

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL

BENCH AT ALLAHABAD

**INDEX
IN
VOLUME 3**

**COMPANY PETITION (CAA) No./ALD/2026
SECOND MOTION**

[Under Sections 230-232 of Companies Act, 2013 and Rule 15(1) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

**CONNECTED WITH
COMPANY APPLICATION (CAA) No. 37/ALD/2025
FIRST MOTION**

[Under Sections 230-232 of the Companies Act, 2013]

IN THE MATTER OF:

Petition for Sanction of the Scheme of Amalgamation between Utkarsh CoreInvest Limited and Utkarsh Small Finance Bank Limited and their respective Shareholders (“Scheme”).

IN THE MATTER OF:

UTKARSH COREINVEST LIMITED

AND

UTKARSH SMALL FINANCE BANK LIMITED

AND IN THE MATTER OF:

SCHEME OF AMALGAMATION BETWEEN THE PETITIONER COMPANIES AND THEIR RESPECTIVE SHAREHOLDERS

1. Utkarsh CoreInvest Limited
having its Registered Office at:
S-24/1-2, 4th Floor, Mahavir Nagar Orderly Bazar,
near Mahavir Mandir, Varanasi, Uttar Pradesh – 221002.
..... **Petitioner Company 1/ Transferor Company**
2. Utkarsh Small Finance Bank Limited
having its Registered Office at:
Utkarsh Tower, NH- 31 (Airport Road),
Sehmalpur, Kazi Sarai, Harhua,
Varanasi, Uttar Pradesh – 221005.
..... **Petitioner Company 2/ Transferee Company**



VOLUME 3

SL. NO.	PARTICULARS OF PAPERS	ANNEX	DATE	PAGE No.
11.	A copy of the Limited Review Accounts of Petitioner Company 1 for the period ended 31 December 2025	6		316-330
12.	A copy of the Memorandum and Articles of Association of Petitioner Company 2	7		331-380
13.	A copy of the audited financial statement of Petitioner Company 1 as of 31 March 2025	8		381-464
14.	A copy of the unaudited limited review financial results of Petitioner Company 2 as of 31 December 2025	9	31.12.2025	465-470
15.	A copy of the above-referred joint valuation report dated 20 September 2024	10		471-484
16.	A copy of the above-referred fairness opinion dated 20 September 2024	11	20.09.2024	485-492
17.	Copy of the report adopted by the Board of Directors of the Transferee Company, explaining the effect of the Scheme on shareholders, KMPs, promoters and non-promoter shareholders, and employees of the Transferee Company	12		493-498

PLACE : PRAYAGRAJ

DATED : 04.04.2026

For Utkarsh CoreInvest Limited (Petitioner Company 1 / Transferor Company)

For Utkarsh Small Finance Bank Limited (Petitioner Company 2 / Transferee Company)

FILED THROUGH:

DSingh.
DIPTIMAN SINGH SHUBHAM AGARWAL

ADVOCATES FOR THE APPLICANTS

+91-9935214676; 9415022175

diptiman.singh79@gmail.com; shubhamadv1@gmail.com

Chamber No.178 High Court

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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT ALLAHABAD**

ANNEXURE – 6

**COMPANY PETITION (CAA) No./ALD/2026
SECOND MOTION**

[Under Sections 230-232 of Companies Act, 2013 and Rule 15(1) of the
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**CONNECTED WITH
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[Under Sections 230-232 of the Companies Act, 2013]

IN THE MATTER OF:

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respective Shareholders (“Scheme”).

IN THE MATTER OF:

UTKARSH COREINVEST LIMITED

AND

UTKARSH SMALL FINANCE BANK LIMITED

AND IN THE MATTER OF:

SCHEME OF AMALGAMATION BETWEEN THE PETITIONER
COMPANIES AND THEIR RESPECTIVE SHAREHOLDERS

1. Utkarsh CoreInvest Limited
..... **Petitioner Company 1/ Transferor Company**

2. Utkarsh Small Finance Bank Limited
Varanasi, Uttar Pradesh – 221005.
..... **Petitioner Company 2/ Transferee Company**



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Interim condensed Standalone Balance Sheet as at 31 December 2025
 (All amounts are in Rupees millions unless otherwise stated)

	Note	As at 31 December 2025	As at 31 March 2025
Assets			
Financial assets			
Cash and cash equivalents	3	6.28	1.25
Bank balance other than above	4	599.01	531.85
Investments in subsidiaries	6	7,902.81	7,899.58
Other financial assets	5	5.03	6.86
Non-financial assets			
Current tax assets (net)	-	117.03	122.55
Property, plant and equipment	7	2.83	3.11
Other non-financial assets	8	1.05	0.19
Total assets		8,634.04	8,565.39
Liabilities and equity			
Liabilities			
Financial liabilities			
Trade payables			
- Total outstanding due to micro and small enterprises	9	0.41	0.57
- Total outstanding dues of creditors other than micro enterprises and small enterprises		0.68	0.94
Other financial liabilities	10	1.80	3.41
Non-financial liabilities			
Provisions	11	1.28	0.43
Other non-financial liabilities	12	0.50	0.59
Equity			
Equity share capital	13	993.78	993.72
Other equity	14	7,635.59	7,565.73
Total liabilities and equity		8,634.04	8,565.39

Summary of material accounting policies 2
 The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date attached.

for **DMKH & Co.**
 Chartered Accountants
 ICAI Firm Registration No. 116886W/066580

MANISH KANKANI
 Digitally signed by
 MANISH KANKANI
 Date: 2026.02.24
 18:11:24 +05'30'

Manish Kankani
 Partner
 Membership No: 158020

Place: Mumbai
 Date: February 24, 2026

for and on behalf of Board of Directors of
Utkarsh CoreInvest Limited
 CIN: U65191UP1990PLC045609

Suman Saurabh
 Digitally signed by
 Suman Saurabh
 Date: 2026.02.24
 15:40:56 +05'30'

Suman Saurabh
 Managing Director and CEO
 DIN: 07132387

Neeraj Kumar Tiwari
 Digitally signed by
 Neeraj Kumar Tiwari
 Date: 2026.02.24
 15:48:16 +05'30'

Neeraj Kumar Tiwari
 Company Secretary
 FCS: 12101

Place: Mumbai
 Date: February 24, 2026

G.S. SUNDAR ARAJAN
 Digitally signed by
 G.S. SUNDAR ARAJAN
 Date: 2026.02.24
 16:39:58 +05'30'

G.S. Sundararajan
 Chairperson
 DIN: 00361030

Harshit Agrawal
 Digitally signed by
 Harshit Agrawal
 Date: 2026.02.24
 15:44:44 +05'30'

Harshit Agrawal
 Chief Financial Officer
 ACA: 417412



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Interim condensed Standalone Statement of Profit and Loss for the period ended 31 December 2025
 (All amounts are in Rupees millions unless otherwise stated)

	Note	For the period ended 31 December 2025	For the year ended 31 March 2025
Other income	15	120.06	434.54
Total income		120.06	434.54
Expenses			
Employee benefits expenses	16	13.24	15.63
Depreciation	17	0.31	0.19
Others expenses	18	11.26	13.04
Total expenses		24.81	28.86
Profit/(Loss) before tax		95.25	405.68
Tax Expense:			
Current tax	22	24.97	102.98
Profit/(Loss) for the year		70.28	302.70
Other comprehensive income			
Items that will not be reclassified to profit or loss :			
-Actuarial gain/(loss) on defined benefit obligation		(0.04)	(0.11)
Total		(0.04)	(0.11)
Total Comprehensive Income for the year		70.24	302.59
Earnings per equity share			
Basic earnings per share of INR 10 each	21	0.71	3.06
Diluted earnings per share of INR 10 each	21	0.71	3.05

Summary of material accounting policies
 The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date attached.

for **DMKH & Co.**
 Chartered Accountants
 ICAI Firm Registration No. 116886W/066580

**MANISH
KANKANI**

Digitally signed by
MANISH KANKANI
Date: 2026.02.24 18:11:56
+05'30'

Manish Kankani
 Partner
 Membership No: 158020

for and on behalf of Board of Directors of
Utkarsh CoreInvest Limited
 CIN: U65191UP1990PLC045609

**Suman
Saurabh**

Digitally signed
by Suman
Saurabh
Date: 2026.02.24
15:41:02 +05'30'

Suman Saurabh
 Managing Director and CEO
 DIN: 07132387

**Neeraj
Kumar
Tiwari**

Digitally signed
by Neeraj Kumar
Tiwari
Date: 2026.02.24
15:49:06 +05'30'

Neeraj Kumar Tiwari
 Company Secretary
 FCS: 12101

**G S
SUNDAR
ARAJAN**

Digitally signed
by G S
SUNDARARAJAN
Date: 2026.03.24
16:49:27 +05'30'

G.S. Sundararajan
 Chairperson
 DIN: 00361030

**Harshit
Agrawal**

Digitally signed by
Harshit Agrawal
Date: 2026.02.24
19:45:23 +05'30'

Harshit Agrawal
 Chief Financial Officer
 ACA: 417412

Place: Mumbai
 Date: February 24, 2026

Place: Mumbai
 Date: February 24, 2026



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Interim condensed Cash flow statement for the period ended 31 December 2025
(All amounts are in Rupees millions unless otherwise stated)

Note	For the period ended 31 December 2025	For the year ended 31 March 2025
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(loss) before Tax	95.25	405.68
Adjustments for:		
Depreciation and amortisation	0.31	0.19
Dividend income	0.00	(379.64)
Interest income	(35.08)	(40.59)
Sharebased payment adjustment	(4.07)	(0.36)
Actuarial gain/(loss) on defined benefit obligation	(0.04)	(0.11)
Operating (Loss)/profit before Working Capital Changes	56.37	(14.83)
Adjustments for:		
(Increase) in bank balance other than above	(66.75)	(68.25)
Decrease/(Increase) in other financial assets	1.83	(3.74)
Decrease in other non financial asset	(0.86)	0.00
(Decrease)/Increase in trade payables	(0.42)	(1.26)
(Decrease)/Increase in other financial liability	(1.61)	0.77
(Decrease)/Increase in other non financial liability	(0.09)	(3.42)
Increase/(Decrease) in provision	0.85	0.07
Cash Flow before taxation	(67.05)	(75.83)
Income Tax (paid)/ refund - Net	(19.45)	(101.37)
Net cash flow from operating activities	(30.13)	(192.03)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Dividend income	0.00	379.64
Interest income	34.65	40.47
Purchase of property, plant and equipments	0.00	(3.30)
Net cash used in Investing Activities	34.65	416.81
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Equity Shares including Securities premium	0.51	51.51
Payment to shareholder under Shareholder agreement	0.00	(300.00)
Net cash flow from Financing Activities	0.51	(248.49)
Net (Decrease)/Increase in Cash and Cash Equivalent Flow (A+B+C)	5.03	(23.71)
Opening Cash and Cash Equivalent	3 1.25	24.96
Closing Cash and Cash Equivalent	3 6.28	1.25

Summary of material accounting policies
The accompanying notes are an integral part of these standalone financial statements

As per our report of even date attached.

for **D M K H & Co.**
Chartered Accountants
ICAI Firm Registration No. 116886W/066580

MANISH KANKANI
Digitally signed by MANISH KANKANI
Date: 2026.02.24 18:12:16 +05'30'

