	95.74	79.46	269.48	470.37	474.82	1,421.56	2,602.86	3,481.36	515.79	686.83	10,228.15
Investments	37.71	83.12	166.84	162.56	147.97	80.69	263.55	492.84	864.17	12.71	35.76	2,347.92
Borrowings **	0.01	0.07	0.08	0.18	17.00	167.00	264.35	625.73	1,260.61	41.44	195.46	2,571.93
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

\* amounts disclosed are net off provision for non-performing assets

\*\* includes foreign currency liabilities Nil (31 March 2022: Nil)

Note:

1. Classification of assets and liabilities under the different maturity buckets is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.



**Utkarsh Small Finance Bank Limited**

**Schedules forming part of the financial statements for the year ended 31 March 2023**

**18.2.2 Liquidity Coverage Ratio (LCR)**

**Qualitative disclosure around LCR**

Liquidity Coverage Ratio (LCR) is a global minimum standard for Bank's liquidity. The ratio aims to ensure that a bank has an adequate stock of unencumbered High - Quality Liquid Assets (HQLA) that can be converted into cash easily and immediately to meet its liquidity needs for a 30 calendar days of severe liquidity stress scenario.

The LCR is a ratio of High Quality Liquid Unencumbered Assets (HQLA) to total estimated net outflows over a stressed period of 30 calendar days.

The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivative-related exposures, partially offset by inflows from assets maturing within 30 days.

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the liquidity risk tolerance/limits and accordingly decides the strategy, policies and procedures of the Bank for managing liquidity risk.

The Board has constituted Risk Management Committee (RMC), which reports to the Board, and consisting of Chief Executive Officer (CEO) /Chairman and certain other Board members. The Committee is responsible for evaluating the overall risks faced by the Bank including liquidity risk. The potential interaction of liquidity risk with other risks is included in the risks addressed by the Risk Management Committee.

At the executive level, Asset Liability Management Committee (ALCO) ensures adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Bank in line with Bank's risk management objectives and risk tolerance. A dedicated desk within Treasury function of the Bank is responsible for the day-to-day / intra-day liquidity management.

ALCO of the Bank channelizes various business segments of the Bank to target good quality asset and liability profile to meet the Bank's profitability as well as Liquidity requirements with the help of robust MIS and Risk Limit architecture of the Bank.

The Bank has been maintaining HQLA (Level 1) primarily in the form of Excess CRR, excess SLR investments over and above mandatory requirement.

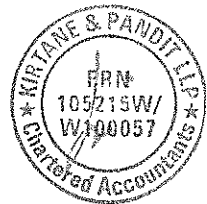
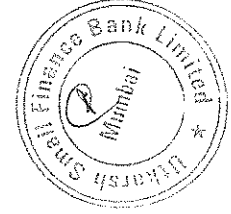


Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

Quantitative Disclosures

Following is the quantitative disclosures relating to LCR for the year ended 31 March 2023, wherein the amounts are average of daily positions during the quarter:

	Quarter ended 31 March 2023		Quarter ended 31 December 2022		Quarter ended 30 September 2022		Quarter ended 30 June 2022	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>								
1 Total High Quality Liquid Assets (HQLA)		3,156.83		2,805.81		2,736.77		3,089.35
<b>Cash Outflows</b>								
2 Retail deposits and deposits from small business customers, of which:	5,882.23	585.00	5,238.35	521.20	4,759.41	473.57	4,451.37	442.94
Stable Deposits	64.41	3.22	52.80	2.64	47.45	2.37	43.88	2.19
Pass Stable Deposits	5,817.82	581.78	5,185.55	518.56	4,711.95	471.20	4,407.49	440.75
3 Unsecured wholesale funding, of which:	3,244.44	2,198.73	2,608.54	1,593.64	2,752.50	1,751.39	2,795.22	1,770.63
Operational deposits (all counterparties)	666.54	66.19	589.93	58.70	568.59	56.64	491.24	48.94
Non-operational deposits (all counterparties)	742.25	296.90	806.13	322.45	815.26	326.11	970.49	388.20
Unsecured debt	1,835.65	1,835.65	1,212.49	1,212.49	1,368.65	1,368.65	1,313.50	1,333.50
4 Secured wholesale funding	-	-	-	-	-	-	-	-
5 Additional requirements, of which	-	-	-	-	-	-	-	-
Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	55.65	55.65	78.03	78.03	79.80	79.80	27.77	27.77
7 Other contingent funding obligations	1,039.73	51.48	740.19	36.50	621.91	30.67	596.35	29.45
8 TOTAL CASH OUTFLOWS	2,890.86	2,890.86	2,229.36	2,229.36	2,335.43	2,335.43	2,270.79	2,270.79
<b>Cash Inflow</b>								
9 Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	1,935.15	1,460.92	1,845.92	1,396.70	1,440.67	1,052.67	958.24	607.34
11 Other cash inflows	12.06	6.03	11.09	5.55	10.76	5.38	11.99	5.99
12 TOTAL CASH INFLOWS	1,947.22	1,466.95	1,857.01	1,402.24	1,451.44	1,058.05	970.23	613.33
13 TOTAL HQLA		3,156.83		2,805.81		2,736.77		3,089.35
14 Total Net Cash Outflows (8-12)		1,423.91		827.12		1,277.38		1,657.45
Liquidity Coverage Ratio (%)		221.70%		339.23%		214.25%		186.39%



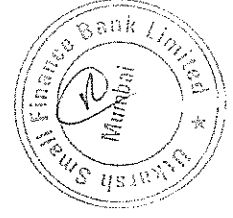
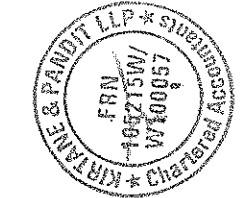
Following is the quantitative disclosures relating to LCR for the year ended 31 March 2022, wherein the amounts are average of daily positions during the quarter:

(₹ in crore)

	Quarter ended 31 March 2022		Quarter ended 30 September 2021		Quarter ended 30 June 2021	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
<b>High Quality Liquid Assets</b>						
1 Total High Quality Liquid Assets (HQLA)		2,726.60		3,427.91		3,857.51
<b>Cash Outflows</b>						
2 Retail deposits and deposits from small business customers, of which:	4,205.22	418.49	3,932.26	391.01	3,674.80	350.07
(i) Stable Deposits	40.76	2.04	44.27	2.21	105.85	110.00
(ii) Less Stable Deposits	4,164.47	416.45	3,887.99	388.80	3,568.95	339.81
3 Unsecured wholesale funding, of which:	2,311.97	1,534.92	1,859.07	1,215.79	1,962.21	1,433.36
(i) Operational deposits (all counterparties)	-	-	-	-	-	-
(ii) Non-operational deposits (all counterparties)	1,076.85	300.29	885.22	241.94	778.27	200.93
(iii) Unsecured debt	1,234.63	1,234.63	973.85	973.85	1,183.94	1,100.36
4 Secured wholesale funding	-	-	-	-	-	-
5 Additional requirements, of which	-	26.19	-	26.92	-	24.61
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-
(iii) Credit and liquidity facilities	523.85	26.19	538.32	26.92	536.08	26.80
6 Other contractual funding obligations	55.64	55.64	362.57	362.57	637.31	549.47
7 Other contingent funding obligations	16.26	#	14.16	0.42	21.30	#
8 TOTAL CASH OUTFLOWS		2,035.73		1,996.72		2,411.82
<b>Cash Inflow</b>						
9 Secured lending (e.g. reverse repos)	-	-	-	-	-	-
10 Inflows from fully performing exposures	547.79	273.89	521.47	260.74	508.23	254.11
11 Other cash inflows	194.88	189.20	183.68	180.24	114.12	89.09
12 TOTAL CASH INFLOWS	742.66	463.09	705.15	440.98	622.35	343.20
13 TOTAL HQLA		2726.60		3427.91		3674.25
14 Total Net Cash Outflows (8-12)		1572.64		1555.74		2068.62
<b>Liquidity Coverage Ratio (%)</b>		173.38%		220.34%		177.62%

Note:

- Average for all the quarters is simple average of daily observations for the quarter.
- Classification of inflows and outflows for determining the run off factors is based on the same estimates and assumptions as used by the Bank for compiling the return submitted to the RBI, which has been relied upon by the auditors.





**Utkarsh Small Finance Bank Limited**

**Schedules forming part of the financial statements for the year ended 31 March 2023**

**18.2.3 Net Stable Funding Ratio (NSFR)**

**Qualitative disclosure around NSFR**

In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking sector. In this regard, comes into picture – “Basel III: International framework for liquidity risk measurement, standards and monitoring” which presented two minimum standards, viz., Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for funding liquidity.

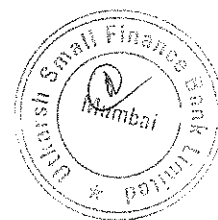
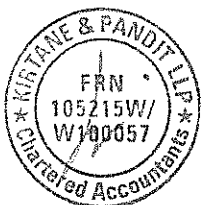
The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. “Available stable funding” (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon of one year. The amount of stable funding required (“Required stable funding”) (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

Minimum Requirement:  $ASF(Available\ Stable\ Funding)/RSF(Require\ Stable\ Funding) \geq 100$ . The Bank is required to maintain the NSFR on an ongoing basis on a standalone basis. The minimum NSFR requirement set out in the RBI guideline effective October 1, 2021 is 100%.

The Board of Directors has the overall responsibility for management of liquidity risk. The Board at overall level decides the liquidity risk tolerance/limits and accordingly decides the strategy, policies and procedures of the Bank for managing liquidity risk.

At the executive level, Asset Liability Management Committee (ALCO) ensures adherence to the risk tolerance/limits set by the Board as well as implementing the liquidity risk management strategy of the Bank in line with Bank’s risk management objectives and risk tolerance. A dedicated desk within Treasury function of the Bank is responsible for the day-to-day / intra-day liquidity management.

In the backdrop of the global financial crisis that started in 2007, the Basel Committee on Banking Supervision (BCBS) proposed certain reforms to strengthen global capital and liquidity regulations with the objective of promoting a more resilient banking

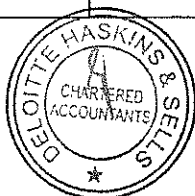
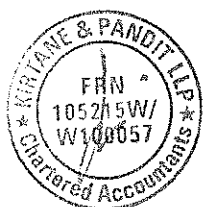


Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

Quantitative Disclosures

Following is the quantitative disclosures relating to NSFR for the year ended 31 March 2023, wherein the amounts are average of daily  
(₹ in crore)

NSFR Disclosure						
	Unweighted value by residual maturity				Weighted value	
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr		
<b>ASF Item</b>						
1	Capital: (2+3)	2,000.40	-	-	-	2,000.40
2	Regulatory capital	2,000.40	-	-	-	2,000.40
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers: (5+6)	-	-	4,458.33	-	4,157.58
5	Stable deposits	-	-	2,901.70	-	2,736.62
6	Less: stable deposits	-	-	1,556.63	-	1,400.96
7	Wholesale funding: (8+9)	-	-	5,702.43	-	2,851.21
8	Operational deposits	-	-	4,830.22	-	2,415.11
9	Other wholesale funding	-	-	872.21	-	436.10
10	Other liabilities: (11+12)	-	-	1,052.00	5,896.47	5,896.47
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	-	-	1,052.00	5,896.47	5,896.47
13	<b>Total ASF (1+4+7+10)</b>	<b>2,000.40</b>	<b>-</b>	<b>11,212.76</b>	<b>5,896.47</b>	<b>14,905.66</b>
<b>RSF Item</b>						
14	Total NSFR high-quality liquid assets (HQLA)	1,192.06	-	1,813.54	-	90.68
15	Deposits held at other financial institutions for operational purposes	-	-	64.74	-	32.37
16	Performing loans and securities: (17+18+19+21+23)	-	487.39	11,812.06	11.38	7,942.38
17	Performing loans to financial institutions secured by Level 1 HQLA	-	487.39	-	-	73.11
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	-	306.35	-	153.18
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	-	11,505.71	11.39	7,716.09
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:	-	-	-	-	-
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	-	-	-	-
24	<b>Other assets: (sum of rows 25 to 29)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>860.12</b>	<b>860.12</b>
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	-	-	-	-	-
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	-	-	-	860.12	860.12
30	Off-balance sheet items	-	-	1,183.05	-	58.64
31	<b>Total RSF</b>	<b>1,192.06</b>	<b>487.39</b>	<b>14,873.39</b>	<b>871.51</b>	<b>8,984.19</b>
32	<b>Net Stable Funding Ratio (%)</b>					<b>165.91%</b>



Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

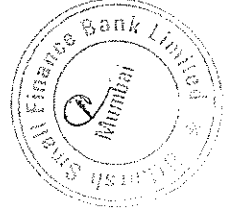
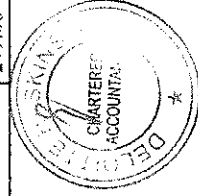
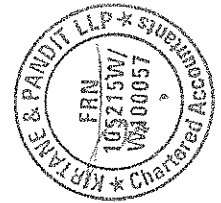
18.3. Investments

(₹ in crore)

18.3.1 Composition of Investments

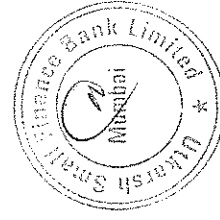
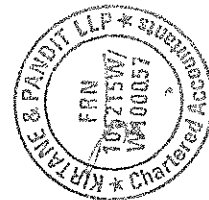
Composition of Investments as at 31 March 2023

	Investments in India				Investments outside India				Total Investments		
	Government Securities	Other Approved Securities	Shares and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures		Others	Total Investments outside India
<b>Held to Maturity</b>											
Gross	2,560.36					2,560.36					2,560.36
Less: Provision for non-performing investments (NPI)						-					-
Net	2,560.36					2,560.36					2,560.36
<b>Available for Sale</b>											
Gross					299.06	299.06					299.06
Less: Provision for depreciation and NPI						-					-
Net					299.06	299.06					299.06
<b>Held for Trading</b>											
Gross											
Less: Provision for depreciation and NPI											
Net											
<b>Total Investments</b>	2,560.36				299.06	2,859.42					2,859.42
Less: Provision for non-performing investments											
Less: Provision for depreciation and NPI											
Net	2,560.36				299.06	2,859.42					2,859.42



Composition of Investments as at 31 March 2022

	Investments in India						Investments outside India				Total Investments		
	Government Securities	Other Approved Securities	Shares	Debentures and Bonds	Subsidiaries and/or joint ventures	Others	Total investments in India	Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others		Total Investments outside India	
<b>Held to Maturity</b>													
Gross	1,963.35						1,963.35						1,963.35
Less: Provision for non-performing investments (NPI)	-						-						-
Net	1,963.35						1,963.35						1,963.35
<b>Available for Sale</b>													
Gross	89.52					299.47	388.99						388.99
Less: Provision for depreciation and NPI	4.42					-	4.42						4.42
Net	85.10					299.47	384.57						384.57
<b>Held for Trading</b>													
Gross							-						-
Less: Provision for depreciation and NPI							-						-
Net							-						-
<b>Total Investments</b>	2,052.87					299.47	2,352.34						2,352.34
Less: Provision for non-performing investments	-					-	-						-
Less: Provision for depreciation and NPI	4.42					-	4.42						4.42
Net	2,048.45					299.47	2,347.92						2,347.92



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.3.2 Movement of Provisions for Depreciation and Investment Fluctuation Reserve**

(₹ in crore)

	Particulars	As at 31 March 2023	As at 31 March 2022
<b>i)</b>	<b>Movement of provisions held towards depreciation on investments</b>		
a)	Opening balance	4.42	19.36
b)	Add: Provisions made during the year	-	4.42
c)	Less: Write off/write back of excess provisions during the year	4.42	19.36
d)	Closing balance	-	4.42
<b>ii)</b>	<b>Movement of Investment Fluctuation Reserve</b>		
a)	Opening balance	7.78	18.91
b)	Add: Amount transferred during the year	-	3.06
c)	Less: drawdown during the year	1.80	14.19
d)	Closing balance	5.98	7.78
<b>iii)</b>	Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2.00%	2.00%

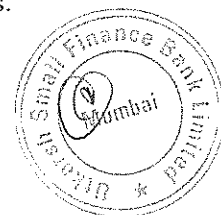
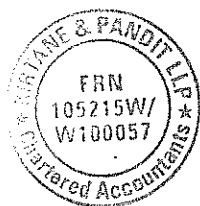
**18.3.3 Sale and transfers to/from HTM category**

For the year ended 31 March 2023, there has been no sale from and transfer to/ from, the HTM category in excess of 5% of the book value of the investments held in the HTM category at the beginning of the year.

For the year ended 31 March 2022, there has been no sale from and transfer to/ from, the HTM category in excess of 5% of the book value of the investments held in the HTM category at the beginning of the year.

In accordance with the RBI guidelines, Where the value of sales and transfers of securities to/from HTM category exceeds 5 per cent of the book value of investments held in HTM category at the beginning of the year, banks shall disclose the market value of the investments held in the HTM category. The excess of book value over market value for which provision is not made shall also be disclosed. The 5 per cent threshold referred to above shall exclude:

- i) The one-time transfer of securities to/from HTM category with the approval of Board of Directors undertaken by banks at the beginning of the accounting year.
- ii) Direct sales from HTM for bringing down SLR holdings in HTM category consequent to a downward revision in SLR requirements by RBI.
- iii) Sales to the Reserve Bank of India under liquidity management operations of RBI like Open Market Operations (OMO) and the Government Securities Acquisition Programme (GSAP).
- iv) Repurchase of Government Securities by Government of India from banks under buyback / switch operations.
- v) Repurchase of State Development Loans by respective state governments under buyback / switch operations.
- vi) Additional shifting of securities explicitly permitted by the Reserve Bank of India.



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.3.4 Non-SLR investment portfolio**

Non-performing non-SLR investments

(₹ in crore)

	Particulars	As at 31 March 2023	As at 31 March 2022
a)	Opening balance	-	-
b)	Add: Addition during the year since 1st April	-	-
c)	Less: Reduction during the above year	-	-
d)	Closing balance	-	-
e)	Total provision held	-	-

**18.3.5 Issuer Composition of Non-SLR investments:**

Issuer composition as at 31 March 2023 of non-SLR investments

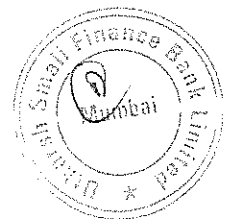
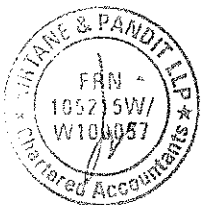
(₹ in crore)

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	PSUs	-	-	-	-	-
2	FIs	24.60	-	-	-	-
3	Banks	274.46	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	-	-	-	-	-
7	Provisions held towards depreciation	-	-	-	-	-
	<b>Total</b>	<b>299.06</b>	-	-	-	-

Issuer composition as at 31 March 2022 of non-SLR investments

(₹ in crore)

Sl. No.	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	PSUs	-	-	-	-	-
2	FIs	99.90	-	-	-	-
3	Banks	149.67	-	-	-	-
4	Private Corporates	49.90	-	-	-	-
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	-	-	-	-	-
7	Provisions held towards depreciation	0.00	-	-	-	-
	<b>Total</b>	<b>299.47</b>	-	-	-	-



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.3.6 Repo/Reverse Repo/MSF Transactions for the year ended 31 March 2023 (In Face Value Terms)**

(₹ in crore)

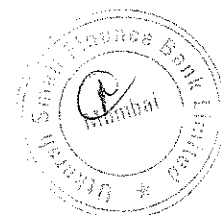
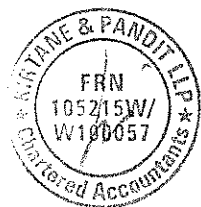
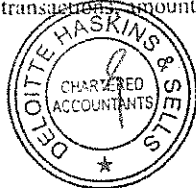
Sl. No.	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31 March 2023
<b>A</b>	<b>Securities sold under repo/MSF</b>				
i.	Government securities	144.53	228.36	220.72	144.53
ii.	Corporate debt securities	-	-	-	-
iii.	Any other securities	-	-	-	-
<b>B</b>	<b>Securities purchased under reverse repo</b>				
i.	Government securities	-	1,364.95	237.15	-
ii.	Corporate debt securities	-	-	-	-
iii.	Any other securities	-	-	-	-

**Repo/Reverse Repo/MSF Transactions during the year ended 31 March 2022 (In Face Value Terms)**

(₹ in crore)

Sl. No.	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31 March 2022
	<b>Securities sold under repo/MSF</b>				
i.	Government securities	83.64	1,421.39	559.20	226.90
ii.	Corporate debt securities	-	-	-	-
iii.	Any other securities	-	-	-	-
	<b>Securities purchased under reverse repo</b>				
i.	Government securities	0.91	1,726.57	668.92	1,202.39
ii.	Corporate debt securities	-	-	-	-
iii.	Any other securities	-	-	-	-

- (i) The days on which there were Nil outstanding have been ignored while arriving at the amount of minimum outstanding during the year.  
(ii) Actual number of days of transactions have been considered in computation of daily average outstanding during the year.  
(iii) In respect of triparty repo and triparty reverse repo transactions, amount of funds borrowed or lent have been disclosed in the tables above



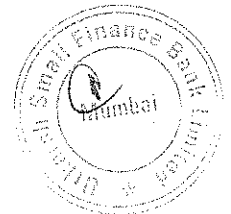
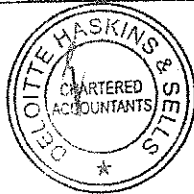
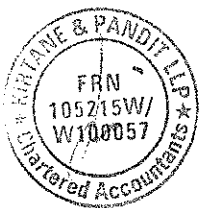
Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

18.4 Asset Quality

18.4.1 Classification of advances and provisions held

(₹ in crore)

	Particulars	As at 31 March 2023					Total
		Standard Advances	Non-performing Advances			Total Non-performing Advances	
			Sub-standard	Doubtful	Loss		
(i)	<b>Gross Standard Advances and NPAs</b>						
	Opening balance	9,982.56	615.80	32.36	-	648.16	10,630.72
	Add: Additions during the year					521.09	
	Less: Reductions during the year *					737.74	
	Closing balance #	12,925.61	352.67	78.83	-	431.50	13,357.11
	* Reductions in Gross NPAs due to						
	(i) Up – gradations					260.11	
	(ii) Recoveries (excluding recoveries made from up-graded accounts)					94.85	
	(iii) Technical/ Prudential Write-offs					369.59	
	(iv) Write-offs / Waiver other than those under (iii) above					13.19	
(ii)	<b>Provisions (excluding Floating Provisions)</b>						
	Opening balance of provisions held	48.92	370.30	32.28	-	402.58	451.50
	Add: Fresh provisions made during the year					474.36	
	Less: Excess provision reversed/ Write-off loans **					588.60	
	Closing balance of provisions held	63.25	210.63	77.71	-	288.34	351.59
(iii)	<b>Net NPAs</b>						
	Opening balance		245.50	0.08	-	235.80 ***	
	Add: Fresh additions during the year					(36.15) ****	
	Less: Reductions during the year					149.14	
	Closing balance		142.04	1.12	-	50.51 *****	
(iv)	<b>Floating Provision</b>						
	Opening balance						9.78
	Add: Additional provision made during the year						82.87
	Less: Amount drawdown during the year						-
	Closing balance of floating provision						92.65
(v)	<b>Technical write-offs and the recoveries made thereon</b>						
	(a) Opening balance Technical/ Prudential written-off accounts						430.46
	(b) Add: Technical/ Prudential write-offs during the year						369.59
	(c) Less: Recoveries made from previously technical prudential written-off accounts during the year *****						33.52
	(d) Closing balance						764.53





	Particulars	As at 31 March 2022					Total
		Standard Advances	Non-performing Advances			Total Non-performing Advances	
			Sub-standard	Doubtful	Loss		
(i)	<b>Gross Standard Advances and NPAs</b>						
	Opening balance	8,100.39	311.04	4.24	-	315.28	8,415.67
	Add: Additions during the year					656.43	
	Less: Reductions during the year *					323.55	
	Closing balance	9,982.56	615.80	32.36	-	648.16	10,630.72
	* Reductions in Gross NPAs due to						
	(i) Up – gradations					51.11	
	(ii) Recoveries (excluding recoveries made from up-graded accounts)					50.46	
	(iii) Technical/ Prudential Write-offs					219.38	
	(iv) Write-offs / Waiver other than those under (iii) above					2.60	
(ii)	<b>Provisions (excluding Floating Provisions)</b>						
	Opening balance of provisions held	38.35	194.56	4.24	-	198.80	237.15
	Add: Fresh provisions made during the year					472.32	
	Less: Excess provision reversed/ Write-off loans **					268.54	
	Closing balance of provisions held	48.92	370.30	32.28	-	402.58	451.50
(iii)	<b>Net NPAs</b>						
	Opening balance		116.48	-	-	108.81 ***	
	Add: Fresh additions during the year					179.40 ****	
	Less: Reductions during the year					52.41	
	Closing balance		245.50	0.08	-	235.80 *****	
(iv)	<b>Floating Provision</b>						
	Opening balance						7.67
	Add: Additional provision made during the year						2.11
	Less: Amount drawdown during the year						-
	Closing balance of floating provision						9.78
(v)	<b>Technical write-offs and the recoveries made thereon</b>						
	(a) Opening balance Technical/ Prudential written-off accounts						240.54
	(b) Add: Technical/ Prudential write-offs during the year						219.38
	(c) Less: Recoveries made from previously technical prudential written-off accounts during the year						29.46
	(d) Closing balance						430.46

\*\* Write back includes excess provision ₹207.03 crores and Reversal on account of write off ₹369.59 crores (31 March 2022: Write back includes excess provision ₹49.16 crores and Reversal on account of write off ₹219.38 crores)

\*\*\* net off floating provisions amounting to ₹9.78 crores (31 March 2022: ₹7.67 crores)

\*\*\*\* net off floating provisions amounting to ₹82.87 crores (31 March 2022: ₹2.11 crores)

\*\*\*\*\* net off floating provisions amounting to ₹92.65 crores (31 March 2022: ₹9.78 crores)

\*\*\*\*\* Netted off with moratorium interest capitalised during the year ended 31 March 2023 ₹18.58 crores for contracts already written off as on 31 March 2022.

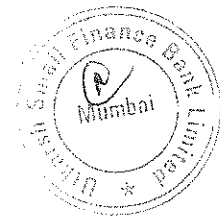
The movement of NPA and provision for NPA (excluding write off) does not include accounts classified as NPA and were upgraded during the year ended 31 March 2022.

The closing NPA Provision of 31 March 2022 includes provision against fraud cases amounting to ₹2.69 crores.

During the year ended March 31, 2022, with effect from January 2022, the Bank revised its Non-Performing Asset (NPA) provisioning policy in relation to secured portfolio which is in line with RBI guidelines. The Impact of such change resulted in provisioning of ₹(3.05) crores for the year ended 31 March 2023 (₹3.12 crores for the quarter ended 31 March 2022).