Manish Kaokani
Partner
Membership No: 158020

Place: Mumbai
Date: February 24, 2026

for and on behalf of Board of Directors of
Utkarsh CoreInvest Limited
CIN: U65191UP1990PLC045609

Suman Saurabh
Digitally signed by Suman Saurabh
Date: 2026.02.24 15:41:38 +05'30'

Suman Saurabh
Managing Director and CEO
DIN: 07132387

Neeraj Kumar Tiwari
Digitally signed by Neeraj Kumar Tiwari
Date: 2026.02.24 15:49:27 +05'30'

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Place: Mumbai
Date: February 24, 2026

GS SUNDARARAJAN
Digitally signed by GS SUNDARARAJAN
Date: 2026.02.24 15:42:29 +05'30'

G.S. Sundararajan
Chairperson
DIN: 00361030

Harshit Agrawal
Digitally signed by Harshit Agrawal
Date: 2026.02.24 15:45:42 +05'30'

Harshit Agrawal
Chief Financial Officer
ACA: 417412



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A Equity Share Capital

	Balance as at 1st April 2023	Changes during the year	Balance as at 31 March 2024	Changes during the year	Balance as at 31 March 2025	Changes during the year	Balance as at 31 December 2025
Paid up share capital	984.21	3.23	987.44	6.28	993.72	0.06	993.78
	984.21	3.23	987.44	6.28	993.72	0.06	993.78

Other Equity	Reserves and Surplus									Other comprehensive income		Total
	Share application money pending allotment	Equity component of financial instruments	Statutory reserve	Other Equity - Fair valuation changes	Capital redemption reserve	Securities premium	ESOP reserve	Treasury shares	Retained Earnings	Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss	Actuarial gain / loss on post employment defined benefit plan	
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	302.70	-	(0.11)	302.59
Share options exercised	-	-	-	-	-	32.16	(32.16)	-	-	-	-	-
Transfer to / from retained earnings	-	-	60.60	-	-	-	(8.75)	-	(51.85)	-	-	-
Equity settled share based plan	-	-	-	-	-	-	0.44	-	-	-	-	0.44
Shares issued	(21.54)	-	-	-	-	66.54	-	-	-	-	-	45.00
Payment to shareholders under shareholder agreement	-	-	-	-	-	-	-	-	(300.00)	-	-	(300.00)
Share application money received	0.23	-	-	-	-	-	-	-	-	-	-	0.23
Balance as at 31 March 2025	0.23	(109.01)	278.75	4,121.67	90.00	6,630.39	42.24	(2.45)	(3,324.91)	(160.62)	(0.56)	7,565.73
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	70.28	-	(0.04)	70.24
Share options exercised	-	-	-	-	-	0.41	(0.41)	-	-	-	-	-
Transfer to / from retained earnings	-	-	-	-	-	-	(22.66)	-	22.66	-	-	-
Equity settled share based plan	-	-	-	-	-	-	(0.83)	-	-	-	-	(0.83)
Shares issued	(0.23)	-	-	-	-	0.68	-	-	-	-	-	0.45
Payment to shareholders under shareholder agreement	-	-	-	-	-	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2025	-	(109.01)	278.75	4,121.67	90.00	6,631.48	18.34	(2.45)	(3,231.97)	(160.62)	(0.60)	7,635.59

Summary of material accounting policies

The accompanying notes are an integral part of these standalone financial statements.

As per our report of even date attached

for **DMKH & Co.**
Chartered Accountants
ICAI Firm Registration No. 116886W/066580

MANISH KANKANI
Digitally signed by MANISH KANKANI
Date: 2026.02.24 18:12:37 +05'30'

Manish Kankani
Partner
Membership No: 158020

Place: Mumbai
Date: February 24, 2026



for and on behalf of Board of Directors of
Utkarsh CoreInvest Limited
CIN: U65191UP1990PLC045609

Suman Saurabh
Digitally signed by Suman Saurabh
Date: 2026.02.24 15:41:56 +05'30'

Suman Saurabh
Managing Director and CEO
DIN: 07132387

Neeraj Kumar Tiwari
Digitally signed by Neeraj Kumar Tiwari
Date: 2026.02.24 15:49:53 +05'30'

Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

Place: Mumbai
Date: February 24, 2026

G S SUNDAR ARAJAN
Digitally signed by G S SUNDARARAJAN
Date: 2026.02.24 16:42:52 +05'30'

G.S. Sundararajan
Chairperson
DIN: 00361030

Harshit Agrawal
Digitally signed by Harshit Agrawal
Date: 2026.02.24 15:46:33 +05'30'

Harshit Agrawal
Chief Financial Officer
ACA: 417412



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to Interim condensed standalone financial statements as at 31 December 2025
 (Amount in millions unless otherwise stated)

	<u>As at 31 December 2025</u>	<u>As at 31 March 2025</u>
3 Cash and Bank Balances		
Cash and cash equivalents		
Balances with Banks		
- On current accounts	6.28	1.25
Total	<u>6.28</u>	<u>1.25</u>
4 Bank balance other than above		
In Bank deposits	599.01	531.85
Total	<u>599.01</u>	<u>531.85</u>
5 Other financial assets		
Receivable from Utkarsh Small Finance Bank Limited	2.99	5.77
Other recoverable	0.02	0.02
Plan assets receivable for leave encashment provision	0.62	1.07
Staff Advances	1.39	-
Total	<u>5.03</u>	<u>6.86</u>
6 Investments in subsidiaries		
Investment in -		
- 759,272,222 (31 March 2025: 759,272,222) Equity shares of Utkarsh Small Finance Bank Limited	7,902.81	7,899.58
Total	<u>7,902.81</u>	<u>7,899.58</u>



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to Interim condensed standalone financial statements as at 31 December 2025
(Amount in millions unless otherwise stated)

7 Property, Plant and Equipment

Particulars	Gross value				Depreciation				Net value
	As at 1 April 2025	Additions	Disposals	As at 31 December 2025	As at 1 April 2025	For the year	Disposals	As at 31 December 2025	As at 31 December 2025
Owned Assets									
Computers	0.10	0.03	-	0.13	0.10	0.00	-	0.10	0.03
Vehicles	6.28	-	-	6.28	3.18	0.31	-	3.49	2.80
Total	6.38	0.03	-	6.42	3.27	0.31	-	3.59	2.83
Particulars	Gross value				Depreciation				Net value
	As at 1 April 2024	Additions	Disposals	As at 31 March 2025	As at 1 April 2024	For the year	Disposals	As at 31 March 2025	As at 31 March 2025
Owned Assets									
Computers	0.10	-	-	0.10	0.10	-	-	0.10	-
Vehicles	2.98	3.30	-	6.28	2.98	0.19	-	3.18	3.11
Total	3.08	3.30	-	6.38	3.08	0.19	-	3.27	3.11



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to Interim condensed standalone financial statements as at 31 December 2025
(Amount in millions unless otherwise stated)

	As at 31 December 2025	As at 31 March 2025
8 Other non-financial assets		
Balance with tax authorities	0.59	-
Pre-paid expenses	0.46	0.19
Total	1.05	0.19
9 Trade payables		
Total outstanding due to micro and small enterprises	0.41	0.57
Total outstanding dues of creditors other than micro enterprises and small enterprises	0.68	0.94
Total	1.09	1.51

Trade payables ageing schedule:

As on 31 December 2025:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(I) MSME	-	0.41		-	-	-	0.41
(ii) Others	-	0.47	0.21	-	-	-	0.68
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	-	0.88	0.21	-	-	-	1.09

As on 31 March 2025:

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(I) MSME	-	0.57		-	-	-	0.57
(ii) Others	0.43	0.51		-	-	-	0.94
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
Total	0.43	1.08	-	-	-	-	1.51

10 Other financial liabilities

Employee benefits payable	1.80	3.41
Total	1.80	3.41

11 Provisions

Provision for employee benefits		
Provision for gratuity	0.77	0.12
Provision for other employee benefits	0.51	0.31
Total	1.28	0.43

12 Other non-financial liabilities

Statutory dues payable		
TDS payable	0.29	0.36
GST payable	0.09	0.15
PF payable	0.13	0.08
Total	0.50	0.59



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to Interim condensed standalone financial statements as at 31 December 2025
(Amount in millions unless otherwise stated)

	As at 31 December 2025	As at 31 March 2025
13 Share capital		
Authorised		
Equity shares 10,00,00,000 (31 March 2025: 10,00,00,000) Equity shares of INR 10 each	1,000.00	1,000.00
Issued, subscribed and paid-up		
Equity shares 9,93,78,215 (Previous year 9,93,71,965) equity shares of Rs. 10 each, fully paid up	993.78	993.72
	<u>993.78</u>	<u>993.72</u>

(a) Reconciliation of the number of shares outstanding is set out below:

	31 December 2025		31 March 2025	
	Number of shares (in units)	Amount	Number of shares (in units)	Amount
Outstanding as at the beginning of the year	9,93,71,965	993.72	9,87,44,490	987.44
Issued during the year	6,250	0.06	6,27,475	6.28
Outstanding at the end of the year	<u>9,93,78,215</u>	<u>993.78</u>	<u>9,93,71,965</u>	<u>993.72</u>

(b) Details of shareholder holding more than 5% shares is set below:

Equity shares	As at 31 December 2025		As at 31 March 2025	
	Number of shares (in units)	% of Holding	Number of shares (in units)	% of Holding
British International Investment PLC (Formerly known as CDC Group PLC)	1,37,26,978	13.81%	1,37,26,978	13.81%
RBL Bank Limited	85,81,150	8.63%	85,81,150	8.64%
NMI Frontier Fund KS, Norway	77,02,602	7.75%	77,02,602	7.75%
Faering Capital India Evolving FUND II	76,60,082	7.71%	76,60,082	7.71%
	<u>3,76,70,812</u>	<u>37.91%</u>	<u>3,76,70,812</u>	<u>37.91%</u>



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to Interim condensed standalone financial statements as at 31 December 2025
(Amount in millions unless otherwise stated)

	As at 31 December 2025	As at 31 March 2025
14 Other equity		
Capital redemption reserve		
Balance as at the beginning of the year	90.00	90.00
Add: Transfer from surplus in Statement of Profit and Loss		
Balance as at the end of the year	<u>90.00</u>	<u>90.00</u>
Securities premium		
Balance as at the beginning of the year	6,630.39	6,531.69
Add: Transfer from stock option outstanding	0.41	32.16
Add: On issue of shares during the year	0.68	66.54
Balance as at the end of the year	<u>6,631.48</u>	<u>6,630.39</u>
Employees stock options outstanding		
Balance as at the beginning of the year	42.24	82.71
Add: Compensation for options granted	(0.83)	0.44
Less: Transfer to Retained Earnings	(22.66)	(8.75)
Exercise of stock options	(0.41)	(32.16)
Balance as at the end of the year	<u>18.34</u>	<u>42.24</u>
Equity component of financial instruments		
Balance as at the beginning of the year	(109.01)	(109.01)
Balance as at the end of the year	<u>(109.01)</u>	<u>(109.01)</u>
Remeasurement of defined benefit plans		
Balance as at the beginning of the year	(0.56)	(0.45)
Other comprehensive income	(0.04)	(0.11)
Balance as at the end of the year	<u>(0.60)</u>	<u>(0.56)</u>
Statutory reserve		
Balance as at the beginning of the year	278.75	218.15
Add: Transferred from surplus	-	60.60
Balance as at the end of the year	<u>278.75</u>	<u>278.75</u>
Other Equity - Fair valuation changes		
Balance as at the beginning of the year	4,121.67	4,121.67
Add: Fair valuation of equity share capital	-	-
Less: Loss on extinguishment	-	-
Balance as at the end of the year	<u>4,121.67</u>	<u>4,121.67</u>
Retained earnings		
Balance as at the beginning of the year	(3,324.91)	(3,275.76)
Add: Profit/(loss) for the year	70.28	302.70
Add: Amount transferred to statutory reserve (created under Section 45-1C of RBI Act, 1934)	-	-
Add: ESOP Reserve Adjustment	22.66	(51.85)
Less: Payment to shareholder under shareholder agreement	-	(300.00)
Balance as at the end of the year	<u>(3,231.97)</u>	<u>(3,324.91)</u>
Share Application money pending allotment		
Balance as at the beginning of the year	0.23	21.54
Shares issued during the year	(0.23)	(21.54)
Share application money received during the year	-	0.23
	<u>-</u>	<u>0.23</u>
Treasury shares		
Balance as at the beginning of the year	(2.45)	(2.45)
Treasury shares exercised during the year	-	-
Balance as at the end of the year	<u>(2.45)</u>	<u>(2.45)</u>
Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss		
Balance as at the beginning of the year	(160.62)	(160.62)
Total Comprehensive Income for the year	-	-
	<u>(160.62)</u>	<u>(160.62)</u>
Total	<u>7,635.59</u>	<u>7,565.73</u>



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to Interim condensed standalone financial statements as at 31 December 2025
(Amount in millions unless otherwise stated)

Nature and purpose of other reserve :

Capital Redemption Reserve

Capital Redemption Reserve represents amount transferred from surplus in statement of profit and loss towards redemption of preference shares without fresh issue of capital, as was required under Companies Act, 2013.

Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

ESOP Reserve

The said amount is used to recognise the grant date fair value of options issued to employees under Utkarsh CoreInvest Ltd and its subsidiary Utkarsh Small Finance Bank.

Equity component of financial instruments

This represents the equity component of the financial liability created on account of classification of equity share capital as financial liability.

Remeasurement of defined benefit plans

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

- (a) actuarial gains and losses
- (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and
- (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

Statutory reserve

The said reserve has been created under Section 45-IC of Reserve Bank of India Act, 1934. As per the said section, every Non-Banking Financial Company shall create a reserve fund and transfer a sum not less than 20% of net profit every year before declaration of dividend.

Other Equity - Fair valuation changes

The said reserve represents the premium amount paid by the shareholders transferred on account of reclassification of equity share capital as financial liabilities. During the year ended 31 March 2019, due to substantial modification of the shareholder agreement, the Company has reclassified the equity share capital from financial liability to equity. Accordingly, the amount debited to said reserve in the previous periods was credited. Further, on the date of said reclassification, the Company has recorded the equity at the fair valuation on the date of reclassification and accordingly, the impact of the same has been booked in other equity. Loss on extinguishment of financial liability has been recorded in the said reserve.

Retained Earnings

The said amount represents accumulated surplus/(deficit) of the profits earned by the Company.

The company has provided for INR 30 million to RAAG trust in lieu of issuing 3% of share capital on fully diluted basis as per share holder agreement and article of association

Share Application money pending allotment

This amount represents amount received from share holders against which shares are yet to be allotted.

Treasury shares

The said amount represents shares issued to the ESOP trust and subsequently issued to the employees of the Company.

Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss

The said amount represents fair value changes on financial liabilities designated at fair value through profit or loss relating to own credit risk which is recognised in other comprehensive income.



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to Interim condensed standalone financial statements as at 31 December 2025
(Amount in millions unless otherwise stated)

	For the period ended 31 December 2025	For the year ended 31 March 2025
15 Other income		
Dividend Income	-	379.64
Interest on financial assets at amortised cost	35.08	40.59
Recovery from written off portfolio	23.05	12.70
Miscellaneous income	2.61	1.61
Consideration Amount for Rights Entitlement (RE)	59.32	-
Total	120.06	434.54
16 Employee benefit expenses		
Salaries and bonus	10.11	12.91
Contribution to provident and other funds	1.69	0.51
Share based payment to employees	1.25	1.98
Staff welfare expenses	0.19	0.23
Total	13.24	15.63
17 Depreciation		
Depreciation of property, plant and equipment	0.31	0.19
Total	0.31	0.19
18 Other expenses		
Repairs and maintenance	0.01	0.02
Contribution towards Corporate Social Responsibilities	3.00	0.50
Legal and professional charges	3.74	6.58
Director sitting fees	1.79	3.67
Communication expenses	0.05	0.07
Miscellaneous expenses	2.03	1.32
Lease rent*	0.64	0.88
Total	11.26	13.04
* Represents lease rentals for short term leases in the current year		
19 Details of corporate social responsibility expenditure		
Average net profit of the Company for last three financial years	148.32	20.99
Gross amount required to be spent by the company during the year	Nil	Nil
Corporate Social Responsibility expenses for the year	3.00	0.50
Various Head of expenses included in above:		
Other expenses (Contribution towards Corporate Social Responsibilities)	3.00	0.50
Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	3.00	0.50
Details of related party transactions	3.00	0.50
Provision for CSR Expenses		
Opening Balance	-	-
Add: Provision created during the year	3.00	0.50
Less: Provision utilised during the year	3.00	0.50
Closing Balance	-	-
The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	Nil	Nil
The total of previous years' shortfall amounts	Nil	Nil
The reason for above shortfalls by way of a note	-	-
The nature of CSR activities undertaken by the Company	Contribution made towards CSR activities	Contribution made towards CSR activities
As per Section 135 of the Companies Act 2013, the Company has formed a CSR Committee of the Board of Directors. The CSR Committee has also approved a CSR Policy where certain focus areas out of list of activities covered in Schedule VII of the Companies Act 2013, has been identified.		
20 Auditors remuneration (Included in legal and professional charges, excluding taxes)		
Payments to auditor (excluding tax)	For the period ended 31 December 2025	For the year ended 31 March 2025
- Statutory auditor	0.58	0.90
- Other services	-	0.03
- Reimbursement of expenses	-	-
Total	0.58	0.93



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to Interim condensed standalone financial statements as at 31 December 2025
(Amount in millions unless otherwise stated)

21 Earnings per share

Particulars	For the period ended 31 December 2025	For the year ended 31 March 2025
a) Basic earning per share		
Profit/(loss) after tax	70.28	302.70
Weighted average number of equity shares outstanding during the year – Basic	9,91,31,649	9,89,88,994
b) Diluted		
Profit/(loss) after tax	70.28	302.70
Weighted average number of equity shares outstanding during the year – Basic	9,91,31,649	9,89,88,994
Add: Weighted average number of potential equity shares on account of employee stock options	13,766	3,73,348
Weighted average number of equity shares outstanding during the year – Diluted	9,91,45,415	9,93,62,341
Earnings per share		
Basic – per value of INR 10 each	0.71	3.06
Diluted – per value of INR 10 each	0.71	3.05

22 Income tax

Amounts recognised in profit or loss:

Particulars	For the period ended 31 December 2025	For the year ended 31 March 2025
Current tax expense	24.97	102.98
Tax for earlier years	-	-
Tax expense	24.97	102.98

23 Update on Reverse Merger:

As per the SFB Guidelines and RBI Clarifications read with the RBI Acquisition Directions, the promoter (in this case, 'UCL' or 'Transferor Company') of a small finance bank (in this case 'USFBL' or 'Transferee Company') is required to reduce its equity shareholding stake in the small finance bank to 40% within a period of 5 (five) years from the date of commencement of business operations by the small finance bank. Thereafter, the promoter's equity stake in such small finance bank is required to be further brought down to 26% within a period of 15 (fifteen) years from the date of commencement of business operations by the small finance bank.

Further, as per the RBI Clarifications, the promoter may elect to exit, or cease to be a promoter of a small finance bank after expiry of 5 (five) years from the date of commencement of business operations by the small finance bank depending upon the RBI's regulatory and supervisory comfort and regulations issued by Securities and Exchange Board of India ("SEBI"). In view of the foregoing, and pursuant to Direction 7.1 of the RBI Acquisition Directions, the Board of Directors of both the Transferor Company and the Transferee Company have, considering the option of such a reverse merger to be the most efficient mode of ensuring compliance with the RBI mandated dilution requirements, granted an in-principle approval to such proposed reverse merger on February 13, 2024 and March 14-16, 2024 respectively.

The Scheme has been formulated in view of the above, and consequent to the amalgamation as contemplated under the Scheme, and dissolution of the Transferor Company, the Transferor Company's shareholding in the Transferee Company would be reduced to nil and since none of the shareholders of the Transferor Company will qualify as a promoter of the Transferee Company, the Scheme will result in compliance with dilution requirements under the SFB Guidelines and the RBI Acquisition Directions.

Appropos the above, the Board of Directors of both the Transferor Company and the Transferee Company provided final approval to the scheme on September 20, 2024 and the scheme has been submitted to RBI on September 30, 2024 and the stock exchanges i.e. BSE and NSE on October 01, 2024. The appointed date under the said scheme is April 01, 2025 or such other date as may be approved by NCLT or such other competent authority.

The RBI vide their NOC dated January 02, 2025 have conveyed their 'No-Objection' to the proposal and to proceed with the amalgamation in compliance with all applicable statutory and regulatory requirements.

Further, the Companies have received 'No Objection' from the stock exchanges i.e. BSE and NSE on July 04, 2025 and July 07, 2025 respectively to the proposal and to proceed with amalgamation of "Utkarsh CoreInvest Limited (UCL) with Utkarsh Small Finance Bank Limited (USFBL)" in accordance with compliance to all applicable statutory and regulatory requirements.

Appropos the above, the Companies have filed an application with the Hon'ble NCLT for its consideration and approval on December 26, 2025. The first and second hearing towards the proposed scheme was held at Hon'ble NCLT on Jan 03, 2026 and Jan 13, 2026 respectively. The first motion order of the Hon'ble NCLT has been received by the Company on February 11, 2026 wherein the Hon'ble NCLT has directed that a meeting of the Equity Shareholders of the Company to be convened through video conferencing, with the facility of remote e-voting, on Saturday, March 28, 2026, at 10:30 A.M. The voting/approval shall be in accordance with the provisions of Section 103 of the Companies Act, 2013.

24 Disclosure for New Labour Codes 2025:

The Company has taken actuarial valuation for gratuity and leave basis the "New Labour Codes 2025" and the impact for the same has been considered in the financials of the Company for the period ended December 31, 2025.