# Closing balance is net of IBPC of ₹600 crores as on 31 March 2023 (31 March 2022: Nil)

Ratios (in %)	As at 31 March 2023	As at 31 March 2022
Gross NPA to Gross Advances	3.23%	6.10%
Net NPA to Net Advances	0.39%	2.31%
Provision coverage ratio including floating provision	63.29%	63.62%



Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

18.4.2 Sector Wise Advances and Gross NPAs:

(₹ in crore)

Sl. No.	Sector	As at 31 March 2023		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector #
<b>A</b>	<b>Priority Sector*</b>			
1	Agriculture and allied activities	6,054.82	257.57	2.46%
2	Advances to industries sector eligible as priority sector lending	486.57	1.95	0.02%
	Vehicle, Vehicle parts and Transport Equipment	131.52	0.36	0.00%
	Other Industries	337.09	1.60	0.02%
3	Services	1,195.64	3.57	0.03%
	Trade	274.41	0.61	0.01%
	Other services	864.24	2.97	0.03%
4	Personal loans	2,732.09	128.60	1.26%
	Housing	204.52	10.05	0.13%
	Others	2,527.58	118.56	1.13%
	<b>Sub-total (A)</b>	<b>10,469.12</b>	<b>391.69</b>	<b>3.74%</b>
<b>B</b>	<b>Non Priority Sector</b>			
1	Agriculture and allied activities	1,321.11	-	0.00%
2	Industry	-	-	0.00%
3	Services	-	-	0.00%
4	Personal loans	1,566.88	39.81	1.38%
	Housing	330.11	17.00	0.59%
	Loans against Properties	391.87	4.59	0.16%
	Advances against Fixed Deposits	200.79	-	0.00%
	Others	491.25	17.85	0.62%
	<b>Sub-total (B)</b>	<b>2,887.99</b>	<b>39.81</b>	<b>1.38%</b>
	<b>Total (A+B)</b>	<b>13,357.11</b>	<b>431.50</b>	<b>3.23%</b>

Sl. No.	Sector	As at 31 March 2022		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector #
<b>A</b>	<b>Priority Sector*</b>			
1	Agriculture and allied activities	5,756.37	435.44	4.93%
2	Advances to industries sector eligible as priority sector lending	693.53	38.10	0.43%
	Textiles	221.85	15.38	0.17%
	Vehicle, Vehicle parts and Transport Equipment	128.87	4.10	0.05%
	Food Processing	99.19	9.60	0.11%
3	Services	2,062.30	127.76	1.45%
	Trade	1,378.05	62.24	0.71%
	Other services	438.62	56.35	0.64%
4	Personal loans	316.02	16.43	0.19%
	Housing	173.44	7.13	0.08%
	Vehicle	126.74	-	0.00%
	<b>Sub-total (A)</b>	<b>8,828.22</b>	<b>617.73</b>	<b>7.00%</b>
<b>B</b>	<b>Non Priority Sector</b>			
1	Agriculture and allied activities	7.42	-	0.00%
2	Industry	142.55	1.10	0.06%
	Vehicle, Vehicle parts and Transport Equipment	115.04	1.08	0.06%
3	Services	1,451.23	18.79	1.04%
	Non-banking financial companies	857.63	-	0.00%
4	Personal loans	201.30	10.54	0.58%
	Housing	193.55	10.12	0.56%
	<b>Sub-total (B)</b>	<b>1,802.50</b>	<b>30.43</b>	<b>1.68%</b>
	<b>Total (A+B)</b>	<b>10,630.72</b>	<b>648.16</b>	<b>6.10%</b>

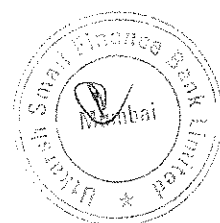
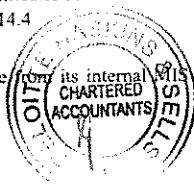
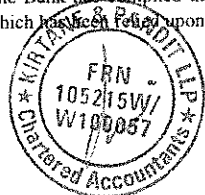
For loans disbursed prior to 1 July 2020, the existing circular before the below mentioned revised circular was considered for classification of loan under Priority Sector Lending.

The Bank has classified loan under Priority Sector Lending (PSL) across various categories based on Master Directions FIDD.CO.Plan.BC.5/04.09.01/2020-21 dated 04 September 2020 with effect from 01 July 2020.

\* This includes underlying advances of Priority Sector Lending Certificates sold and does not include underlying advances of Priority Sector Lending Certificates purchased during the year. Refer Schedule 18.14.4

# expressed as a percentage of outstanding total advances.

The Bank has compiled the data for the purpose of this disclosure from its internal CHARTERED ACCOUNTANTS reports and has been furnished by the management, which has been verified upon by the auditors.



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.4.3 Overseas Assets, NPAs and Revenue**

(₹ in crore)

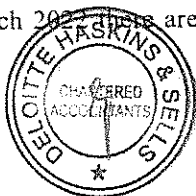
Particulars	As at 31 March 2023	As at 31 March 2022
Total Assets	-	-
Total NPAs	-	-
Total Revenue	-	-

**18.4.4 Particulars of Restructured Accounts:**

During the year ended 31 March 2023 and 31 March 2022, the Bank has not implemented Resolution Plan for any of the borrowers in accordance with the RBI Circular dated June 7, 2019 on Prudential Revised Framework for Resolution of Stressed Assets ("Framework").

**18.4.5 Divergence in asset classification and provisioning:**

RBI vide circular no. DOR.ACC.REC.No.74/21.04.018/2022-23 dated 11 October 2022, has directed that banks shall make suitable disclosures, wherever (a) the additional provisioning requirement assessed by RBI exceeds 5 percent of the reported profit before provisions and contingencies for the reference period, or (b) the additional Gross NPA identified by RBI exceeds 5 percent of the published incremental Gross NPA for the reference period, or both. Based on the annual inspection conducted for the year ended 31 March 2023 with respect to the Bank's position as at 31 March 2022, there are no reportable matters under (a) and (b) of the above-mentioned circular.



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.4.6 Transfer of loans exposures**

**(a) Details on loans not in default**

(i) During the year ended 31 March 2023, the Bank has not acquired loans not in default.

(ii) Loans acquired during the year ended 31 March 2022 under the RBI Master Direction on Transfer of Loan Exposure dated 24th September, 2021 are given below:

(₹ in crores except number of months)

Particulars	Retail Segment	
	Assignment (MSME)**	
	Wheels	MSME
Aggregate principal outstanding of loans acquired as at 31 March 2022	78.08	14.67
Weighted average residual maturity (Number of months)	44.09	104.47
Weighted average holding period (Number of months)*	12.67	10.26
Retention of beneficial economic interest by the originator	10%	10%
Coverage of tangible security (Weighted average LTV)	Weighted Average LTV 90%	Weighted Average LTV 61%
Rating-wise distribution of loans acquired by value	NA	NA

\* Weighted average holding period is contract origination date to pool cut off date

\*\* As per SFB operational guidelines to meet the requirement of shortfall in meeting the sub-targets with in 40% PSL target

(iii) There is no transfer of loan not in default during the year ended 31 March 2023 and 31 March 2022.

**(b) Details of stressed loans transferred / acquired during the year**

There is no transfer or acquisition of stressed loans (NPA / SMA) during the year ended 31 March 2023 and 31 March 2022.

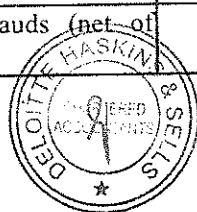
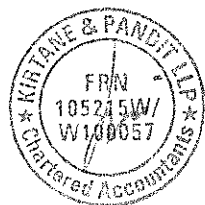
**18.4.7 Security Receipts (SR)**

There is no investments held as security receipts received by sale of NPA to Securitization / Reconstruction Company as at 31 March 2023 and 31 March 2022.

**18.4.8 Details of provisioning pertaining to fraud accounts**

(₹ in crore)

Particulars	Year ended 31 March 2023	Year ended 31 March 2022
Number of frauds reported	80	*87
Amount involved in frauds	1.85	32.58
Amount of provision made for such frauds (net of recoveries)	1.23	31.43



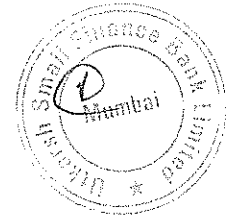
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	-	10.52
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a) The Bank has recovered the amount of ₹0.28 crore (31 March 2022 - ₹1.15 crore) against amount involved in frauds/robbery cases from accused staff as well as from insurance partner.

b) There are two cases in which involved amount is ₹0.34 crore (considered in involved amount) but have no loss to the Bank accordingly no provision is made against this amount.

c) \* Total 115 cases have been considered as 1 fraud for reporting purpose in line with FMR  
 During the year ended 31 March 2023, as per forensic audit report additional 19 cases have been added and 13 cases removed from the initial 115 cases identified. Now the total fraud amount against 121 Surat cases is ₹30.73 crores against which the Bank has provided in full. As on 31 March 2023, out of the total 121 cases, 47 cases having exposure of Rs.10.91 crore are classified as standard.

d) During the earlier year ended 31 March 2022, in accordance with the relevant RBI Circular dated April 18, 2016, the Bank had created provision of ₹10.52 crores by debiting Balance in Profit and Loss Account under 'Reserves and Surplus'. The said amount is reversed as per the requirement of the aforementioned RBI circular from the Reserves and Surplus to the Profit and Loss Account in the current year ended 31 March 2023.



Utkarsh Small Finance Bank Limited

Schedules forming part of the financial statements for the year ended 31 March 2023

18.4.9 Disclosure under Resolution Framework for COVID-19-related Stress:

(₹ in crore except number of accounts)

Type of borrower	(A) Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of 30 September 2022	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 31 March 2023
Personal Loans	20.93	2.09	-	4.73	14.11
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	34.07	3.70	0.00	14.23	16.11
<b>Total</b>	<b>55.00</b>	<b>5.79</b>	<b>0.00</b>	<b>18.96</b>	<b>30.25</b>

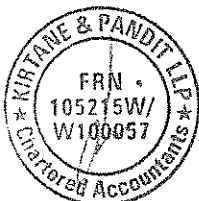
\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

Amount paid by the borrower during the half year is net of additions in the borrower amount due to fresh disbursements made.

RBI vide a circular dated January 1, 2019 permitted a one-time restructuring of existing loans to Micro Small and Medium Enterprises (MSME) without a downgrade in the asset classification, and this facility was extended vide circular dated February 11, 2020, circular dated August 6, 2020 and circular dated May 5, 2021 subject to certain conditions. Details of such loans to MSME that are restructured under the extant guidelines and classified as standard are as below:

(₹ in crore except number of accounts)

Half year / year ended	No. of accounts restructured	Amount Outstanding – Restructured facility	Amount Outstanding – Other facilities of the customer
31-Mar-23	2	0.11	0.00
30-Sep-22	3	0.20	0.01
31-Mar-22	6	0.41	0.02



Utkarsh Small Finance Bank Limited

Schedules forming part of the financial statements for the year ended 31 March 2023

18.5 Exposure

18.5.1 Exposure to Real Estate Sector

(₹ in crore)

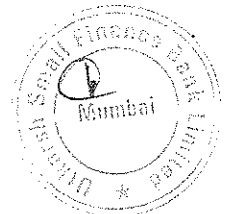
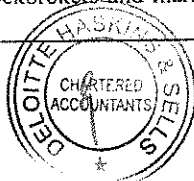
	Particulars	As at 31 March 2023	As at 31 March 2022
1)	<b>Direct exposure</b>		
(a)	Residential Mortgages -	2,145.73	1,093.99
	of which housing loans eligible for inclusion in priority sector advance	207.47	178.91
(b)	Commercial Real Estate	56.44	16.71
(c)	Investments in Mortgage Backed Securities (MBS) and other securitized expo		-
i.	Residential Mortgages		-
ii.	Commercial Real Estate		-
2)	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	106.57	90.31
	<b>Total Exposure to Real Estate Sector</b>	<b>2,308.74</b>	<b>1,201.01</b>

Out of the total loans given against the mortgage of any real estate, only those loans have been classified as an exposure to commercial real estate, the prospects for repayment in respect of which depend primarily on the cash flows generated by such mortgaged asset.

18.5.2 Exposure to Capital Market:

(₹ in crore)

	Particulars	As at 31 March 2023	As at 31 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;	-	-
(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)	-	-
	<b>Total Exposure to Capital Market</b>	-	-

### 18.5.3 Risk Category wise Country Exposure:

The Bank's exposures are concentrated in India, hence country risk exposure as at 31 March 2023 is ₹Nil (31 March 2022: ₹Nil).

### 18.5.4 Unsecured Advances

(₹ in crore)

	Particulars	As at 31 March 2023	As at 31 March 2022
i)	Total unsecured advances of the bank	8,735.07	7,978.63
ii)	Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
iii)	Estimated value of such intangible securities	-	-

### 18.5.5 Advances secured by book debts

Advances secured by tangible assets includes advances against book debts of ₹1,178.91 crores (31 March 2022: ₹888.49 crores)

### 18.5.6 Factoring exposures

The Bank does not have factoring exposure as on 31 March 2023 and 31 March 2022.

### 18.5.7 Intra-Group exposures

(₹ in crore)

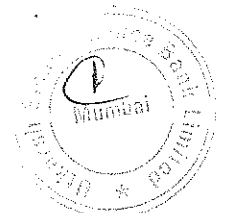
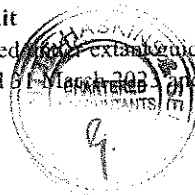
	Particulars	As at 31 March 2023	As at 31 March 2022
i)	Total amount of intra-group exposures	-	-
ii)	Total amount of top-20 intra-group exposures	-	-
iii)	Percentage of intra-group exposures to total exposure of the bank on borrowers/customers	-	-
iv)	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	-	-

### 18.5.8 Unhedged Foreign Currency Exposure (UFCE) of Bank's Customer

The Bank has three borrowers having Unhedged Foreign Currency Exposure of ₹34.19 crores as at 31 March 2023 (31 March 2022 - Nil). The Bank made ₹0.03 crores provision in respect of one of the borrowers during the year ended 31 March 2023. The Bank held no incremental capital on advance to borrowers with Unhedged Foreign Currency Exposure (31 March 2022: Nil).

### 18.5.9 Details of Single / Group Borrower limit

The Bank has complied with the limits prescribed by RBI's external guidelines with regards to exposure to single borrower and group of the borrower during the year ended 31 March 2023 and 31 March 2022.





**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.6 Concentration of Deposits, Advances, Exposures and NPAs**

**18.6.1 Concentration of Deposits**

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total Deposits of twenty largest depositors	2,884.07	2,895.27
Percentage of deposits of twenty largest depositors to total deposits of the Bank	21.04%	28.74%

**18.6.2 Concentration of Advances**

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total Advances to twenty largest borrowers*	654.89	578.32
Percentage of advances to twenty largest borrowers to total advances	4.90%	5.44%

\* excluding advances against Bank's own term deposits

**18.6.3 Concentration of Exposures**

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total Exposure to twenty largest borrowers / customers	756.46	760.39
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	5.54%	6.96%

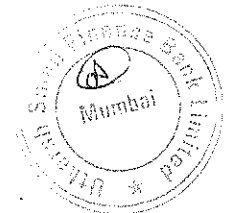
Credit Exposure excludes the exposures which are 100% cash backed

Exposures comprise of credit exposure (funded and non-funded credit limits) and investment exposure excluding other exposure of security placed with CCIL on account of limit for TREPS transaction of ₹ 1,187.04 crores (Previous year: ₹Nil).