25 Subsequent to 30 September 2025, the Banking Subsidiary i.e. Utkarsh Small Finance Bank Limited (USFBL) raised funds amounting to Rs. 3490.8 mn. through Rights Issue. Since, the Company chose not to participate in the Rights Issue, hence, there has been a change in shareholding of UCL in USFBL from 68.92% to 42.67% as at November 04, 2025. The company has evaluated the impact of change in shareholding on financial statements of the Company and it is of the view that since there is no change in control / rights / voting power of the Company in USFBL, hence, USFBL shall continue to be treated as the Subsidiary of the Company.

for D M K H & Co.
Chartered Accountants
ICAI Firm Registration No. 116896W/066580
MANISH KANKANI
Digitally signed by MANISH KANKANI
Date: 2026.02.24 18:11:13 +05'30'
Manish Kankani
Partner
Membership No: 158020

for and on behalf of Board of Directors of
Utkarsh CoreInvest Limited
CIN: U65191UP1990PLC045609
Suman Saurabh
Digitally signed by Suman Saurabh
Date: 2026.02.24 13:42:19 +05'30'
Suman Saurabh
Managing Director and CEO
DIN: 071132587
Neeraj Kumar Tiwari
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Date: 2026.02.24 13:42:56 +05'30'
Neeraj Kumar Tiwari
Company Secretary
FCS: 12101

G S SUNDAR ARAJAN
Digitally signed by G S SUNDARARAJAN
Date: 2026.02.24 16:43:34 +05'30'
G.S. Sundararajan
Chairperson
DIN: 00361030
Harshit Agrawal
Digitally signed by Harshit Agrawal
Date: 2026.02.24 13:47:04 +05'30'
Harshit Agrawal
Chief Financial Officer
ACA: 417412

Place: Mumbai
Date: February 24, 2026

Place: Mumbai
Date: February 24, 2026



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Utkarsh CoreInvest Limited (Formerly known as Utkarsh Micro Finance Limited)
Notes to Interim condensed standalone financial statements

Note 1 -Background

Utkarsh Coreinvest Limited ("the Company" or "Holding Company") is domiciled in India. The Company is having its registered office at Varanasi. The Company was formerly known as Utkarsh Micro Finance Limited and got the name changed to Utkarsh Coreinvest Limited w.e.f. 11 October 2018.

The company was primarily engaged in the business of micro finance, following group lending methodology and providing small value unsecured bank loans to lower income group of below poverty line ('BPL') in urban and rural areas. During the financial year 2016-17, the Company executed a business transfer agreement with its subsidiary Company 'Utkarsh Small Finance Bank Limited' ('USFB') and transferred all its assets and liabilities (except certain statutory assets, vehicle and statutory liabilities). Accordingly, the business of micro finance was also transferred to USFB.

On 3 May 2018, the RBI has granted its approval to the Holding Company for carrying on the business of a Non-Deposit taking- Systemically Important Core Investment Company (CIC-ND-SI) under the Certificate No C.07.00781.

Note 2 : Material accounting policies

2.1 Statement of Compliance

The Interim condensed standalone financial statements of the company comply in all material aspects with recognition and measurement principles of Indian Accounting Standards ("Ind AS") as prescribed under section 133 of the Companies Act, 2013 ("the Act"), as notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

These financial statements were authorized for issue by the Company's Board of directors on February 24, 2026.

2.2 Basis of measurement

The Interim condensed standalone financial statements have been prepared under the historical cost convention on accrual basis except for the following items:

- Certain financial assets and liabilities that are measured at fair value or amortised value;
- Net defined benefit liability/ (asset): present value of defined benefit obligation less fair value of plan assets.

2.3 Functional and presentation currency

These Interim condensed standalone financial statements are presented in Indian Rupee (INR), which is the Company's functional currency. All amounts have been rounded to the nearest million rupees, unless otherwise stated.

2.4 Use of Judgements and estimates

In preparing the Interim condensed standalone financial statements, management made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. The estimates used in the preparation of the Interim condensed standalone financial statements are prudent and reasonable. Actual results may differ from these estimates.

A. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the Interim condensed standalone financial statements have been given below:

- i) Classification of financial assets: Assessment of business model which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the Interim condensed standalone financial statements for the every period ended is included below:

- i. Measurement of defined benefit obligations: key actuarial assumptions;
- ii. Useful life and residual value of property, plant and equipment.
- iii. Fair value measurement of financial instruments.

2.5 Material accounting policies

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

2.6 Segment Reporting

The company is Non-Deposit taking- Systemically Important Core Investment Company in India and as such there are no reportable segments as per Ind AS 108 - Operating Segment



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Saurabh

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DMKH & CO.
CHARTERED ACCOUNTANTS

Independent Auditor's Review Report On Review of Interim Standalone Financial Results

**To The Board of Directors of Utkarsh CoreInvest Limited
(Formerly Known as Utkarsh Micro Finance Limited)**

1. We have reviewed the accompanying unaudited interim condensed standalone financial statements of **UTKARSH COREINVEST LIMITED** (the "Company"), which comprise the Condensed Standalone Balance Sheet as at December 31, 2025, the Condensed Standalone Statement of Profit and Loss (including Other Comprehensive Income) for the Nine months ended on that date, the Condensed Standalone Statement of Changes in Equity and the Condensed Standalone Statement of Cash Flows for the Nine months ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "interim condensed standalone financial statements").
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India has not disclosed the information as required or that it contains any material misstatement.

For D M KH & CO.

Chartered Accountants

FRN: 116886W

MANISH

KANKANI

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KANKANI
Date: 2026.02.24 18:10:15
+05'30'

CA Manish Kankani

Partner

MRN: 158020

UDIN: 26158020GKDGDR2563

Place: Mumbai

Date: February 24, 2026



BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT ALLAHABAD

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ANNEXURE - 7

COMPANY PETITION (CAA) No./ALD/2026
SECOND MOTION

[Under Sections 230-232 of Companies Act, 2013 and Rule 15(1) of the
Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

CONNECTED WITH
COMPANY APPLICATION (CAA) No. 37/ALD/2025
FIRST MOTION

[Under Sections 230-232 of the Companies Act, 2013]

IN THE MATTER OF:

Petition for Sanction of the Scheme of Amalgamation between Utkarsh
CoreInvest Limited and Utkarsh Small Finance Bank Limited and their
respective Shareholders ("Scheme").

IN THE MATTER OF:

UTKARSH COREINVEST LIMITED

AND

UTKARSH SMALL FINANCE BANK LIMITED

AND IN THE MATTER OF:

SCHEME OF AMALGAMATION BETWEEN THE PETITIONER
COMPANIES AND THEIR RESPECTIVE SHAREHOLDERS

1. Utkarsh CoreInvest Limited
..... **Petitioner Company 1/ Transferor Company**
2. Utkarsh Small Finance Bank Limited
Varanasi, Uttar Pradesh – 221005.
..... **Petitioner Company 2/ Transferee Company**



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MEMORANDUM OF ASSOCIATION
OF
Utkarsh Small Finance Bank Limited
(Incorporated under the Companies Act, 2013)
(Company limited by shares)



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MEMORANDUM OF ASSOCIATION
OF
Utkarsh Small Finance Bank Limited
(Incorporated under the Companies Act, 2013)
(Company limited by shares)

- I. The name of the Company is UTKARSH SMALL FINANCE BANK LIMITED.
- II. The Registered Office of the Company will be situated in the State of Uttar Pradesh
- III. The objects for which the Company is established are:
 - (A) **OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:**
 - 1) To establish and carry on the business of banking in any part of India or outside India.
 - 2) To carry on business of accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise.
 - 3) To carry on the business of:
 - (a) borrowing, raising or taking up of money;
 - (b) lending or advancing of money by way of a loan, overdraft or on cash credit or other accounts or in any other manner whether without or on the security or movable or immovable properties, bills of exchange, hundis, promissory notes, bills of lading, railway receipts, debentures, share warrants and other instruments whether transferable or negotiable or not;
 - (c) drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundis, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments and securities whether transferable or negotiable or not;
 - (d) granting and issuing of letters of credits, travellers' cheques and circulars notes;
 - (e) buying, selling and dealing in bullion and specie;
 - (f) buying and selling of and dealing in foreign exchange including foreign bank notes;
 - (g) acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds;
 - (h) purchasing and selling of bonds, scrips or other forms of securities on behalf of itself, its constituents or others;
 - (i) negotiating of loans and advances;
 - (j) receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise;
 - (k) providing of safe deposit vaults;



- (l) collecting and transmitting of money and all kinds of securities;
- (m) Issuing credit cards, debit cards, prepaid instruments, smart card or any similar instruments and extending any other credits;
- (n) acting as aggregators, as may be permitted by the Pension Fund Regulatory and Development Authority ("PFRDA"), in connection with the National Pension System of the PFRDA.
- (o) carrying on any other business specified in section 6(1)(a) to (n) of the Banking Regulation Act, 1949, as amended from time to time ("**1949 Act**"), and such other forms of business which the Central Government has pursuant to Section 6(1)(o) of 1949 Act specified or may from time to time specify by notification in the Official Gazette or as may be permitted by Reserve Bank of India ("**RBI**") from time to time as a form of business in which it would be lawful for a banking company to engage.
- 4) To carry on the business of merchant banking, investment banking, portfolio investment management, wealth management and investment advisors; to form, constitute, promote, act as managing and issuing agents, prepare projects and feasibility reports for and on behalf of any company, association, society, firm, individual and body corporate.
- 5) To carry on the business of mutual fund distribution, equipment leasing and hire purchase.
- 6) To act as corporate agents for insurance products for life and general insurance including but not limited to health, pension & employees benefit, fire, marine, cargo, marine hull, aviation, oil & energy, engineering, accident, liability, motor vehicles, transit and other products and to carry on the business of insurance, re-insurance and risk management as an insurance agent or otherwise as may be permitted under law.
- 7) To carry on the business of factoring by purchasing and selling debts, receivables and claim including invoice discounting and rendering bill collection, debt collection and other factoring services.
- 8) To carry on and transact the business of giving guarantees and counter guarantees and indemnities whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property or assets of the Company, both present and future wherever situate or in any other manner and in particular to guarantee the payment of any principal moneys, interest or other moneys secured by or payable under debentures, bonds, debenture-stock, mortgages, charges, contracts, obligations and securities, and the repayment of the capital moneys and the payment of dividends in respect of stocks and shares or the performance of any such other obligations.
- B) MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE:**
- 1) To borrow or raise money or secure loans or credits for the purpose of the Company under contracts or under promissory notes, bills of exchange, hundis and other negotiable or transferable instruments, or issue convertible or non-convertible, secured or unsecured debentures, debenture stock, bonds and alternative to secured



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obligations and securities of all kinds as may be permitted under law and to frame, constitute and secure the same, as may seem expedient, with full power to make the same transferable by delivery or by instrument of transfer or otherwise and either perpetual or terminable and either redeemable or otherwise, and to charge or secure the same by trust deed or otherwise on the whole or any part of the undertaking of the Company or upon any specific property, movable and immovable, and rights, both present and future, of the Company as may be authorized by law.

- 2) To carry on the activities of bill discounting, re-discounting dealing in commercial paper, treasury bills, certificate of deposits and other financial instruments.
- 3) To effect, insure, guarantee, underwrite, participate in manage and carry out any issue whether, public or private of company, corporation, association or Central or State Government, municipality or of the other loans or of shares stocks, debentures or debenture stock and to lend monies for the purpose of any such issue and to act as an underwriter, escrow agent, bankers to the issue, investment advisor, share depository participant and as manager for any such issue as may be permitted under law.
- 4) To acquire by purchase, lease, exchange, hire, concession, grant or otherwise, either absolutely or conditionally and either alone or jointly with others, any movable or immovable property of any description, any patents, trademarks, concessions, privileges and any other rights for the objects and business of the Company or which the Company may think necessary or convenient to acquire or the acquisition of which in the opinion of the Company is likely to facilitate the realization of any securities held by the Company or to prevent or diminish any apprehended loss or liability or which may come into the possession of the Company in satisfaction or part satisfaction of any of its claims and to pay for all such property and rights purchased or acquired by the Company in any manner including by shares, debentures, debenture stock or bonds or other securities held by the Company or otherwise and to manage, sell, develop, improve, exchange, let on lease, or otherwise dispose of or turn to account all such property and rights purchased or acquired by the Company and to acquire and hold and generally deal with in any manner whatsoever all or any property and right, movable and immovable and any right, title or interest therein which may form part of the security for any loans or advances made by the Company or which may be connected with any such security and all at such time or times and in such manner and for such consideration as may be deemed proper or expedient.
- 5) To acquire and undertake the whole or any part of the business of any person or any Company with all or some of the assets and liabilities and to hold and purchase shares, stocks, debentures or other rights of any company carrying on business which the Company is authorized to carry on or which is incidental or ancillary to the objects of the Company or such business of a nature enumerated in Section 6 of the 1949 Act.
- 6) To deposit money with other banks by way of current deposits, fixed deposits and otherwise with or without interest, to accept bills of exchange, hundis and other negotiable instruments and to endorse the same to bankers and to do all such banking business with other banks as may be permissible under law.



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- 7) To undertake the agency of other Indian banks and of foreign banks and other financial institutions and to manage the issue of a loan for a corporation or company, firm or association whether incorporated or not, or of foreign Government.
- 8) To act as agents for any Government or local authority or any other person or persons, carry on agency business of any description including clearing and forwarding of goods, give receipts and discharges and otherwise act as an attorney on behalf of customers, but excluding the business of managing agent or secretary of treasurer of a company.
- 9) To contract for public and private loans and advances and negotiate and issue the same.
- 10) To acquire, receive, hold, hold in trust as trustee, agent or nominee of any person, corporation, Company, any real or personal property, rights or interest acquired by or belonging to the Company or on behalf of or for the benefit of the Company, and with or without any declared trust in favour of the Company.
- 11) To buy, acquire, construct, build, improve, manage, maintain, alter, develop, exchange, hire, lease, mortgage, turn to account, purchase, sell, dispose, let out or otherwise deal with all and hold, use, deal or trade in, whether with a view to profit or otherwise and by any means whatsoever property and rights of all kinds whether movable or immovable, legal or equitable and where so ever situate, including but without prejudice to the generality of the foregoing, lands, buildings, easements, mortgages, product, plant, machinery, stock-in-trade tools, vehicles, aircraft, vessels, chattels, materials, concessions, options, contracts, book debts, business concerns and undertakings, claims, privileges and choses in action of all kinds to carry on and promote such business or activity and either to retain the property acquired or to turn to account for the Company's business as it may seem expedient, subject to the provisions of 1949 Act and or any applicable law.
- 12) To acquire by purchase, lease or otherwise any premises for the construction and/or establishment of safe-deposit vault or vaults and to maintain therein fire-proof and burglar-proof strong rooms, safes and other receptacles for deeds, securities, documents, money, jewelry and valuables of all kinds.
- 13) To develop and promote new financing instruments of all kinds whether for the capital or money markets.
- 14) To provide consultancy and advisory services as agents, or pursuant to a referral arrangement, in respect of insurance matters including risk management, credit management, insurance management, to Indian and Foreign governments, States, dominions, sovereigns, public authorities or bodies, schools, colleges, universities, or any person, firm, company, corporation, body corporate, society, association of person, body, forum, whether incorporated or not, whether in the private or public sector and whether profit oriented or not as may be permitted under law.
- 15) To act as foreign exchange dealer and to buy, sell or otherwise deal in all kinds of foreign currencies, currency derivatives, foreign currency options, forward covers, swaps of all kinds, as may be permitted by RBI from time to time under the Foreign Exchange Management Act, 1999, and to transact for itself or on behalf of any persons, body corporate, company, corporation, society, firm or association of persons whether



incorporated or not, all kinds of transactions in foreign currencies.

- 16) To form, establish or promote or to procure the registration, incorporation or recognition of any other company, body corporate or any other entity as subsidiary, associate, affiliate, joint venture, branch office, representation offices of this Company or otherwise for the purpose of carrying on any of the business or activities of the Company or for the purpose of acquiring or taking over all or any other property, rights and liabilities of such company, body corporate, or any other entity or for any other purpose which may directly or indirectly benefit the Company.
- 17) To purchase or import, take on lease or in exchange, hire or otherwise acquire any movable or immovable property and any rights or privilege which the Company may think necessary or convenient for the purposes of its business and in particular any land, building, easement, machinery, plant or any other property or assets.
- 18) To invest and deal with money in such manner as may, from time to time, be thought fit subject to the provisions of the 1949 Act, the Companies Act, 2013, as amended from time to time ("**Act**") and such other provisions of law as may be applicable.
- 19) To remunerate any person in accordance with applicable laws, for services rendered, or to be rendered in placing or assisting to place or guaranteeing the placing of any of the shares, debenture or bonds in the Company's capital or any debentures or other securities issued by the Company.
- 20) To draw, make, accept, endorse, discount, execute and issue certificates of deposits, promissory notes, bills of exchange, and other negotiable or transferable instruments.
- 21) To adopt such means of making known and advertising the business and productions and services of the Company as may be expedient.
- 22) To apply for, promote and obtain any order, regulation, or other authorisation or enactment which may directly or indirectly benefit the Company.
- 23) To issue or allot fully or partly paid shares in the capital of the Company in payment or part payment of any movable or immovable property purchased or otherwise acquired by the Company or any services rendered to the Company.
- 24) To take or hold mortgages, liens, and charges to secure payment of the purchase price or any unpaid balance of the purchase price, or any part of the Company's property of any kind sold by the Company, or any money due to the Company from buyer or any other person.
- 25) To pay out of the funds of the Company all or any expenses which the Company may lawfully pay for the services rendered for the formation and registration of this Company and for the promotion of any other company by it subject to the provisions of the Act and the 1949 Act.



- 26) To insure any of the properties, undertakings contracts, risks or obligations of the Company in any manner whatsoever.
- 27) To make donations either in cash or in kind for such objects for causes as may be directly or indirectly conducive to any of the Company's objects or otherwise expedient.
- 28) To aid and support any person, association, body or movement, whose object is solution, settlement or surmounting an industrial or labour problems or the promotion of trade or business of the Company or for the promotion of science and technology (including by providing contributions or funds to technology incubators), protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art, sports (including training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports), environment (to ensure environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water), rural development projects and other social and welfare activities.
- 29) To establish and support or aid in the establishment and support of associations, institutions, schools, hospitals, guesthouses clubs, funds and trusts which may be considered beneficial to any employees or ex-employees, or directors or to officers and ex-officers of the Company or the dependents of any such person to the extent permissible under law; and granting pensions and allowances and making payments towards insurance, subscribing to or guaranteeing moneys for charitable or benevolent object or for any exhibition or for any public, general or useful object.
- 30) To appoint, employ, hire, procure, depute designers, experts, scholars, professors, leaders, executives, managers, secretaries, officers, technicians, engineers, mechanics, foremen, clerks, agents, servants, and other skilled and unskilled personnel for permanent, temporary or contractual services.
- 31) To refer to or agree to refer to any claim, demand, questions, disputes or differences by or against the Company or in which the Company is interested or concerned and whether between the Company and any other person or any third party, in connection with or in respect of any matter relating to the business or affairs of the Company to arbitration or to institute legal proceedings or defend any proceedings before a court of competent jurisdiction or central government, as the case may be and to appoint advocates, consultants or advisors in this behalf and to observe and perform and do all acts matters and things necessary to carry out or enforce the awards or orders as the case may be.
- 32) To enter into negotiations or collaborations, technical, financial or otherwise with any person or government for obtaining any grant, license or on other terms, formulae and other rights and benefits, and to obtain technical information, know-how and expert advice for providing or rendering services which the Company is authorized to provide or render.
- 33) To arrange for in India and abroad for providing services of the Company and purchase or otherwise acquire services as are necessary for carrying on the business of the Company and, for that purpose, either to establish, reconstitute and discontinue, as may be deemed necessary and efficient, its own branches, offices, agencies, or to appoint representatives or employees or both (whether individuals, firms or bodies corporate) in any place in or outside areas of operation and fix the



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terms and conditions of their appointment and pay fees or remuneration to such representatives and employees by way of commission or in such other manner as the Company may deem fit.

- 34) To establish, maintain and operate automated teller machines, or any other electronic and telecommunication devices for carrying on any of the banking businesses including, but not limited to, internet banking, telephone banking, mobile banking, utility bills payment for electricity, telephones, mobile phones, etc.
- 35) To create any depreciation fund, reserve fund, sinking fund, redemption fund, insurance fund, educational fund or any special or other reserve or fund, whether for redemption of debentures or debentures-stock, for dividends, for equalizing dividends or for repairing improving, extending and maintaining any part of the property of the Company or for any other purpose, as may be required under applicable law.
- 36) To open, maintain, operate and close any type of bank accounts with any bank or financial institution in India or abroad and obtain credit facilities with or without securities for its business and to withdraw money from such accounts.
- 37) To train or pay for training in India or abroad of any of the Company's employees or offices or any candidate in the interest of or furtherance of the Company's objects.
- 38) To establish research and development centers for the business of the Company.
- 39) To take or otherwise acquire and hold shares in any other Company as may be authorized.
- 40) To promote or finance or assist in promoting or financing any business, undertaking or industry either existing or new and associate with them either through the instrumentality of syndicates or otherwise in conformity with the relevant laws governing banks.
- 41) To undertake and executing trusts and to undertake the administration of estates as executors, trustees or otherwise.
- 42) To set up or participate as a payment gateway for effecting payment against services and trade transactions carried out by internet sites and portals, to operate payment system under the Payment and Settlement Systems Act, 2007, as amended from time to time, to act as enablers for settlement of e-commerce or any other type of transactions for corporates, individuals or any other entities or to undertake money transfer activities under money transfer service scheme as permitted under law and verify any digital signature or electronic signature issued in accordance with the Information Technology Act, 2000 as amended from time to time.
- 43) To open, establish, maintain and operate currency chests and small coin depots on such terms and conditions as may be required by the RBI established under the Reserve Bank of India Act, 1934, as amended from time to time and subject to the Act to enter into all administrative or other arrangements for undertaking such functions with the RBI.
- 44) To take part in the management, supervision and control of the business or operations of any company or undertaking having similar objects and for that purpose to appoint and remunerate any directors, trustees, accountants or other personnel.