**18.6.4 Concentration of NPA's**

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Total Exposure to the top twenty NPA accounts	9.78	6.81
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	2.27%	1.05%



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.7 Derivatives :**

**18.7.1 Forward Rate Agreement/ Interest Rate Swap/ Cross currency swap :**

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
i) The notional principal of swap agreements *	-	-
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
iii) Collateral required by the Bank upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	-	-

\* Pertains to cross currency swap

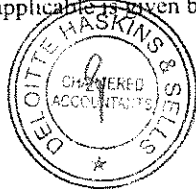
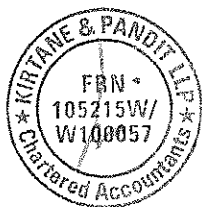
**18.7.2 Exchange Traded Interest Rate Derivatives**

(₹ in crore)

Sl. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1	Notional Principal amount of exchange traded interest rate derivatives and currency derivatives undertaken during the year	-	-
2	Notional Principal amount of exchange traded interest rate derivatives and currency derivatives outstanding as on year ended	-	-
3	Notional Principal amount of exchange traded interest rate derivatives and currency derivatives outstanding and not "highly effective" as on year ended	-	-
4	Mark-to-Market value of exchange traded interest rate derivatives and currency derivatives outstanding and not "highly effective" as on year ended	-	-

**18.7.3 Risk Exposure in Derivatives:**

The Bank has not engaged in any derivatives contracts during the year ended 31 March 2023 and 31 March 2022. However, Bank acquired a CCS contract pursuant to Business Transfer Agreement from Holding Company in the year ended 31 March 2017. The disclosure to the extent applicable is given below.



Quantitative disclosure on risk exposure in derivatives

(₹ in crore)

S. No.	Particular	For the Year ended 31 March 2023			
		Currency derivatives			Interest rate derivatives
		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	-	-	-	-
	b) For trading	-	-	-	-
(ii)	Marked to Market Positions				
	a) Asset (+)	-	-	-	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	-	-	-	-
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	Nil	-	-	-
		Nil	-	-	-
	b) on trading	Nil	-	-	-
		Nil	-	-	-

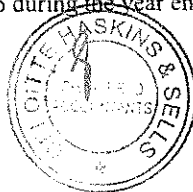
(₹ in crore)

S. No.	Particular	For the year ended 31 March 2022			
		Currency derivatives			Interest rate derivatives
		Forward Contract	Currency Option	Currency Swap	
(i)	Derivatives (Notional Principal Amount)				
	a) For hedging	-	-	-	-
	b) For trading	-	-	-	-
(ii)	Marked to Market Positions				
	a) Asset (+)	-	-	-	-
	b) Liability (-)	-	-	-	-
(iii)	Credit Exposure	-	-	-	-
(iv)	Likely impact of one percentage change in interest rate (100*PV01)				
	a) on hedging derivatives	-	-	-	-
	b) on trading derivatives	-	-	-	-
(v)	Maximum and Minimum of 100*PV01 observed during the year				
	a) on hedging	Nil	-	-	-
		Nil	-	-	-
	b) on trading	Nil	-	-	-
		Nil	-	-	-

\* Pertains to cross currency swap

18.7.4 Credit Default Swap

The Bank has not entered into Credit Default Swap during the year ended 31 March 2023 and 31 March 2022.



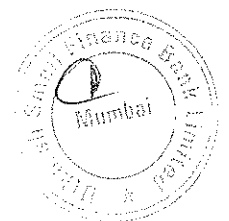
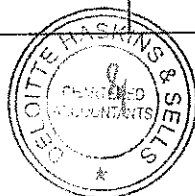
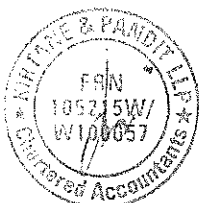
**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.8. Disclosures relating to Securitization**

(₹ in crore)

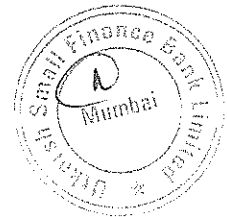
Particulars	As at 31 March 2023	As at 31 March 2022
1. No of SPEs holding assets for securitisation transactions originated by the originator	-	-
2. Total amount of securitised assets as per books of the SPEs	-	-
3. Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet	-	-
a) Off-balance sheet exposures	-	-
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures	-	-
* First loss	-	-
* Others	-	-
4. Amount of exposures to securitisation transactions other than MRR	-	-
a) Off-balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations	-	-
* First loss	-	-
* Others	-	-
b) On-balance sheet exposures	-	-
i) Exposure to own securitizations	-	-
* First loss	-	-
* Others	-	-
ii) Exposure to third party securitizations	-	-
* First loss	-	-
* Others	-	-
5. Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	-	-
6. Form and quantum (outstanding value) of services provided by way of credit enhancement, liquidity support, post-securitisation asset servicing, etc.	-	-
7. Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	-	-
(a) Amount paid		
(b) Repayment received		
(c) Outstanding amount		
8. Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc.	-	-



9. Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans, etc.	-	-
10. Investor complaints (a) Directly/Indirectly received and; (b) Complaints outstanding	-	-

**18.9 Off- Balance Sheet SPVs sponsored**

There are no off balance sheet SPVs sponsored by the Bank, which needs to be consolidated as per accounting norms.



Utkarsh Small Finance Bank Limited

Schedules forming part of the financial statements for the year ended 31 March 2023

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

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening balance of amounts transferred to DEA Fund	-	-
Add: Amounts transferred to DEA Fund during the nine months	-	-
Less: Amounts reimbursed by DEA Fund towards claims	-	-
Closing balance of amounts transferred to DEA Fund	-	-

18.11 Disclosure of complaints:

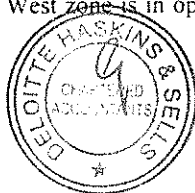
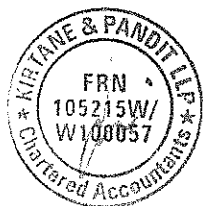
18.11.1 Summary information on complaints received by the bank from customers and from the Offices of Ombudsman

Sr. No	Complaints received by the bank from its customers	As at 31 March 2023	As at 31 March 2022
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	142	239
2	Number of complaints received during the year *	20,799	18,469
3	Number of complaints disposed during the year *	20,703	18,566
3.1	Of which, number of complaints rejected by the bank	134	79
4	Number of complaints pending at the end of the year	238	142
	Maintainable complaints received by the bank from Office of Ombudsman		
5	Number of maintainable complaints received by the bank from Office of Ombudsman	114**	47
5.1	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	57	45
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	55	1
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)	-	-

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously Banking Ombudsman Scheme, 2006) and covered within the ambit of the Scheme.

\* The above information does not include complaints redressed within 1 working day and is as certified by the Management and relied upon by the auditors

\*\* Out of 114 BO complaints, 01 complaint from West zone is in open status at financial year end and 01 complaint's decision is not given by RBI from North 2 zone.

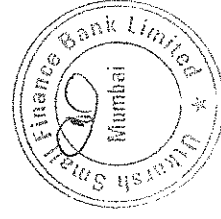
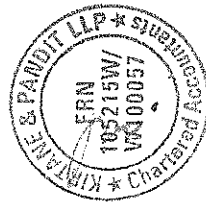


Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

18.11.2 Top five grounds of complaints received by the bank from customers:

Grounds of complaints, (i.e. complaints relating to)	As at 31 March 2023					
	1	2	3	4	5	6
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	
	25	7,140	43%	7	-	
Ground - 1 (Account opening/difficulty in operation of accounts)	27	4,828	-2%	46	-	
Ground - 2 (Internet/Mobile/Electronic Banking)	52	4,987	7%	149	5	
Ground - 3 (ATM/Debit Cards)	14	1,082	-16%	2	-	
Ground - 4 (Loans and advances)	2	327	-22%	-	-	
Ground - 5 (Mis-selling/Para-banking)	24	3,335	10%	34	-	
Others	142	20,799	13%	238	-	5
Total	112	4,998	37%	25	-	
	37	4,912	69%	27	-	
Ground - 1 (Account opening/difficulty in operation of accounts)	33	3,817	109%	52	-	
Ground - 2 (Internet/Mobile/Electronic Banking)	1	1,293	153%	14	-	
Ground - 3 (ATM/Debit Cards)	-	420	57%	-	-	
Ground - 4 (Loans and advances)	56	3,029	-12%	24	-	
Ground - 5 (Mis-selling/Para-banking)	239	18,469	46%	142	-	
Others						
Total						

Note :- above disclosure is compiled by management and relied upon by auditors



## Utkarsh Small Finance Bank Limited

### Schedules forming part of the financial statements for the year ended 31 March 2023

#### 18.12 Penalties imposed by the Reserve Bank of India

No penalty was imposed by RBI on the Bank during the year ended 31 March 2023.

For the year ended 31 March 2022, Enforcement Department, RBI Central Office, vide its letter dated July 6, 2021 and Order of date issued by the Adjudicating Committee of Executive Directors of RBI, advised of having imposed a monetary penalty of ₹1 crore on the Bank by RBI in exercise of the powers conferred under Section 47A read with Section 46(4) of the Banking Regulation Act, 1949. The penalty has been levied in the matter of contravention of RBI directions by the Bank observed with respect to the advances sanctioned to a NBFC and its Group companies in February 2018. The Bank paid the penalty amount of ₹1 crore to RBI on July 17, 2021.

#### 18.13 Disclosure on Remuneration

##### Qualitative Disclosure

##### A. Information relating to the bodies that oversee remuneration

##### a) Name, composition and mandate of the main body overseeing remuneration

The Nomination and Remuneration Committee (NRC) of the Board is the main body overseeing remuneration. As on 31 Mar 2023, The NRC comprises of two Independent Directors viz Mr. Kajal Ghose and Mr. Parveen Kumar Gupta, one non-independent Director viz Mr. Muralidharan Rajamani.

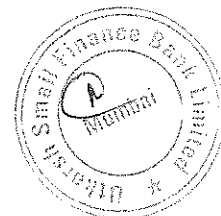
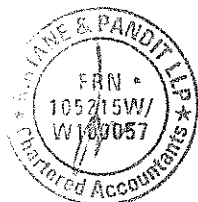
##### Role and functions of the Committee related to Nomination

##### A. Appointment criteria and qualifications

- i) To identify and approve appointment of persons who are qualified to become directors in the bank and who may be appointed as KMPs or SMPs in the bank, who possess integrity, independence, adequate knowledge, skill, qualification, experience in the field of his/her specialisation commensurate with the proposed role and responsibility as Director, KMP or SMP and shall have the ability to manage the responsibility assigned to him/her.
- ii) To ensure that the Bank appoints or continues the employment of any person as Managing Director / Whole-time Director subject to the conditions laid down under Part I of Schedule V of the Companies Act, 2013 and in line with extant RBI guidelines and relevant provisions of the Banking Regulation Act 1949.
- iii) To ensure that the Bank shall appoint or continue the service of any person as Independent Director subject to the provisions of Section 149 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and Banking Regulation Act 1949.
- iv) Appointment for any Senior Management Personnel (Executives one level below the MD & CEO) shall be approved by the Committee, subject to the candidate having been interviewed by at least two (2) members of the Committee. Basis the recommendation of the panel members, the Committee may approve the appointment. Appointment of any executive whose fixed salary exceeds ₹0.70 crores p.a. will need to be approved by the NRC.

##### B. Following are the functions of Nomination and Remuneration Committee:

1. Review the structure, size, composition, diversity of the Board and make necessary recommendations to the Board with regard to any changes as necessary and formulation of policy thereon.
2. Evaluate the skills that exist, and those that are absent but needed at the Board level, and search for appropriate candidates who have the profile to provide such skill sets.
3. To evaluate the performance of the members of the Board and provide necessary report to the Board
4. Advise criteria for evaluation of Independent Directors and the Board & its Committees and carry out evaluation of every directors' performance.
5. To formulate the criteria for determining qualifications, positive attributes and independence of a director.
6. To recommend to the Board a policy, relating to the remuneration for directors, Key Managerial Personnel, Senior Management Personnel and other employees.
7. To formulate criteria for payment to Key Managerial Personnel and Senior Management Personnel performance based incentives / rewards based on Bank's performance.
8. Examine vacancies that will come up at the Board on account of retirement or otherwise and suggest course of action.
9. Undertake a process of due diligence to determine the suitability of any person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity, other criteria and proper criteria, positive attributes and independence (if applicable) and formulate the criteria relating thereto.





10. Review the composition of Committees of the Board, and identify and recommend to the Board the Directors who can best serve as members of each Board Committee.

11. Review and recommend to the Board for approval the appointment of Managing Director & CEO and other whole-time Directors and the overall remuneration framework and associated policy of the Bank (including remuneration policy for directors and key managerial personnel) the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock-based compensation and any other form of compensation as may be included from time to time to all the employees of the Bank including the Managing Director & CEO, other Whole-time Directors and senior managers one level below the Board.

12. Review and recommend to the Board for approval the total increase in manpower cost budget of the Bank as a whole, at an aggregate level, for the next year.

13. Recommend to the Board the compensation payable to the Non-Executive Chairman of the Bank.

14. Review the Code of Conduct and HR strategy, policy and performance appraisal process within the Bank, as well as any material changes in the organization structure which could have wide ranging implications.

15. Review and recommend to the Board for approval of various other HR related policies including the Talent Management Policy and Succession Policy in the Bank for ensuring business continuity, especially at the level of Board, MD & CEO, other Whole Time Directors, Senior Management Personnel (one level below the MD & CEO and other key roles).

16. Review and recommend to the Board for approval:

1. the creation of new positions one level below MD & CEO, wherever required
2. appointments, promotions and exits of senior managers one level below the MD & CEO

**b) External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process**

No external consultant has been engaged in the current year.

**c) Scope of the Bank's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches**

The Human Resources Policy of the Bank, approved by the Board of the Bank on 09 January 2017 and the same has been reviewed by the Board of Directors in its meeting in 22 March 2022 pursuant to the guidelines issued by RBI, to cover all employees of the Bank. Further the Board had recommended RBI the revised remuneration of MD & CEO which has been approved by Reserve Bank of India vide its letter dated on 14-Dec-22. The Bank also has in place a Policy on Risk Alignment of Compensation applicable for MD & CEO and Risk Control and Compliance. The policy is applicable to MD & CEO, WTD and employees in Risk and Compliance department.