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- 45) To provide custodial and depository services and to do all such things as may be advised, remitted and required for this purpose as permissible under law.
- 46) To provide for the welfare of Directors or employees of the Company or its predecessors in business and the wives, widows and families or the dependents or connections of such persons by buildings or contributing to the building or houses or dwellings or quarters or by grants of money, pensions, gratuities, allowances, bonuses, profit sharing bonuses or benefits or any other payments or by creating and from time to time subscribing or contributing to provident and other associations, funds, profit sharing or other schemes or trusts and by providing or subscribing or contributing towards places of instruction, recreation, hospitals and dispensaries, medical and other attendance and assistance as the Company shall think fit.
- 47) To establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation or death benefit funds for the benefit of, and give award or procure the giving of donations, gratuities, pensions, allowances, annuities or emoluments or other benefits whatsoever to any persons who are or were at any time in the employment or service of the Company or of any company which is subsidiary of the Company or its allied to or associated with the Company or with any such subsidiary company or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid and the wives, widows, families and dependents of any such persons, and also to establish and subsidise and subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid and make payments to or towards the insurance of any such person as aforesaid and do any matters aforesaid either alone or in conjunction with any such other company as aforesaid or to establish, support and maintain any form of profit-sharing, share purchase, share incentive, share option or employees' share scheme for any such persons and to lend money to any persons eligible to participate therein or to benefit therefrom (or to trustees on their behalf).
- 48) To enter into any arrangements with any government or government departments or authorities supreme, municipal local or otherwise, or any person or company that may seem conducive to the Company's objects or any of them to obtain from any such government, government departments authorities, person or company any rights, privileges, charters, contracts, licence and concessions which the Company may think it desirable to obtain, and to carry out, exercise and comply with any such arrangements, rights, privileges, charters, contracts, licence and concessions.
- 49) To merge, de-merge, spin-off, reconstruct, reorganize the business and / or assets, liabilities, debts, rights, obligations of the Company.
- 50) To amalgamate, merge, enter into any arrangement for sharing of profits, amalgamation, union of interest, reciprocal concession or cooperation with any company or companies or body corporate having objects altogether or in part similar to those of this Company, for the purpose of acquiring any business, undertaking, property or liabilities of such person, company or body corporate, or to sell, exchange, lease, under lease, surrender, abandon, amalgamate, sub-divide, mortgage or otherwise deal with either absolutely, conditionally, or for any limited interest, all or any part of the undertaking, property rights or privileges of the Company, as a going concern or otherwise, for advancing directly or indirectly the objects thereof for any other purpose which this Company may think expedient,



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with any public body, corporation, company, society, or association, or to any person or persons, for such consideration as the Company may think fit, and in particular for any stock, shares (whether wholly or partly paid), debentures, debenture stock, securities or property of any other Company.

- 51) To apply for and become member of any business, commercial / trade / industrial association, clearing-house, society, company, professional body, stock exchange, depository and promote measures for the protection and / or promotion of the Company's trade, industry and persons engaged therein.
- 52) (a) To apply for, provide information and guidance on governmental policies, directives, instructions, regulations, ordinances or other authorizations or enactments of the Central or any State Government or any other similar semi-Government authorities or agencies which may be required for enabling the Company to establish an undertaking or to bring into effect any modification / diversification in any of the Company's business or constitution and to challenge any of the governmental bills, statutes, rules, regulations, guidelines, proceedings or applications which are likely to prejudice the Company's business or interests;
- (b) To study such Governmental policies, regulations, ordinances and advise the governmental authorities in formulating incentives schemes to attract industries and investments;
- 53) To exercise all or any of its corporate powers, rights and privileges and to conduct its business in all or any of its branches, offices or agencies in the Union of India and in any or all states, territories, possessions, colonies and dependencies thereby and in any or all foreign countries, and for this purpose to have and maintain and to discontinue such number of branches, offices and agencies therein as may be convenient.
- 54) To assist in undertaking activities pertaining to leasing or hire-purchase asset credit, installment sale or / and deferred sale.
- 55) To apply for, tender, purchase or otherwise acquire any contracts, sub-contracts, licences and concessions for or in relation to the objects or business herein mentioned or any of them, and to undertake, execute, carry out, dispose of or otherwise turn to account the same.
- 56) To open, maintain, operate and close account or accounts with any bank or banks or other financial Institutions in India or abroad and to pay or earn interest and to withdraw money from such account or accounts and to make, draw, co-accept, endorse, execute, discount or negotiable and issue cheques, promissory notes, hundis, bills of exchange, bills of lading, railway receipts, warrants, debentures and other negotiable or transferable instruments.
- 57) To indemnify officers, Directors, promoters and servants of the Company against, proceedings, costs, damages, claims and demands in respect of anything done, or ordered to be done, for and in the interests of the Company or for any loss or damages or misfortune which happens in execution of the duties of their office or in relation thereto.
- 58) To undertake, carry out, promote or assist directly or in any other manner any activities for promotion and growth of the national economy and national welfare.



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- 59) To carry on all the businesses permitted by the objects set out herein above either directly or through a subsidiary, affiliate or associate of the Company as may be permitted under law.
- 60) To do any of the activities directly and/or through agents appointed for such purpose.
- 61) To do all such other things as are incidental or conducive to the promotion or advancements of the business of the Company or attainment of the objects of the Company.
- 62) To do all such things as are permitted by applicable laws, including but not limited to, the RBI Guidelines for Licensing of Small Finance Banks in the Private Sector dated November 27, 2014, the Act, the 1949 Act, the RBI Act, 1934, Foreign Exchange Management Act, 1999, Payment and Settlement Systems Act, 2007, Credit information Companies (Regulation) Act, 2005, Deposit Insurance and Credit Guarantee Corporation Act, 1961 and other relevant Statutes and the Directives, Prudential Regulations and other Guidelines/ Instructions issued by RBI and other regulators from time to time.

IV. The Liability of the Members is Limited and this liability is limited to the amount unpaid, if any, on the shares held by them:

V. "The authorized share capital of the Bank is ₹20,00,00,00,000/- (Rupees Two Thousand Crore only) divided into ₹18,00,00,00,000/- (Rupees One Thousand Eight Hundred Crores only) comprising 1,80,00,00,000 (One Hundred and Eighty Crore only) equity shares of face value of ₹10/- (Rupees Ten only) each; and ₹2,00,00,00,000/- (Rupees Two Hundred Crore only) comprising 20,00,00,000 (Twenty Crore only) preference shares of face value of ₹10/- (Rupees Ten only) each, with the power to increase and reduce the capital of the Bank and to divide the shares in the capital for the time being into different classes and to attach thereto respectively such preferential or special rights or privileges or conditions as may be determined by or in accordance with the regulations of the Companies Act, 2013."

*As last amended in Annual General Meeting held on July 22, 2024



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We the several persons, whose name and address are subscribed, are desirous of being formed into a company in pursuance of the Memorandum of Association and we respectively agree to take to the number of shares in the capital of the company set opposite or respective names:

Name , Address, Descriptions and occupation of subscribers	Number of Equity Shares	Signature	Witness
1. Mr. Govind Singh S/o Late Nandan Singh C- 402, Mahavir Sadhana, Plot no. 18E, 18F, 18G., Sector 14, Sanpada, Navi Mumbai, 400705, Maharashtra Occupation : Service	44000	Sd/-	Signed before me I witness to subscribe who have signed and subscribed in my presence. Further I have verified their identity detail for their identification & satisfied myself of identification particular on filled in. CS Neeraj Kumar Tiwari S/o Late Sushil Kumar Tiwari Village Babhani, Post-Sarenia, PS-Raipur, Dist-Buxar, Bihar-802114
2. Ms. Revati Govind Singh w/o Mr. Govind Singh C- 402, Mahavir Sadhana, Plot no. 18E, 18F, 18G., Sector 14, Sanpada, Navi Mumbai, 400705, Maharashtra Occupation : House wife	1000	Sd/-	
3. Mr. Raghvendra Singh S/o Late B. N Singh S-2/326B,Rajarshi Nagar, Bhojubeer Varanasi Occupation : Service	1000	Sd/-	
4. Mr. Abhisheka Kumar S/o Late Bijayendra Narayan Singh BH-606, Amrapali Village, Indrapuram, Ghaziabad, 201010 Occupation : Service	1000	Sd/-	
5. Mr. Trilok Nath Shukla S/o Mr. Raghbir Ram Shukla A.N. 372, Vishvakarma Nagar SUS, Varanasi, 221005 Occupation : Service	1000	Sd/-	
6. Mr. Ashwani Kumar S/o Mr. Amrendra Kumar Quarter No. 2131, Sector- 6 C, Bokaro Steel City, Bokaro, 827006, Jharkhand Occupation : Service	1000	Sd/-	
7. M/s Utkarsh Micro Finance Pvt. Ltd S – 2/ 639 – 56, Varuna Vihar Colony, J.P Mehta Road, Cantte, Varanasi – 221002 Occupation : Body Corporate	1000	Sd/-	



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THE COMPANIES ACT, 2013
ARTICLES OF ASSOCIATION
OF
UTKARSH SMALL FINANCE BANK LIMITED
A PUBLIC LIMITED COMPANY

1. PRELIMINARY

- 1.1 Utkarsh Small Finance Bank Limited (the "**Company**") is established as a public company with limited liability in accordance with and subject to the provisions of the Companies Act, 2013 (as amended).

2. INTERPRETATION

Unless the context otherwise requires, words or expressions contained in these Articles and not defined herein shall bear the same meaning as in the Act. Regulations contained in Table "F" of Schedule I of the Act shall apply to the Company so far as they are not inconsistent with or repugnant to any of the regulations contained in these Articles.

"Act"	means the Companies Act, 2013 as amended from time to time;
"Affiliate(s)"	for the purposes of these Articles, means, with respect to: (a) any Person, any Person directly or indirectly Controlling, Controlled by or under common Control with, that Person; and (b) a Person being a natural person, shall include Relatives of such Person and, without any prejudice to the foregoing, in relation to a Shareholder that is an institutional investor, shall also include any fund, trust, partnership (including any co-investment partnership), special purpose vehicle or other vehicle which is under common Control by the Person Controlling such Shareholder but shall exclude any portfolio company of such Shareholder and/or its Affiliates;
"AML/CFT"	means anti-money laundering and combating the financing of terrorism;
"Anti-Money Laundering Laws"	means all applicable laws relating to anti-money laundering and combating the financing of terrorism and all applicable (including international) financial reporting standards and requirements.
"Applicable Law"	means all statutes, laws, ordinances, guidelines, rules and regulations applicable to the Company including but not limited to the provisions of the Act, B.R. Act, RBI Act and Guidelines and any license, permit or other authorisations granted from or by the Reserve Bank of India;
"Applicable S&E Law"	means all applicable statutes, laws, ordinances, rules and regulations of the Country, including, without limitation, all



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	Authorisations setting standards concerning environmental, social, labour, health and safety or security risks or imposing liability for the breach thereof;
“Auditor”	means the statutory auditor of the Company;
“Authorisations”	means any consent, registration, filing, agreement, notarisation, certificate, license, approval, permit authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period and all corporate, creditors and shareholders’ approvals or consents;
“Authorised Representative”	means, in relation to the Company, any individual who is duly authorized by the Company to act on its behalf;
“Authority”	means any national, supranational, regional or local government or governmental, statutory, regulatory, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person whether or not government owned and howsoever constituted or called, that exercises the functions of a central bank);
“Board” or “Board of Directors”	means the board of directors of the Company, from time to time;
“BR Act”	means the Banking Regulation Act, 1949 as amended from time to time;
“Charter”	means the memorandum of association and these Articles, as amended from time to time.
“Client”	means any borrower, investee or other Person financed directly or indirectly by the Relevant Financing Operations;
“Client Operations”	means any operations or activities of the Clients (or with respect to any Client, the operations and activities of that Client) financed directly or indirectly by the Relevant Financing Operations;
“Coercive Practice”	has the meaning given to the term in Annexure A (<i>Anti-Corruption Guidelines</i>);
“Collusive Practice”	has the meaning given to the term in Annexure A (<i>Anti-Corruption Guidelines</i>);
“Control”	means the power to direct the management or policies of a Person, directly or indirectly, whether through the ownership of shares or other securities, by contract or otherwise; provided that, in any event, the direct or indirect ownership of fifty per cent. (50%) or more of the voting share capital of a Person is deemed to constitute control of that Person and “controlling” and “controlled” have corresponding meanings;