**d) Type of employees covered and number of such employees**

All the employees of the Bank are covered. The total number of employees of the Bank as at 31 March 2023 were 15,424 (31 March 2022: 12,617)

**B. Information relating to the design and structure of remuneration processes.**

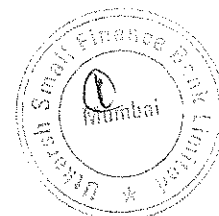
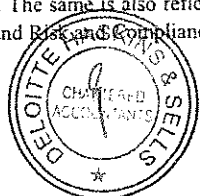
**Key features and objectives of remuneration policy:** The Bank has, under the guidance of the Nomination and Remuneration Committee ("NRC") and the Board, followed remuneration practices intended to drive meritocracy and performance based on a prudent risk management framework.

**Effective governance of compensation:** The NRC has oversight over compensation to senior management personnel and also provides overall guidance to the compensation paid to other employees.

**Alignment of compensation philosophy with prudent risk taking:** While the Bank seeks to achieve a mix of fixed and variable remuneration that is prudent, it currently has predominantly a fixed remuneration structure with no guaranteed bonuses. Further, the remuneration of employees in financial and risk control functions is not linked to business outcomes and solely depends on their performance. The Bank seeks to align remuneration with financial and non-financial performance indicators.

**Whether the remuneration committee reviewed the Bank's remuneration policy during the past year, and if so, an overview of any changes that were made:** There has been no change in the Bank's remuneration policy during the past year.

**Discussion of how the Bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee:** The remuneration of employees in control functions such as Risk and Compliance depends solely on their individual and overall functional performance and is not linked to any business outcomes. The same is also reflected in their KRA's. The Bank also has in place a Policy on Risk Alignment of Compensation applicable for MD & CEO and Risk and Compliance.



**Utkarsh Small Finance Bank Limited**

**Schedules forming part of the financial statements for the year ended 31 March 2023**

**C. Description of the ways in which current and future risks are taken into account in the remuneration processes.**

**Overview of the key risks that the Bank takes into account when implementing remuneration measures:** The Board approves the overall risk management policy including risk framework, limits, etc. The Bank conducts all its business activities within this framework. The NRC while assessing the performance of the Bank and senior management, shall consider adherence to the policies and accordingly make its recommendations to the Board.

**Overview of the nature and type of key measures used to take account of these risks, including risk difficult to measure:** The evaluation process shall incorporate both qualitative and quantitative aspects including asset quality, provisioning, increase in stable funding sources, refinement/improvement of the risk management framework, effective management of stakeholder relationships and mentoring key members of the top and senior management.

**Discussion of the ways in which these measures affect remuneration:** In order to ensure alignment of remuneration with prudent practices, the NRC takes into account adherence to the risk framework in addition to business performance.

**Discussion of how the nature and type of these measures have changed over the past year and reasons for the changes, as well as the impact of changes on remuneration:** There has been no change in the nature and type of measures over the past year.

**D. Description of the ways in which the Bank seeks to link performance during a performance measurement year with levels of remuneration.**

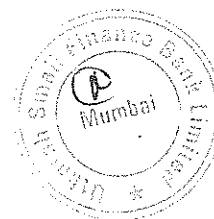
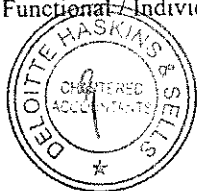
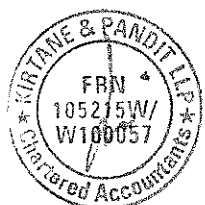
**Overview of main performance metrics for the Bank, top level business lines and individuals:** The main performance metrics include profitability, business growth, asset quality, compliance, and customer service.

**Discussion of how amounts of individual remuneration are linked to the Bank-wide and individual performance:** The assessment of employees shall be based on their performance with respect to their result areas and shall include the metrics mentioned above.

**Discussion of the measures the Bank will in general implement to adjust remuneration in the event that performance metrics are weak, including the Bank's criteria for determining 'weak' performance metrics:** In case such an event should occur, the Board/NRC shall review and provide overall guidance on the corrective measures to be taken.

**E. Description of the ways in which the Bank seeks to link performance during a performance measurement year with levels of remuneration.**

As a part of the performance management process in the bank at the beginning of each financial year, the bank rolls out individual KRA's to each and every employee in the bank. These KRA's are broken down based on the strategic objectives and business budgets set by the Board of the bank. Apart from regular feedback which each manager provides to his / her subordinates a bank as formal process of Mid-Year Review and Year End Review to assess performance of each role holder in the bank. Based on the performance review at an organizational / Functional / Individual the bank decided on percentage of salary increments to be given at various levels of performance.



**Discussion of the Bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance:**

The various deferral arrangement of variable remuneration in the bank broadly are as follows –

a) For MD & CEO – The variable remuneration of the MD and CEO is approved by the Reserve Bank of India which includes deferral arrangement for the cash and non cash part of the variable pay which is implemented by the bank as per the advice of the RBI.

b) All ESOP 's which are granted across all levels in the organization have deferral arrangement in them

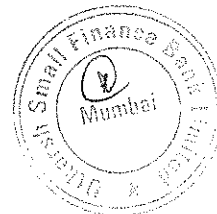
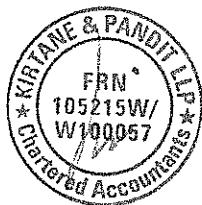
c) Monthly / Quarterly Variable Pay - Based on the nature of the scheme , deferral arrangements are made in the same which differ from channel to channel.

The fraction of deferral to be considered is dependent upon –

a) Guidelines issued by the Regulator from time to time

b) Approval as per the overall performance framework approved by the NRC and the Board

c) Driving right behaviours via the various incentive schemes.



**Utkarsh Small Finance Bank Limited**  
Schedules forming part of the financial statements for the year ended 31 March 2023

**Discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements:**

The Bank also has in place a Policy on Risk Alignment of Compensation applicable for MD & CEO and Risk Control and Compliance. This policy deals with the deferred payment of variable pay and claw back guidelines.

**F. Description of the different forms of variable remuneration that the Bank utilizes and the rationale for using these different forms.**

The Bank has variable pay that is paid based on the performance that is applicable to all levels. The ESOP options of the Holding Company and the Bank are currently given to eligible employees in Chief Manager and above grade subject to performance. Employees in sales function do have incentives based on monthly business performance.

**Overview of the forms of variable remuneration offered. A discussion of the use of different forms of variable remuneration and if the mix of different forms of variable remuneration differs across employees or group of employees, a description of the factors that determine the mix and their relative importance**

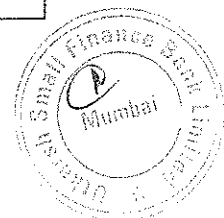
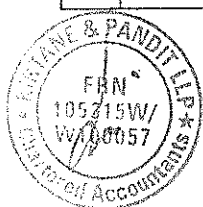
The variable remuneration is offered in the form of annual performance bonus. The same is determined on the basis of comprehensive performance appraisal system wherein the performance of each employee is evaluated on the basis of defined Goal Sheet and KRA at the beginning of year and achievement against them.

**Quantitative Disclosure-**

As at 31 March 2023 and 31 March 2022 the quantitative disclosure covers MD & CEO and Material Risk takers.

(₹ in crore, except numbers)

Sr. No.	Particulars	As at 31 March 2023	As at 31 March 2022
1(i)	Number of meetings held by the Nomination and Remuneration Committee during the financial year.	4	6
1(ii)	Remuneration paid to its members during the financial year (sitting fees)	0.07	0.08
2(i)	Number of employees having received a variable remuneration award during the financial year.	6	7
2(ii)	Number and total amount of sign-on awards made during the financial year.	-	-
2(iii)	Details of joining bonus, if any, paid as joining / sign on bonus	-	-
2(iv)	Details of severance pay, in addition to accrued benefits, if any.	-	-
3(i)	Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	<p>The total remuneration of ₹2.53 Crore to MD &amp; CEO approved for FY2020-21 has remain unchanged as advised vide letter from RBI dated 12 January 2022 and 28 July 2022, however, the fixed and variable pay of MD &amp; CEO have been bifurcated as follows:</p> <p>(1) Fixed Pay including perquisite for FY2020-2021 is approved ₹1.31 Crore p.a.</p> <p>(2) ₹0.62 Crore (comprising cash ₹0.31 Crore and non-cash ₹0.31 Crore) to be paid as Variable pay for the performance period of FY2020-2021.</p> <p>- Out of cash component of ₹0.31 crores, ₹0.21 crore is paid in the month of Sep 22, rest amount of ₹0.10 crore would be paid in deferred manner in next applicable years.</p> <p>- Non-cash component of ₹0.31 crores deferred in the form of ESOPs are as below-</p> <p>In FY 22-23 - ₹0.21 crores In FY 23-24 - ₹0.10 crores</p> <p>Further, RBI vide its letter dated December 14, 2022 approved the grant of ₹1.00 Crore of variable pay to MD &amp; CEO for FY21-22 in the following manner:</p> <p>i. Grant of ₹1.00 Crore (cash ₹0.40 crore and non-cash ₹0.60 crore) as variable pay for the performance year FY2021-22.</p> <p>ii. The variable pay is to be deferred to non-cash component of variable pay over next 3 years in equal instalments of 33% each. Further, 50% of cash component to be paid upfront and remaining 50% to be deferred in next 3 years in equal instalments. Accordingly,</p> <p>-Out of cash component of ₹0.40 crores, ₹0.20 crore is paid in the month of Dec 22, rest amount of ₹0.20 crore would be paid in deferred manner in next 3 applicable years.</p> <p>In FY 2022-23, ESOPs offered to material risk takers have deferral clauses as per existing USFBL - ESOP scheme and the deferred cost of ESOPs are as below-</p> <p>In FY 22-23 - ₹0.84 crores In FY 23-24 - ₹0.84 crores In FY 24-25 - ₹0.84 crores In FY 25-26 - ₹0.84 crores</p>	<p>For MD &amp; CEO, ₹1.27 crores (comprising cash ₹0.63 crores and non-cash ₹0.64 crores) is approved as variable for the performance period FY 2020-21, out of which cash ₹0.63 crores is adjusted with the excess fixed pay of the MD &amp; CEO for the financial year 2020-21 from the available cash bonus upfront. The deferred non cash remuneration in the form of ESOPs are as below-</p> <p>In FY 22-23 - 0.35 crores In FY 23-24 - 0.17 crores In FY 24-25 - 0.07 crores</p> <p>ESOPs offered to material risk takers have deferral clauses as per existing USFBL - ESOP scheme and the deferred cost of ESOPs are as below-</p> <p>In FY 22-23 - 0.61 crores In FY 23-24 - 0.36 crores In FY 24-25 - 0.12 crores In FY 25-26 - 0.04 crores</p>



3(ii)	Total amount of deferred remuneration paid out in the year.	-	-
4	Breakdown of amount of remuneration awards for the year *	-	-
	Fixed	Fixed: 6.83	Fixed: 6.88
	Variable	Variable: 0.93	Variable: 0.6
	Deferred	Deferred: 0.30	Deferred: Nil
	Non-deferred	Non-deferred: 7.75	Non-deferred: 7.48
5(i)	Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	-
5(ii)	Total amount of reductions during the year due to ex- post explicit adjustments.	-	-
5(iii)	Total amount of reductions during the year due to ex- post implicit adjustments.	-	-
6	Number of MRTs identified**	6 MRTs & 1 WTD	7 MRTs & 1 WTD
7(i)	Number of cases where malus has been exercised.	-	-
7(ii)	Number of cases where clawback has been exercised.	-	-
7(iii)	Number of cases where both malus and clawback have been exercised.	-	-
8	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.	0.4 Crores & 56 times	0.03 crores & 31 times

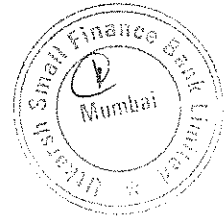
\*Remuneration excludes the cost accounted under Employee Stock Option Plan of the Holding Company and Gratuity & Leave encashment related costs which is accounted at entity level based on actuarial valuation.

\*\* As per RBI Circular No.23/29.67.001/2019-20 dttd 04 November 2019 effective from FY 20-21.

The bonus paid during the year pertains to previous financial years.

Variable pay amounting to ₹0.62 crores has been approved by RBI for MD & CEO for FY 2020-21. Cash component of ₹0.21 crores of the same has been paid to MD & CEO during current year, rest ₹0.10 crore would be paid next year. Non-cash component of ₹0.31 crores is deferred in the form of USFBL - ESOPs as per RBI approval.

Variable pay amounting to ₹1.00 crore has been approved by RBI for MD & CEO for FY 2021-22. Cash component of ₹0.22 crores of the same has been paid to MD & CEO in the month of Dec22, rest ₹0.20 crore would be paid next 3 years in deferred manner. Non-cash component of ₹0.60 crores is deferred in the form of USFBL - ESOPs as per RBI approval.



**Utkarsh Small Finance Bank Limited**

**Schedules forming part of the financial statements for the year ended 31 March 2023**

**18.14.1 Business Ratios:**

(in crores except percentages and ratio)

	Particulars	As at 31 March 2023	As at 31 March 2022
(i)	Interest income as a % to Working funds <sup>1</sup>	15.18%	14.43%
(ii)	Non-Interest income as a % to Working funds <sup>1</sup>	1.80%	1.44%
(iii)	Cost of deposits <sup>6</sup>	6.86%	7.01%
(iv)	Net interest margin <sup>7</sup>	9.74%	8.80%
(v)	Operating profit <sup>2</sup> as a % to Working funds <sup>1</sup>	5.07%	3.97%
(vi)	Return on Assets <sup>4</sup> (Working funds <sup>1</sup> )	2.45%	0.48%
(vii)	Business <sup>3</sup> (Deposit plus Net Advance) per employee <sup>5</sup>	1.67	1.55
(viii)	Profit per employee <sup>5*</sup>	0.03	0.01

**Notes**

1. Working funds represents the monthly average of total assets as reported to Reserve Bank of India in Form X under Section 27 of the Banking Regulation Act, 1949.

2. Operating profit is net profit/ (loss) for the year before provisions and contingencies.

3. "Business" is the total of net advances and deposits (net of inter-bank deposits).

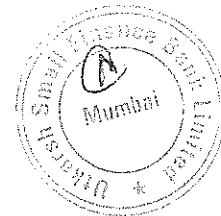
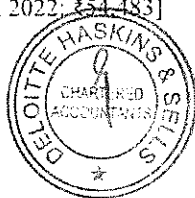
4. Return on Assets is net profit/ (loss) after tax divided by working funds.

5. Productivity ratios are based on average employee number.

6. Cost of deposit as % to average deposit

7. Net interest income as % to sum of average portfolio and average investments

\*Profit per employee is ₹286,887 [31 March 2022: ₹54,483]



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.14.2 Disclosure of Fees / Remuneration Received in respect of Bancassurance Business**

(₹ in crore)

	Particulars	As at 31 March 2023	As at 31 March 2022
i)	Fee / Remuneration from Life Insurance Business	21.51	14.88
ii)	Fee / Remuneration from General Insurance Business	0.93	0.07

**18.14.3 Disclosure of Fees / Remuneration Received in respect of Marketing and distribution**

The Bank has received ₹Nil towards marketing & distribution during the year ended 31 March 2023. (31 March 2022: ₹0.36 crores)

**18.14.4 Details of Priority Sector Lending Certificates (PSLC)**

Following are the details of PSLC sold by the Bank.

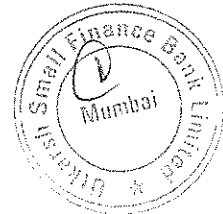
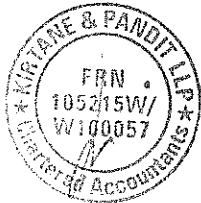
(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
General category	-	-
Micro enterprises	1,500.00	-
Agriculture	-	-
Small/marginal farmers	7,235.00	9,255.00
<b>Total</b>	<b>8,735.00</b>	<b>9,255.00</b>

Following are the details of PSLC purchased by the Bank.

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
General category	-	-
Micro enterprises	-	750.00
Agriculture	-	-
Small/marginal farmers	-	-
<b>Total</b>	<b>-</b>	<b>750.00</b>



#### 18.14.5 Break up of Provisions and Contingencies debited to Profit & Loss Account

(₹ in crore)

	Particulars	As at 31 March 2023	As at 31 March 2022
i)	Provisions for NPI	-	-
ii)	Provision towards NPA	(112.89)	202.43
iii)	Provision made towards Income tax	125.74	52.94
iv)	Other Provisions and Contingencies	420.96	195.09
a	Technical write off	382.78	221.98
b	Provision for standard assets	14.33	10.57
c	Provision on restructured assets	(16.30)	(29.27)
d	Floating provision	82.87	2.11
e	Provisions made towards deferred Tax (Net)	5.57	(34.69)
f	Provision against fraud *	1.74	9.17
g	Contingency provision **	(52.00)	65.00
h	Provision on COVID 19	-	(50.13)
i	Provision on SMA due to COVID 19	-	-
j	Others	1.98	0.36
	<b>Total provisions</b>	<b>433.82</b>	<b>450.46</b>

\* Reduction because of movement to NPA of ₹ 8.41 crore and reversal of fraud cases as per forensic audit of ₹ 2.41 crore

\*\* The Bank was carrying an additional contingency provision of ₹65 crores as at 31 March 2022 which has been utilised to the extent of ₹52 crores in the current year and consequently the provision as at 31 March 2023 is ₹13 crores.

#### 18.14.6 Implementation of IFRS converged Indian Accounting Standards (Ind AS)

The Bank submits its Proforma Ind-AS financials on half yearly basis to RBI based on the GAP assessment carried out by the Bank. The Bank is currently handling the impact analysis and reporting offline by using excel based models. However, the Bank is in the process of implementing system solutions (IndAS 109 and 116) and hiring skilled resources to implement Ind-AS accounting.

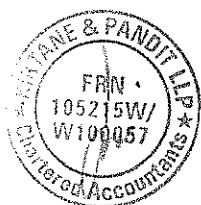
#### 18.14.7 Payment of DICGC Insurance Premium (including GST)

(₹ in crore)

	Particulars	As at 31 March 2023	As at 31 March 2022
i)	Payment of DICGC Insurance Premium	11.52	8.24
ii)	Arrears in payment of DICGC premium	-	-

#### 18.14.8 Investor Education and Protection Fund

There are no amounts which are due to be transferred to the Investor Education and Protection Fund during the year ended 31 March 2023 and 31 March 2022.





**18.14.9 Details of item under Other expenditure head exceeds one per cent of the total income**

	Particulars	As at 31 March 2023	As at 31 March 2022
i	Banking software charges	50.47	44.77

**18.14.10 Details of item under Miscellaneous income head exceeds one per cent of the total income**

(₹ in crore)

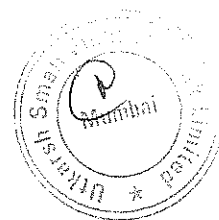
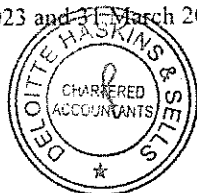
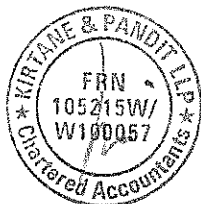
	Particulars	As at 31 March 2023	As at 31 March 2022
i	Income from sale of Priority sector lending certificate	96.14	64.76
ii	Recovery in written off account	58.46	29.66

**18.14.11 Details of item of Others under Other Assets head exceeds one per cent of the total Asset**

There are no item of Others under Other Assets head exceeds one per cent of the total asset during the year ended 31 March 2023 and 31 March 2022.

**18.14.12 Details of item of Others including provisions under Other Liabilities and Provisions head exceeds one per cent of the total Assets**

There are no item of Others including provisions under Other Liabilities and Provisions head exceeds one per cent of the total Assets during the year ended 31 March 2023 and 31 March 2022.



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.15 Earnings Per Share (EPS)**

(₹ in crore, except per share data)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Basic</b>		
Weighted average number of equity shares - Basic	895,624,973	878,110,556
Net profit after tax available for equity shareholders (₹)	404.50	61.46
Basic earnings per share	4.52	0.70
<b>Diluted</b>		
Weighted average number of equity shares - Basic	895,624,973	878,110,556
Add: Weighted average number of potential equity shares on account of employee stock options	2,175,340	2,097,153
Weighted average number of equity shares - Diluted	897,800,314	880,207,709
Net profit after tax available for equity shareholders (₹)	404.50	61.46
Diluted earnings per share	4.51	0.70
Face value per share	10	10

**18.16 Employee Stock Option Plan (“ESOP”)**

**A. Options granted by Holding Company**

The Holding Company has formulated an Employees Stock Option Scheme to be administered through a Trust. The scheme provides that subject to continued employment with the Bank, the employees of Bank are granted an option to acquire equity shares of the Holding Company that may be exercised within a specified year.

The Holding Company formed Utkarsh ESOP Welfare Trust to issue ESOPs to employees of the Bank as per Employee Stock Option Scheme. Total 1,200,000 equity shares have been reserved under ESOP scheme 2016 and pursuant to Shareholder agreement executed in the year 2016-17 additional 5,989,594 equity shares has been reserved by the Holding Company for the purpose of ESOP scheme.

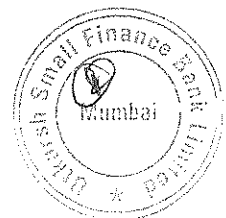
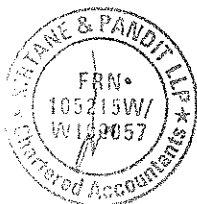
During the year ended 31 March 2023, the Holding Company granted Nil options to the Bank's employees (31 March 2022 : Nil options).

The options vested can be exercised within a period of 24 months from the date of vesting. The plan is administered, supervised and implemented by the Compensation Committee under the policy and frame work laid down by the Board of Directors of the Holding Company in accordance with the authority delegated to the Compensation Committee in this regard from time to time.

These options are vested on graded basis as follows:

Vesting details	General grant	Special grant
On completion of 1 year	25%	10%
On completion of 2 years	25%	20%
On completion of 3 years	25%	45%
On completion of 4 years	25%	25%

The Guidance Note on “Accounting for Employee Share Based Payments” issued by the ICAI establishes financial and reporting principles for employees share based payment plans. The Guidance Note applies to employee share based payment plans, the grant date in respect of which falls on or after 01 April 2005. The Guidance Note also applies to transfers of shares or stock options of the parent of the enterprise, or shares or stock options of another enterprise in the same group as the enterprise, to the employees of the enterprise. The compensation costs of stock options granted to employees of the Bank are accounted using intrinsic value method.



**Utkarsh Small Finance Bank Limited**

**Schedules forming part of the financial statements for the year ended 31 March 2023**

**Stock option activity under ESOP Plan in respect of employees of the Bank is as below:**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Number of equity shares:		
Outstanding at the beginning of the year	3,558,360	4,910,739
Granted during the year	-	-
Granted during the year with grant effective date pertaining to FY 2019-20	-	-
Lapsed/Cancel during the year	611,782	633,617
Exercised during the year	87,544	717,462
Previous year adjustments	-	-1,300
Outstanding at the end of year	2,859,034	3,558,360
Exercisable at the end of year	1,850,571	1,291,488

The compensation cost is calculated based on the intrinsic value method, wherein the excess of fair value of underlying equity shares as on the date of the grant over the exercise price of the options given to employees of the Bank under the ESOP scheme, is recognised as compensation cost and amortised over the vesting period. The Holding Company cross charges the compensation cost to the Bank to the extent it pertains to the employees of the Bank.

**Impact of Fair Value Method on Net Profit/(Loss) and EPS**

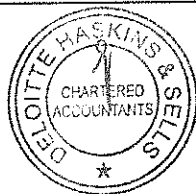
Had the compensation cost for the Holding company's stock option plans outstanding been determined based on the fair value by using Black Scholes model, the Bank's net profit/loss and earnings/loss per share would have been as per the proforma amounts indicated below:

(₹ in crore, except per share data)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit/(loss) after tax		
- As reported	404.50	61.46
- Proforma	402.26	56.84
(Loss)/Earnings per share		
Basic		
Weighted average number of shares	895,624,973	878,110,556
EPS as reported (₹)	4.52	0.70
Proforma EPS (₹)	4.49	0.65

The following assumptions are used for calculation of fair value of grants issued.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Dividend yield	0.00%	0.00%
Expected volatility	61% to 47%	61% to 47%
Risk free interest rate	4.39 % to 5.55%	4.39 % to 5.55%
Expected life in years	2 to 5	2 to 5



## B. Out of options granted by Bank

During the FY 2019-20, the Bank introduced Utkarsh Small Finance Bank Limited (USFBL) MD & CEO Employee Stock Option Plan 2020 to offer, grant and issue in one or more tranches, the Stock Options to Mr. Govind Singh, MD & CEO.

During the year the Bank has granted 18,082,976 option under the Utkarsh Small Finance Bank Limited (USFBL) Employee Stock Option Plan 2020, to employees as under :-

Date of Grant	For the year ended 31 March 2023		For the year ended 31 March 2022	
	Number of Options	Exercise Price	Number of Options	Exercise Price
28 December 2020 *	71,377	14.01	71,377	14.01
01 August 2021	15,611,500	27.00	15,611,500	27.00
01 October 2021	15,000	30.00	15,000	30.00
18 October 2021 to 01 January 2022	80,000	31.80	80,000	31.80
12 January 2022 **	221,270	14.01	456,817	14.01
01 April 2022 to 16 July 2022	125,000	31.80	-	-
01 August 2022	16,771,750	27.00	-	-
17 September 2022 ***	626,226	31.80	-	-
30 September 2022	200,000	31.80	-	-
13 October 2022	120,000	27.00	-	-
01 January 2023 to 31 March 2023	240,000	31.80	-	-

Shares vested to the employees have an exercise period of two years.

\*The Bank received approval from RBI on 31 August 2021 for remuneration of MD & CEO for FY 2019-20 wherein non cash component of variable pay of ₹0.10 crore was approved and was paid by way of grant of 71,377 options out of banks shares with effect from 28 December 2020 being the date of approval of Banks ESOP Scheme.

\*\*The Bank received approval for remuneration to MD & CEO for financial year 2020-21 from RBI on 12 January 2022 advising to defer non-cash component over next 3 years in 3 equal instalments of 33.33% each. Further, 50% of cash component to be paid upfront and remaining 50% to be deferred in next 3 years in equal instalments. Accordingly, the Bank has granted 4,56,817 ESOPs to MD & CEO at ₹14.01 per share w.e.f 12 January 2022 with vesting over next three years in equal proportion i.e. 33.33% each year. However, Bank has received another letter from RBI on 28 July 2022 wherein non cash component has been revised. It is also advised to adjust the excess grant of non-cash component in the next tranche itself. Accordingly, the Bank has revised the options granted to MD & CEO w.e.f 12 January 2022 to 221,270 options with vesting over next two year with the proportion of 69% and 31%.

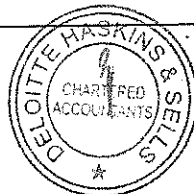
\*\*\*The bank received approval for remuneration to MD & CEO for financial year 2021-22 from RBI on 14 December, 2022 including non cash variable pay of ₹0.60 crore and advised to defer it over next 3 years in 3 equal instalments. Accordingly, Bank has granted 6,26,226 ESOPs to MD & CEO at ₹31.80 per share w.e.f 17 September 2022 being the date of Board approval for remuneration to MD & CEO with vesting over next three years in equal proportion i.e. 33.33% each year.

These options are vested on graded basis as follows:

Vesting details	Grant to employees	Grant to MD & CEO	
		Grant dated January 12, 2022	Other Grants
On completion of 1 year	25%	69.00%	33.33%
On completion of 2 years	25%	31.00%	33.33%
On completion of 3 years	25%	-	33.33%
On completion of 4 years	25%	-	-

Stock option activity under ESOP Plan of the Bank is as below:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Number of equity shares:</b>		
Outstanding at the beginning of the year	14,322,600	-
Granted during the year	18,082,976	16,163,317
Granted during the year with grant effective date pertaining to FY 2019-20	-	71,377

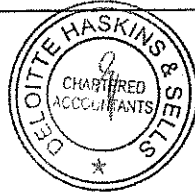


Lapsed/Cancel during the year	2,401,125	1,894,250
Exercised during the year	383,141	17,844
Previous year adjustments	235,546	
Outstanding at the end of year	29,385,764	14,322,600
Exercisable at the end of year	2,871,225	-

The compensation cost is calculated based on the fair value of the options under black scholes model and amortised over the grant period.