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“Corrupt Practice”	has the meaning given to the term in Annexure A (<i>Anti-Corruption Guidelines</i>);
“Corrupt Practices Laws”	means all applicable laws relating to anti-bribery or anticorruption.
“Director”	means a member of the Board of Directors and “Directors” shall be construed accordingly;
“Equity Shares”	means equity shares of the Company;
“Exclusion List”	means the following list of prohibited activities: <ul style="list-style-type: none">(a) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB’s, wildlife or products regulated under CITES.(b) Production or trade in weapons and munitions.(c) Production or trade in alcoholic beverages (excluding beer and wine). This does not apply to project sponsors who are not substantially involved in these activities. “Not substantially involved” means that the activity concerned is ancillary to a project sponsor’s primary operations.(d) Production or trade in tobacco.(e) Gambling, casinos and equivalent enterprises.(f) Pornography.(g) Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment which the Company considers the radioactive source to be trivial and/or adequately shielded.(h) Production or trade in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than twenty per cent. (20%).(i) Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.(j) Production or activities involving harmful or exploitative forms of forced labour/harmful child labour. Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. Harmful child labour means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child’s education, or to be harmful to the child’s health, or



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- physical, mental, spiritual, moral, or social development.
- (k) Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- (l) Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- (m) Prostitution.
- “Financial Year”** means the period from 1 April of a calendar year to 31 March of the following calendar year;
- “Fraudulent Practice”** has the meaning given to the term in Annexure A (*Anti-Corruption Guidelines*);
- “Fully Diluted Basis”** means with respect to any calculation of the number of shares of the Company, calculated as if all Share Equivalents outstanding on the date of calculation have been exercised or exchanged for or converted into Equity Shares;
- “Government Official”** means (a) any official, officer, employee or representative of, or any Person acting in an official capacity for, any Authority, (b) any political party or party official or candidate for political office or (c) any company or other entity owned, in whole or in part, or controlled by any Person described in the foregoing sub-articles (a) or (b) of this definition.
- “Guidelines”** means the ‘Guidelines for Licensing of Small Finance Banks in the Private Sector’ dated November 27, 2014 issued by the Reserve Bank of India and such other rules and regulations as may be relevant;
- “Memorandum” or “Memorandum of Association”** means the memorandum of association of the Company;
- “Obstructive Practice”** has the meaning given to the term in Annexure A (*Anti-Corruption Guidelines*);
- “Person”** means a corporation, association, unincorporated association, partnership (general or limited), joint venture, estate, trust, limited liability company, limited liability partnership or, any other legal entity, individual or government, state or agency of a state;
- “Quarter”** means a three (3) month period each commencing on 1 January, 1 April, 1 July and 1 October of each calendar year;



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“RBI”		Reserve Bank of India;
“RBI Act”		means the Reserve Bank of India Act, 1934 as amended from time to time;
“Regulations”		means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
“Related Party”		shall have the meaning assigned thereto by Section 2(76) of the Act;
“Relative”		has the same meaning as ascribed to it in the Act;
“Relevant Financing Operations”		means all of the existing and future financing operations of the Company and its Subsidiaries;
“Rs.” or “Rupees” or “INR”		means the lawful currency of the Republic of India;
“Sanctions”		means the “Specially Designated Nationals And Blocked Persons” list maintained by the United States Department of the Treasury’s Office of Foreign Assets Control, the World Bank Listing of Ineligible Firms, the United Nations Security Council Sanctions Lists and any other publicly available internationally recognized “blacklist” or embargo program administered or imposed by any United States Governmental Authority, the World Bank Group, the United Nations Security Council (or its committees), the European Union (including the financial sanctions under the European Union Common Foreign and Security Policy), Interpol, the Asian Development Bank, or any Authority of India or the Canadian Office of the Superintendent of Financial Institutions.
“S&E System”	Management	means the Company’s social and environmental management system, as implemented and in effect at all times, appropriate to the size and nature of the business which is designed to: (a) ensure a systematic approach to compliance with S&E Requirements, Worker Rights Laws and Worker Rights Requirements; (b) monitor progress against the Social and Environmental Action Plan; (c) provide a mechanism to assess social environmental risks and impacts and address those risks and impacts, in respect of the Relevant Financing Operations on an ongoing basis; (d) monitors and reports on progress regarding social and environmental management; and (e) to the extent possible, involve stakeholders;
“S&E Report”	Performance	means the S&E Performance Report, evaluating the social and environmental performance of the Clients of the Company during the previous Financial Year, describing in reasonable detail: (a) implementation and operation of the S&E Management System; and (b) the environmental and



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		social performance of the Clients in the format as tabled and noted by the Board;
“S&E Requirements”		means the social and environmental obligations to be undertaken by the Clients to ensure compliance with the: (a) Exclusion List; (b) Applicable S&E Laws; (c) Working Conditions and Labour Rights; and (d) any other requirements established by the S&E Management System;
“Sanctionable Practice”		means any Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, or Obstructive Practice, as those terms are defined herein and interpreted in accordance with the Anti-Corruption Guidelines attached to these Articles as Annexure A;
“Share Capital”		means the total paid up equity share capital of the Company determined on a Fully Diluted Basis;
“Shareholder”		means any Person registered in the books of the Company as the holder of a Share for the time being;
“Shares”		means the Equity Shares and preference shares including any compulsorily convertible preference shares issued by the Company and any other securities convertible into Equity Shares issued by the Company from time to time, and “Share” shall be construed accordingly;
“Shell Bank”		means a bank incorporated in a jurisdiction in which it has no physical presence and which is not an affiliate of a regulated bank or a regulated financial group;
“Social and Environmental Action Plan”		means the plan determined by the Board, setting out the specific measures, modifications and enhancements to be undertaken by the Company in respect of the S&E Management System;
“Subsidiary”		has the meaning given to it in Section 2(87) of the Act; and
“Third Party”		means any Person other than the Shareholders and the Company.
“Worker Rights Laws”		means all applicable laws relating to employment and employment practices, including any such applicable laws regarding a minimum age for employment of children, acceptable conditions of work, minimum wages, and other worker rights and social benefits.
“Worker Requirements”	Rights	means, with duplication of Worker Rights Laws, (a) the obligation to refrain from (i) taking any action to prevent employees from, or to penalize employees for, lawfully exercising their right of free association or their right to organize and bargain collectively, (ii) using forced, child labor or bonded labor, or (iii) coercing or penalizing employees on the basis of trade union activities or membership, and (b) international best practices concerning



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worker rights and social benefits (including taking into consideration standards promulgated by international organizations including, by way of example, the Asian Development Bank's Social Protection Strategy (2001), the International Finance Corporation's Performance Standard 2 (Labor and Working Conditions) and, with respect to the construction activities of the Group Representatives, the guidance note entitled "Workers' Accommodation: processes and standards" published by the International Finance Corporation and the European Bank for Reconstruction and Development).

Working Conditions and Labour Rights

means:

- (a) ILO Convention No. 29 (a) (Forced Labour) and ILO Convention No. 105 (Abolition of Forced Labour);
- (b) ILO Convention No. 138 (Minimum Age) and ILO Convention No. 182 (Worst Forms of Child Labour);
- (c) ILO Equal Remuneration Convention (No. 100) and the ILO Discrimination (Employment and Occupation) Convention (No. 111);
- (d) ILO Convention No. 87 (Freedom of Association and Right to Organise) and ILO Convention No. 98 (Right to Organise and Collective Bargaining);
- (e) the provision of reasonable working conditions including a safe and healthy work environment, working hours that are not excessive in accordance with ILO Convention No. 1 (Hours of Work (Industry)) and clearly documented terms of employment, respecting any collective bargaining agreements that are in place or (where these do not exist or do not address working conditions) or conditions established, by collective agreement or otherwise, for work in the trade or industry concerned in the area where the work is carried out;
- (f) the provision of an appropriate grievance mechanism in accordance with IFC Performance Standard 2 that is available to all workers and where appropriate other stakeholders, and which includes grievances brought by those affected by the Company's operations.

3. SHARE CAPITAL, VARIATION OF RIGHTS AND FURTHER ISSUANCE OF SHARES

3.1 The authorised Share Capital of the Company will be as stated in Clause V of the Memorandum of Association of the Company. The Company has the power to increase or reduce the authorised Share Capital and to issue any part of its capital original or increased with or without any priority or special privilege subject to compliance with Applicable Law, or subject to any postponement of rights or to any conditions or restrictions so that unless the conditions of issue otherwise prescribe such issue shall be subject to the provisions herein contained.



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- 3.2 Subject to the provisions of the Act, other Applicable Law and these Articles, the Shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares, provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the general meeting.
- 3.3 Subject to the provisions of Section 43 of the Act and Section 12 of the BR Act and such guidelines, the new shares shall be issued upon such terms and conditions and with such meeting shall prescribe, and in particular, such shares may rights and privileges as the Company in general be issued, subject to the BR Act and circulars that may be issued by the RBI from time to time, with a special or qualified right to dividend and in the distribution of assets of the Company. Any issue of shares which results in a person (by himself or acting in concert with any other person) acquiring 5% or more of the paid-up equity share capital or voting rights of the Company shall be made with prior approval of RBI.
- 3.4 No person/group of persons shall acquire or agree to acquire directly or indirectly by himself or acting in concert with any other person, any Shares of the Company or voting rights therein, in contravention of the provisions of the BR Act or the Guidelines.
- 3.5 The Company shall not, at any time, vary the terms of a contract referred to in prospectus or objects for which the prospectus was issued, except subject to the approval of, or except subject to an authority given by the Company in general meeting by way of special resolution, and in accordance with the provisions of the Act, provided that the dissenting Shareholders, being the Shareholders who have not agreed to the proposal to vary the terms of the contracts or the objects referred to in the prospectus, shall be given an exit offer by the promoters or controlling Shareholders of the Company, at the fair market value of the Equity Shares as on the date of the resolution of the Board of Directors recommending such variation in the terms of the contracts or the objects referred to in the prospectus, in accordance with such terms and conditions as may be specified on this behalf by the Securities and Exchange Board of India and RBI.
- 3.6
- (a) Unless where the shares are issued in dematerialized form, every member or allottee of Shares shall be entitled to receive, in marketable lots if applicable, within 2 months after incorporation, in case of subscribers to the memorandum or after allotment or within 1 month after the application for the registration of transfer or transmission, subdivision, consolidation or renewal of the Shares or within such other period as the conditions of issue shall be provided:
 - (i) one certificate for all his shares without payment of any charge; or
 - (ii) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.
 - (b) Every certificate shall specify the number of Shares to which it relates, distinctive numbers of Shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the directors may prescribe and approve.



- (c) In respect of any Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one share certificate. The certificates of Shares registered in the names of two or more persons shall be delivered to any one of such persons named in the register of members and shall be deemed as sufficient delivery to all such holders.
- (d) Until the time Shares are dematerialised, the certificates of title to shares may be issued under the Companies (Share Capital and Debentures) Rules, 2014 and other relevant provisions under Applicable Law.
- (e) Save as herein or in the Act otherwise provided, the Company shall be entitled to treat the registered holder of any Share as the absolute owner thereof, and accordingly, shall not, except as ordered by a Court of competent jurisdiction, or by statute, or the Act, be bound to recognize any equitable, beneficial or other claim to or interest in such share on the part of any other person.