The following assumptions are used for calculation of fair value of grants issued.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Dividend yield	0.00%	0.00%
Expected volatility	46.3% to 49.3%	49.8% to 48.8%
Risk free interest rate	6.43% to 7.04%	4.48% to 5.80%
Expected life in years	2 to 5	2 to 5



**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.17 Disclosures under AS -15 on employee benefits**

**Defined Contribution Plans:**

Employer's contribution recognized and charged off for the year with respect to defined contribution plans are as under:

(₹ in crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Provident Fund (refer note below)	33.54	25.18
ESI	4.29	3.36

Note: The above amount is netted off with amount of ₹Nil received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana" for the year ended 31 March 2023 (31 March 2022 : ₹0.47 crores).

**Defined Benefit Plans:**

The Bank has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days' salary (last drawn salary) for each completed year of service subject to limit of ₹20 lacs as per the Payment of Gratuity Act, 1972 as amended from time to time. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following table sets out the status of the defined benefit gratuity plan as required under Accounting Standard 15.

**Change in the present value of the defined benefit obligation (₹ in crore)**

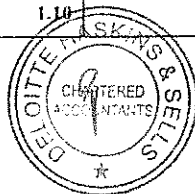
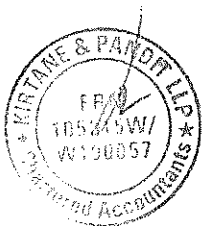
Particulars	As at 31 March 2023	As at 31 March 2022
Opening defined benefit obligation	19.48	15.66
Current service cost	5.40	4.75
Past service costs	-	-
Interest cost	1.12	0.78
Actuarial losses/ (gains)	(0.53)	(0.43)
Benefits paid	(2.31)	(1.28)
Closing defined benefit obligation	23.16	19.48

**Change in the plan assets (₹ in crore)**

Particulars	As at 31 March 2023	As at 31 March 2022
Opening fair value of plan asset	18.84	14.58
Expected return on plan assets	1.31	0.94
Employers Contributions	4.23	4.68
Benefit paid	(2.35)	(1.28)
Actuarial gains / (losses) on plan assets	0.03	(0.08)
Closing fair value of plan assets	22.06	18.84

**Net liability / (asset) recognized in the balance sheet (₹ in crore)**

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of funded obligation	23.16	19.48
Fair value of plan assets	22.06	18.84
Deficit/ (Surplus)	1.10	0.64
Net liability / (asset) recognized in the balance sheet	1.10	0.64



Net cost recognised in the profit and loss account (₹ in crore)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current service cost	5.40	4.75
Past service costs	-	-
Interest cost	1.12	0.78
Expected return on plan assets	(1.31)	(0.94)
Net actuarial losses / (gains)	(0.56)	(0.35)
Total cost of defined benefit plans included in Schedule 16 Payments to and provisions for employees	4.65	4.24

Reconciliation of opening and closing net liability / (asset) recognised in the balance sheet (₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening net liability	0.64	1.08
Expenses as recognised in profit & Loss account	4.65	4.24
Employers contribution	(4.23)	(4.68)
Net liability / (asset) recognised in balance sheet	1.06	0.64

Experience adjustment and details of obligations and assets (₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Present value of funded obligation	23.16	19.47	15.66	11.28	7.34
Fair value of plan assets	22.06	18.84	14.58	10.81	5.92
Deficit / (Surplus)	1.10	0.63	1.08	0.47	1.42
On Plan Liabilities (gains) / losses	(0.53)	(0.43)	0.85	0.75	0.35
On Plan Assets (losses) / gains	0.03	(0.08)	(0.43)	(0.14)	(0.20)

A breakup of Investments under plan assets of gratuity fund is as follows:

Category of assets	As at 31 March 2023	As at 31 March 2022
Funds with LIC(through gratuity trust)	100%	100%

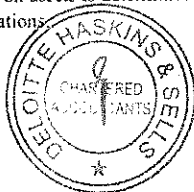
Key Actuarial Assumptions

Particulars	As at 31 March 2023	As at 31 March 2022
Discount rate	7.25%	5.75%
Expected rate of return on plan asset	7.25%	6.84%
Salary escalation	8.50%	7.00%
Attrition rate	13.10% to 31.90%	13.10% to 31.90%

**Discount rate:** The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

**Salary escalation rate:** The estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

**Expected rate of return:** The overall expected rate of return on assets is determined based on the average long term rate of return expected on investment of the fund during the estimated term of the obligations.



Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

18.18 (A) Business Segments:

In terms of AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref. DBOD.No. BP/BC/31/21.04.018/2006-07 dated 18 April 2007 read with DBR/ BP/ BC No.23/21.04.018/2015-16 dated 01 July 2015 and amendments thereto, the following business segments have been disclosed:

**Corporate/ Wholesale Banking:** Includes lending, deposits and other banking services provided to corporate customers of the Bank.

**Retail Banking:** Includes lending, deposits and other banking services provided to retail customers of the Bank through branch network.

**Treasury:** Includes dealings in SLR and Non SLR investments, maintenance of reserve requirements and resource mobilization from other Banks and financial Institutions.

**Other Banking Operations:** Includes other activities which are not covered under wholesale, retail or treasury activity.

**Geographical segments:** The business operations of the Bank are concentrated in India hence the Bank is considered to operate in domestic segment only.

The following table sets forth the business segment results:

(₹ in crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	As on 31 March 2023	As on 31 March 2022	As on 31 March 2023	As on 31 March 2022	As on 31 March 2023	As on 31 March 2022	As on 31 March 2023	As on 31 March 2022	As on 31 March 2023	As on 31 March 2022
Revenue	232.77	203.10	146.08	78.56	2,425.44	1,751.98	-	-	2,804.29	2,033.65
Result	21.01	32.70	(28.63)	(58.41)	543.43	105.43	-	-	535.81	79.71
Unallocated expenses										
Operating Profit/(Loss)									535.81	79.71
Income Tax expense (including deferred tax)									131.31	19.25
Extraordinary profit / (loss)									-	-
Net Profit									404.50	61.46
Other Informations:										
Segment Assets	5,425.84	4,258.60	1,593.26	926.96	11,667.28	9,427.90	-	-	18,686.38	14,613.46
Unallocated Assets									431.16	450.31
Total Assets									19,117.54	15,063.77
Segment Liabilities	2,371.21	2,595.95	5,984.69	4,791.05	8,734.69	6,067.67	-	-	17,090.59	13,454.67
Unallocated Liabilities									2,026.95	1,609.10
Total Liabilities									19,117.54	15,063.77

(₹ in crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	As on 31 March 2022	As on 31 March 2021	As on 31 March 2022	As on 31 March 2021	As on 31 March 2022	As on 31 March 2021	As on 31 March 2022	As on 31 March 2021	As on 31 March 2022	As on 31 March 2021
Revenue	203.10	213.38	78.56	51.90	1,751.98	1,459.86	-	-	2,033.65	1,725.14
Result	32.70	27.08	(58.41)	(43.34)	105.43	168.19	-	-	79.71	151.44
Unallocated expenses										
Operating Profit/(Loss)									79.71	151.44
Income Tax expense (including deferred tax)									18.25	39.62
Extraordinary profit / (loss)									-	-
Net Profit									61.46	111.82
Other Informations:										
Segment Assets	4,258.60	3,533.89	926.96	503.74	9,427.90	7,798.90	-	-	14,613.46	11,836.54
Unallocated Assets									450.31	301.38
Total Assets									15,063.77	12,137.91
Segment Liabilities	2,595.95	2,628.30	4,791.05	3,634.22	6,067.67	4,491.45	-	-	13,454.67	10,553.93
Unallocated Liabilities									1,609.10	1,383.94
Total Liabilities									15,063.77	12,137.91

Notes:

- The business of the Bank does not extend outside India and it does not have any assets outside India or earnings emanating from outside India. Accordingly, the Bank has reported operations in the domestic segment only.
- Income, expenses, assets and liabilities have been either specifically identified to individual segment or allocated to segments on a reasonable basis or are classified as unallocated.
- Unallocated items include Fixed Assets, Capital expenditure, realized gains/losses on their sale, income tax expense, deferred income tax assets/liabilities and advance tax.
- In computing the above information, certain estimates and assumptions have been made by the management and have been relied upon by the auditors.
- The above information is provided as per MIS for internal reporting purpose and relied upon by the auditors.
- The RBI vide its circular dated April 7, 2022 on establishment of Digital Banking Units (DBUs), has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. Indian Banks' Association (IBA) has formed DBU Working Group which include representatives of banks and RBI. The reporting of Digital Banking as a separate sub-segment of Retail Banking Segment will be implemented by the Bank based on the decision of the DBU Working Group. The Bank has not formed any DBU as at 31 March 2023 and is in the process of setting up DBUs in the future and hence the same has not been disclosed as a segment.

18.18 (A) Geographic Segments

Particulars	Domestic		International		Total	
	As on 31 March 2023	As on 31 March 2022	As on 31 March 2023	As on 31 March 2022	As on 31 March 2023	As on 31 March 2022
(a) Revenue	2,804.29	2,033.65	-	-	2,804.29	2,033.65
(b) Assets	19,117.54	15,063.77	-	-	19,117.54	15,063.77

Particulars	Domestic		International		Total	
	As on 31 March 2022	As on 31 March 2021	As on 31 March 2022	As on 31 March 2021	As on 31 March 2022	As on 31 March 2021
(a) Revenue	2,033.65	1,725.14	-	-	2,033.65	1,725.14
(b) Assets	15,063.77	12,137.91	-	-	15,063.77	12,137.91





**Utkarsh Small Finance Bank Limited**  
**Schedules forming part of the financial statements for the year ended 31 March 2023**

**18.19 Related Party Transactions**

The Bank's related parties for the year ended 31 March 2023 are disclosed below:

**1. Holding Company**

Utkarsh CoreInvest Limited (erstwhile Utkarsh Micro Finance Limited)

**2. Related Company**

Utkarsh Welfare Foundation

Consequent to the disinvestment by Utkarsh Core-Invest Limited (UCL) on 26 February 2022, UWF is no longer a subsidiary of UCL and consequently fellow subsidiary of the Bank. However, it continue to be the related party of the Bank due to common directorship and as relatives of the common director are the members in UWF

**3. Key Management Personnel ('KMP')**

Mr. Govind Singh- Managing Director and CEO  
 Mr. Mukund Barsagade- Chief Financial Officer (upto 22 September 2022)  
 Mr. Sarjukumar Pravin Simaria - Chief Financial Officer (w.e.f 31 October 2022)  
 Mr. Muthiah Ganapathy - Company Secretary

**4. Enterprise where KMP exercise significant influence**

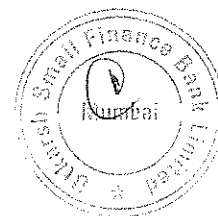
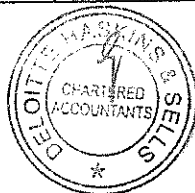
RAAG Family Private Trust

**5. Post-employment benefit plan**

Utkarsh Small Finance Bank Employees' Gratuity Trust

**6. Relatives of Key Management Personnel**

Name of KMP	Father and Mother	Spouse and Children	Other relatives
Mr. Govind Singh	Father - deceased	Revati Govind Singh (Spouse)	Ramesh Chandra Singh (Brother)
	Parvati Devi (Mother)	Ankur Singh (Son)	Renu Singh (Sister in Law)
Mr. Sarjukumar Pravin Simaria	Father-Pravin V. Simaria Mother-Nirmala P. Simaria	Achin Singh (Son)	
		Karuna S. Simaria (Spouse)	Bharat P. Simaria- Brother
		Malav S. Simaria (Son)	
		Bhakti S. Simaria (Daughter)	
Mr. Muthiah Ganapathy	Both deceased	Lakshmi Devi (Spouse)	Mukesh (Brother)
		Aarna (Daughter)	
		Arshini (Daughter)	



Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended 31 March 2023.

Items / Related Party	Utkarsh CoreInvest Ltd (Holding Company)	Utkarsh Welfare Foundation (Fellow Subsidiary)	Utkarsh Small Finance Bank Employees' Gratuity Trust	KMP: Govind Singh (MD & CEO)	KMP: Mukund Barsagade (CFO)	KMP: Sarjukumar Pravin Simaria (CFO)	KMP: Nutan Rane (CS)	KMP: Murtiah Ganapathy (CS)	Enterprise where KMP exercise significant influence: RAAG Family Private Trust	KMP Relative - Revati Govind Singh	KMP Relative - Ankur Singh	KMP Relative - Achin Singh	KMP Relative - Ramesh Chandra Singh	KMP Relative - Renu Singh	KMP Relative - Parvati Devi	KMP Relative - Nirmala Simaria	Total
Deposits Outstanding as on 31 March 2023	42.38	1.20	0.08	0.47	-	0.08	-	0.09	-	0.22	0.01	0.03	0.17	0.28	0.11	0.02	45.14
Amount deposited during the year (excluding CASA deposit)	45.31	-	-	-	-	-	-	-	-	-	-	-	0.06	0.41	0.09	0.02	45.89
Amount withdrawn during the year (excluding CASA deposit)	40.70	-	-	-	-	-	-	-	-	-	-	-	0.04	0.37	0.09	-	41.20
Maximum deposit outstanding during the year	41.99	3.40	1.55	1.05	0.19	0.18	-	0.10	-	0.28	0.17	0.41	0.18	0.28	0.10	0.02	49.89
Interest paid	2.92	0.13	0.01	0.04	*0.00	*0.00	-	*0.00	-	0.01	*0.00	0.01	0.02	0.03	0.02	*0.00	3.19
Remuneration	-	-	-	**2.62	0.69	0.72	-	0.46	-	-	-	-	-	-	-	-	4.49
Consultancy Charges	-	-	-	-	-	-	-	-	-	-	-	-	0.17	-	-	-	0.17
Equity shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution towards Gratuity Trust	-	-	3.89	-	-	-	-	-	-	-	-	-	-	-	-	-	3.89
Withdrawal from Gratuity Trust	-	-	2.66	-	-	-	-	-	-	-	-	-	-	-	-	-	2.66
Contribution towards CSR & CER	-	3.22	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.22
ESOP cost cross charged (Refer Schedule 17.1)	(0.46)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.46)
Service charge for collections	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01
Rent for office space	0.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.09
ESOP granted	-	-	-	0.60	-	0.25	-	-	-	-	-	-	-	-	-	-	0.85
Transactions (collection and payment) carried out on behalf of Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount Payable/(Recoverable)	0.14	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.14

\* Amount less than ₹50,000 is shown as Nil

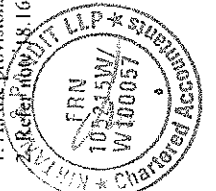
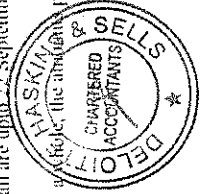
\*\* Includes arrears salary of FY 2021-22 of ₹ 0.62 cr. post revised approval of RBI vide letter dated 28 July 2022 for remuneration of MD & CEO for FY 2020-21 and Bonus ₹0.20 cr. post approval of RBI vide letter dated 14 December 2022 for remuneration of MD & CEO for FY 2021-2022.

# Except EL encashment and Bonus paid post exiting the bank, all other detail are upto 22 September 2022 only being the last date of working in Bank as CFO

Note:

1. As the provisions for gratuity and leave benefits are made for the Bank as a whole, the amounts pertaining to the Key Management Personnel are not specifically identified and included above.

2. Refer Note 18.16 on ESOP grant to MD & CEO

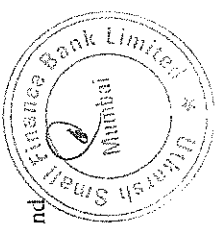
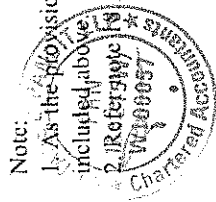


The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended 31 March 2022.

Items / Related Party	(₹ in crore)											Total			
	Utkarsh CoreInvest Ltd (Holding Company)	Utkarsh Welfare Foundation (Fellow Subsidiary)	Utkarsh Small Finance Bank Employees' Gratuity Trust	KMP: Govind Singh (MD & CEO)	KMP: Mukund Barsagade (CFO)	KMP: Nutan Rane (CS)	KMP: Muthiah Ganapathy (CS)	Enterprise where KMP exercise significant influence: RAAG Family Private Trust	KMP Relative - Revathi	KMP Relative - Ankur Singh	KMP Relative - Achin Singh		KMP Relative - Ramesh Chandra Singh	KMP Relative - Renu Singh	KMP Relative - Parvati Devi
Deposits Outstanding as on 31 March 2022	37.52	1.67	0.05	0.68	0.17	*0.00	0.01	-	0.28	*0.00	0.03	0.13	0.24	0.09	40.87
Amount deposited during the year (excluding CASA deposit)	20.79	-	-	-	-	-	-	-	-	-	-	0.07	-	0.04	20.90
Amount withdrawn during the year (excluding CASA deposit)	11.43	-	-	-	-	-	-	-	-	-	-	0.11	-	0.02	11.56
Maximum deposit outstanding during the year	37.64	2.52	1.77	1.31	0.29	0.02	0.01	*0.00	0.51	0.18	0.32	0.14	0.24	0.09	45.04
Interest paid	2.56	0.09	0.01	0.07	0.01	*0.00	*0.00	*0.00	0.03	*0.00	0.01	0.01	*0.00	*0.00	2.79
Remuneration to KMP	-	-	-	**2.02	1.13	0.27	0.04	-	-	-	-	-	-	-	3.46
Equity shares issued	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution towards CSR & CER	-	4.10	-	-	-	-	-	-	-	-	-	-	-	-	4.10
ESOP cost cross charged (Refer Schedule 17.1)	0.79	-	-	-	-	-	-	-	-	-	-	-	-	-	0.79
Service charge for collections	0.03	-	-	-	-	-	-	-	-	-	-	-	-	-	0.03
Rent for office space	0.08	-	-	-	-	-	-	-	-	-	-	-	-	-	0.08
ESOP granted	-	-	-	0.78	0.34	-	-	-	-	-	-	-	-	-	1.12
Transactions (collection and payment) carried out on behalf of Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount Payable/(Recoverable)	0.61	-	-	-	-	-	-	-	-	-	-	-	-	-	0.61

\* Amount less than ₹50,000 is shown as Nil

\*\* Includes annual bonus of ₹ 0.63 crore and reversal of salary paid in FY 2020-21 of ₹ 0.65 crores for the differential amount post approval of RBI vide letter dated 12 January 2022 for remuneration of MD & CEO for FY 2020-21.



Note: 1. As the provisions for gratuity and leave benefits are made for the Bank as a whole, the amounts pertaining to the Key Management Personnel are not specifically identified and included above.  
2. Refer page No. 16 on ESOP grant to MD & CEO

**Utkarsh Small Finance Bank Limited**

Schedules forming part of the financial statements for the year ended 31 March 2023

**18.20 Leases**

**Operating Lease**

Lease payments made under cancellable operating lease amounting to ₹58.08 crores (31 March 2022 : ₹46.35 crores) disclosed as rent under Schedule 16 and the same have been recognized as an expense in the Profit and Loss Account. There are one sublease agreement with Utkarsh CoreInvest Limited ("the Holding Company").

Minimum lease payments (MLP) outstanding in respect of leased assets are as follows: (₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
Due within one year	62.22	42.65
Due later than one year and not later than five years	213.31	193.25
Due later than five years	80.47	95.50
<b>Total</b>	<b>356.00</b>	<b>331.40</b>

**Finance Lease**

The Bank has acquired certain IT hardware assets and ATM machines under finance lease. Lease term of such assets is 7 years. Minimum lease payments (MLP) outstanding in respect of leased assets as at 31 March 2023 are as follows:

(₹ in crore)

Particulars	Future MLP	Interest not due	Present Value of MLP
Due within one year	5.93	1.21	4.72
Due later than one year and not later than five years	5.73	1.78	3.96
Due later than five years	0.93	0.12	0.81
<b>Total</b>	<b>12.59</b>	<b>3.10</b>	<b>9.49</b>

Minimum lease payments (MLP) outstanding in respect of leased assets as at 31 March 2022 are as follows: (₹ in crore)

Particulars	Future MLP	Interest not due	Present Value of MLP
Due within one year	5.42	1.30	4.12
Due later than one year and not later than five years	8.69	1.64	7.05
Due later than five years	0.51	0.06	0.45
<b>Total</b>	<b>14.62</b>	<b>3.00</b>	<b>11.62</b>

**18.21 Current Tax and Deferred Tax**

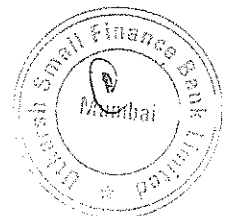
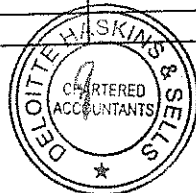
**a. Current Tax**

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for Income tax	125.74	52.94
Provision for Deferred tax	5.57	(34.69)
MAT credit entitlement	-	-
<b>Total</b>	<b>131.31</b>	<b>18.25</b>

**b. Deferred Tax**

Major components of deferred tax assets and deferred tax liabilities are as under: (₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Deferred tax assets:</b>		
Provision for assets	49.04	63.47
Unamortised processing fees on advances	28.21	21.88
Finance lease	2.39	2.93
Provision against Lease Equalisation	4.90	3.70

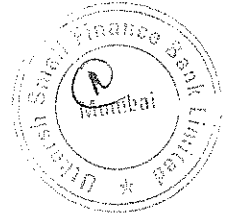


Provision on Casual Leave	1.17	0.99
Others	0.78	0.28
	<b>86.49</b>	<b>93.26</b>
<b>Deferred tax liabilities:</b>		
Depreciation on fixed assets	(0.91)	0.13
Gain on mark to mark on external commercial borrowings	-	-
Unamortised processing fee on borrowings	0.30	0.46
	(0.61)	0.59
<b>Net deferred tax assets / (liability)</b>	<b>87.09</b>	<b>92.66</b>

**18.22 Disclosure Under The Micro, Small And Medium Enterprises Development Act, 2006**

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
a. Principal amount due to suppliers under MSMED Act, 2006	0.43	6.53
b. Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
c. Payment made to suppliers (other than interest) beyond the appointed day during the year	98.85	51.96
d. Interest paid to suppliers under MSMED Act (Section 16)	-	-
e. Interest due and payable towards suppliers under MSMED Act for payments already made	1.58	0.23
f. Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	1.58	0.23



**Utkarsh Small Finance Bank Limited**

**Schedules forming part of the financial statements for the year ended 31 March 2023**

**18.23.1 Contingent liabilities**

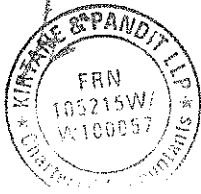
1. Description of nature of contingent liabilities is set out below:

- a. There is a capital commitment towards open purchase orders.
- b. Pending litigation against the Bank.
- c. Demands against tax assessments.
- d. Commitment towards irrevocable Undrawn Fund Based Credit facilities

Refer Schedule 12 for amounts relating to contingent liabilities.

**18.23.2 Letter of comfort**

Bank has not issued any letters of comfort during the year ended 31 March 2023 and 31 March 2022.  
Further, there are no outstanding comfort letters as at 31 March 2023 and 31 March 2022.



**Utkarsh Small Finance Bank Limited**  
**Schedules forming part of the financial statements for the year ended 31 March 2023**

**18.24** The board of directors in their meeting dated 30 May 2022 decided to contribute towards corporate social responsibility up to ₹3.22 crore as required to be spent by Section 135 of the Companies Act, 2013.

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
a) Gross amount required to be spent by the Company during the year	3.22	3.70
b) Amount spent during the year on purposes other than construction/acquisition of any asset		
Paid in cash	3.22	3.70
Yet to be paid	-	-
<b>Total of amount spent</b>	<b>3.22</b>	<b>3.70</b>

**18.25** The following table sets forth, for the years indicated, the movement in software acquired by the Bank, as included in fixed assets.

(₹ in crore)

Particulars	As at 31 March 2023	As at 31 March 2022
At cost at 31 March of preceding year	23.07	19.57
Additions during the year	15.07	15.30
Deductions during the year	-	-
Accumulated depreciation to date	13.86	12.30
<b>Net block</b>	<b>24.28</b>	<b>23.07</b>

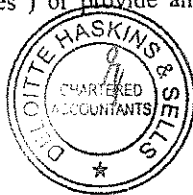
**18.26** In the year ended 31 March 2023, the impact of disruptions resulting from COVID -19 has eased substantially. However the Bank continues to monitor the developments/ ongoing impact resulting from COVID-19 Pandemic and any action to contain its spread or mitigate its impact.

As at 31 March 2023, Bank carries additional floating provision of ₹80 crores (₹60 crores as at 31 December 2022) and additional contingency provision of ₹13 crores (₹65 crores as at 31 December 2022). Further, the Bank was carrying an additional contingency provision of ₹65 crores as at 31 March 2022 which has been utilised to the extent of ₹52 crores in the current year and consequently the provision as at 31 March 2023 is ₹13 crores.

**18.27** The Bank's pending litigations include claims against the Bank by counterparties and proceedings pending with tax authorities. The Bank has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required, and disclosed as contingent liabilities where applicable.

**18.28** The Bank, as part of its normal banking business, grants loans and advances, makes investments, provides guarantees, to and accepts deposits and borrowings from its customers and borrowing from entities. These transactions are part of Bank's normal banking business, which is conducted ensuring adherence to all regulatory requirements and banks internal policies as applicable.

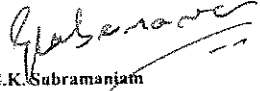
Other than the transactions described above, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Bank to or in any other persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries). The Bank has not received any fund from any parties (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

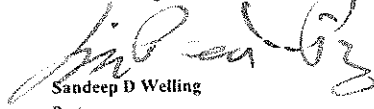
18.29 Figures of the previous year have been regrouped / reclassified, wherever necessary to confirm current year classification.

As per our report of even date attached  
for M/s Deloitte Haskins & Sells  
Chartered Accountants  
ICAI Firm Registration No. 117365W



G.K. Subramaniam  
Partner  
Membership No. 109839

for M/s Kirtane & Pandit LLP  
Chartered Accountants  
ICAI Firm Registration No. 105215W/100057



Sandeep D Welling  
Partner  
Membership No. 044576

For and on behalf of Board of Directors  
Utkarsh Small Finance Bank Limited  
CIN:U659921P2016PLC082804

Parveen Kumar Gupta  
Chairman  
DIN : 02895343

Nagesh Pinge  
Director  
DIN: 00062900



Govind Singh  
Managing Director & CEO  
DIN: 02470880

Sarju Simaria  
Chief Financial Officer  
FCA : 046998

Muthiah Ganapathy  
Company Secretary  
FCS 5674

Place: Mumbai  
Date: 28 April 2023

Place: Mumbai  
Date: 28 April 2023

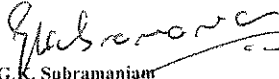




Utkarsh Small Finance Bank Limited  
Schedules forming part of the financial statements for the year ended 31 March 2023

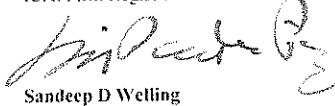
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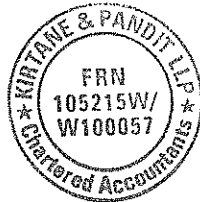
As per our report of even date attached  
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G.K. Subramaniam  
Partner  
Membership No. 109839

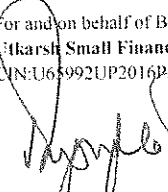


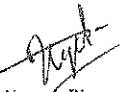
for M/s Kirtane & Pandit LLP  
Chartered Accountants  
ICAI Firm Registration No. 105215W/W100057

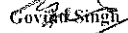
  
Sandeep D Wetling  
Partner  
Membership No. 044576

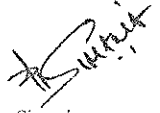



For and on behalf of Board of Directors  
Utkarsh Small Finance Bank Limited  
CIN:U65992UP2016PLC082804

  
Parveen Kumar Gupta  
Chairman  
DIN : 02895343

  
Nagesh Pinge  
Director  
DIN: 00062900

  
Govind Singh  
Managing Director & CEO  
DIN: 02470880

  
Sarju Simaria  
Chief Financial Officer  
FCA : 046998

  
Murnali Ganapathy  
Company Secretary  
FCS 5674

Place: Mumbai  
Date: 28 April 2023

Place: Mumbai  
Date: 28 April 2023