3.7 Every holder of or subscriber to the securities of the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996. If a person opts to hold its security with a depository, the Company shall intimate such depository the details of allotment of the security and on receipt of such information, the depository shall enter in its record, the name of the allottees as the beneficial owner of that security. If a beneficial owner seeks to opt out of a depository in respect of any security, he shall inform the depository accordingly. The depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within thirty (30) days of the receipt of intimation from a depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations issue to the beneficial owner the required certificates for the securities. The Company shall also maintain an index of beneficial owners. The index of beneficial owners shall also be in compliance with the Depositories Act, 1996 with details of shares held in dematerialised forms in any medium as may be permitted by law, including in any form of electronic medium.

3.8

- (a) If any Share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued without payment of fees if the directors so decide, or on payment of such fees (not exceeding Rs. 20 (twenty rupees) for each certificate) as the directors shall prescribe, provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer, provided that notwithstanding what is stated in this Article, the directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Act or rules made under the Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable thereof in this behalf.
- (b) The provisions of Articles 3.6 and 3.8(a) shall *mutatis mutandis* apply to debentures of the Company.



- 3.9 Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder.
- 3.10 The Company may at any time pay commission in connection with the subscription or procurement of subscription (whether be paid absolutely or conditionally) for any Shares, debentures or other securities of the Company or for any Shares, debentures or other securities of the Company but so that if the commission in respect of the Shares, debentures or other securities shall be paid or payable out of capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed the rates prescribed under Section 40(6) of the Act, relevant Rules thereunder and the BR Act. The commission may be paid or satisfied in cash or in shares, debentures or other securities of the Company or partly in one way and partly in the other.
- 3.11
- (a) If at any time the Share Capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of Section 48 of the Act and the BR Act, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths ($3/4^{\text{th}}$) of the issued Shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class.
- (b) To every such separate meeting, the provisions of these Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum shall be at least two (2) persons holding at least one-third ($1/3^{\text{rd}}$) of the issued Shares of the class in question.
- 3.12 The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.
- 3.13 Subject to the provisions of Section 55 of the Act, the BR Act and the rules thereunder, any preference shares may be issued on the terms that they are to be redeemed on such terms and in such manner as the Company before the issue of the Shares may, by special resolution, determine.
- 3.14 The Company, in a general meeting, may by ordinary resolution:
- (a) consolidate all or any of its Share Capital into shares of larger amount than its existing shares;
- (b) divide or sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the memorandum, and in such sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived; or
- (c) cancel Shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the Shares so cancelled.



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3.15 The Company shall not issue any Shares on discount except in case of sweat equity shares in accordance with the terms and conditions prescribed in Section 54 of the Act and rules issued thereunder.

3.16

(a) Subject to the provisions of the Act and the BR Act, the Company may, by ordinary resolution:

(i) convert any paid-up Shares into stock; and

(ii) reconvert any stock into paid-up Shares of any denomination.

(b) Where Shares are converted into stock, the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit; provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however, that such minimum shall not exceed the nominal amount of the Shares for which the stock arose.

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the Shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding-up) shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage.

Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid-up shares shall apply to stock and the words, "share" and "shareholder" in those regulations shall include "stock" and "stockholder" respectively.

3.17 Where capital is paid in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

3.18 Further issuance

(a) Where at any time the Company proposes to increase its subscribed capital by the issue of further shares, then such shares shall be offered, subject to the Act, and the rules made thereunder:

(A)

(i) to the persons who at the date of the offer are holders of the Equity Shares of the Company in proportion as nearly as circumstances admit to the paid-up Share Capital on those shares by sending a letter of offer subject to the conditions mentioned in (ii) to (iv) below;

(ii) the aforesaid offer shall be made by notice, in compliance with the provisions of the Act, specifying the number of shares offered and limiting a time not being less than fifteen (15) days or such lesser number of days as may be prescribed under Applicable Law and not exceeding thirty (30) days from the date of the offer, within which the offer if not accepted, shall be deemed to have been declined;

(iii) the aforesaid offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of



them in favour of any other person and the notice referred to in sub-article (ii) shall contain a statement of this right;

- (iv) after the expiry of time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that such person declines to accept the shares offered, the Board of Directors may dispose them of in such manner which is not disadvantageous to the Shareholders and the Company;
- (B) to employees under any scheme of employees' stock option subject to special resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under Applicable Law; or
- (C) to any person(s), if it is authorised by a special resolution, whether or not those persons include the persons referred to in sub-article (A) or sub-article (B) above either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed under the Act and the rules made thereunder;
- (b) Nothing in sub-article (A) shall be deemed:
 - (i) to extend the time within which the offer should be accepted; or
 - (ii) to authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares compromised in the renunciation.
- (c) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debentures or loans into Shares in the Company or to subscribe for Shares of the Company;

Provided that the terms of issue of such debentures or loans containing such an option have been approved before the issue of such debentures or the raising of loans by a special resolution passed by the Company in a general meeting.

- (d) Notwithstanding anything contained in sub-article (c) hereof, where any debentures have been issued, or loan has been obtained from any government by the Company, and if that government considers it necessary in the public interest so to do, it may, by order, direct that such debentures or loans or any part thereof shall be converted into Shares in the Company on such terms and conditions as appear to the government to be reasonable in the circumstances of the case even if terms of the issue of such debentures or the raising of such loans do not include a term for providing for an option for such conversion:

Provided that where the terms and conditions of such conversion are not acceptable to the Company, it may within such sixty (60) days from the date of communication of such order, appeal to National Company Law Tribunal which shall after hearing the company and the government pass such order as it deems fit.



4. LIEN

4.1

- (a) The Company shall have a first and paramount lien upon all the Shares/debentures (other than fully paid-up Shares/debentures) registered in the name of each member/holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/debentures and no equitable interest in any Share/debenture shall be created except upon the condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/debentures, provided that the Board may at any time declare any Share to be wholly or in part exempt from the provisions of this Article.
- (b) Unless otherwise agreed, the registration of a transfer of Shares/debentures shall not operate as a waiver of the Company's lien, if any, on such Shares/debentures. The directors may at any time declare any Shares/debentures wholly or in part to be exempt from the provisions of this Article.

4.2 The Company may sell, in such manner as the Board thinks fit, any Shares on which the Company has a lien, provided that no sale shall be made:

- (a) unless a sum in respect of which the lien exists is presently payable; or
- (b) until the expiration of fourteen (14) days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share or the person entitled thereto by reason of his death or insolvency.

4.3

- (a) To give effect to any such sale, the Board may authorise some person to transfer the Shares sold to the purchaser thereof.
- (b) The purchaser shall be registered as the holder of the Shares comprised in any such transfer.
- (c) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.
- (d) The remedy (if any) of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

4.4

- (a) The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- (b) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the Shares before the sale, be paid to the person entitled to the Shares at the date of the sale.



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5. CALLS ON SHARES

5.1 The Board shall not give the option or right to call on Shares to any person except with the sanction of the Company in the general meeting, and:

- (a) the Board may, from time to time, make calls upon the members in respect of any monies unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times;
- (b) each member shall, subject to receiving at least fourteen (14) days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his Shares; and
- (c) a call may be revoked or postponed at the discretion of the Board.

5.2 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

5.3 If any Share stands in the names of two or more persons, the person first named in the register of members of the Company shall, as regards receipt of dividends, or cash bonus, or service of notice, or any other matter connected with the Company, except voting at meetings and transfer of the Shares, be deemed the sole holder thereof, but the joint holders of a Share shall be severally as well as jointly liable for the repayment of all instalments or calls and other payments due in respect of such Shares.

5.4

- (a) If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. (10%) per annum or at such lower rate, if any, as the Board may determine.
- (b) The Board shall be at liberty to waive payment of any such interest wholly or in part.

5.5

- (a) Any sum which by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.
- (b) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

5.6 The Board:

- (a) may, if it thinks fit, subject to the provisions of Section 50 of the Act, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any Shares held by him; and
- (b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the Company in general meeting shall otherwise direct, twelve per cent. (12%) per annum,



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as may be agreed upon between the Board and such member, provided that money paid in advance of calls shall not confer a right to participate in profits or dividend or to participate in profits. The directors may at any time repay the amount so advanced.

- 5.7 The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.
- 5.8 The provisions of this Article 5 shall *mutatis mutandis* apply to the calls on debentures of the Company.

6. TRANSFER AND TRANSMISSION OF SHARES

- 6.1 A common form of transfer shall be used and the instrument of transfer of any Share in the Company shall be in writing and all provisions of Section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of Shares and registration thereof and be executed by or on behalf of both the transferor and transferee, subject to Applicable Law.
- 6.2 The transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the register of members in respect thereof, subject to Applicable Law.
- 6.3 The Board may, subject to the right of appeal conferred by Section 58 of the Act, decline to register:
- (a) the transfer of a Share, not being a fully paid Share, to a person of whom they do not approve; or
 - (b) any transfer of Shares on which the Company has a lien.
- 6.4 Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board of Directors may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any Shares or interest of a member therein or debentures of the Company. The Company shall within one (1) month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on Shares. Subject to Applicable Law and upon Listing, the transfer of Shares in whatever lot shall not be refused. Such refusal shall not be affected by the fact that the proposed transferee is already a member.
- 6.5 No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.
- 6.6 On giving not less than seven (7) days' previous notice in accordance with Section 91 of the Act and rules made thereunder, the registration of transfers (including register books, the register of members and/or the register of debenture holders) may be suspended or closed at such times and for such periods as the Board may from time to time determine, provided that such registration shall not be suspended for more than thirty (30) days at any one time or for more than forty-five (45) days in the aggregate in any year.



6.7

- (a) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the Shares.
- (b) Nothing in Article 6.7(a) shall release the estate of a deceased joint holder from any liability in respect of any Share which had been jointly held by him with other persons.

6.8

- (a) Any person becoming entitled to a Share in consequence of the death, lunacy or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:
 - (i) to be registered himself as holder of the Share; or
 - (ii) to make such transfer of the Share as the deceased, lunatic or insolvent member could have made.
- (b) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased, lunatic or insolvent member had transferred the Share before his death or insolvency.

6.9

- (a) If the person so becoming entitled shall elect to be registered as holder of the Share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (b) If the person aforesaid shall elect to transfer the Share, he shall testify his election by executing a transfer of the Share.
- (c) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

6.10

A person becoming entitled to a Share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall not, before being registered as a member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share, until the requirements of the notice have been complied with.

6.11

Every transmission of a Share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation of the Company or the Directors to accept any indemnity.



6.12 The Company shall incur no liability or responsibility whatever in consequence of its registering or giving any effect to any transfer of Shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register) to the prejudice of a person having or claiming any equitable right, title or interest to or in the said Shares not withstanding that the Company may have had notice of such equitable right, title or interest, or notice prohibiting registration of such transfer and may have entered such notice referred hereto in any book or record of the Company, and the Company shall not be bound or required to regard or to attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do, notwithstanding that the notice may have been entered in or referred to in some book or record of the Company, but the Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

6.13 The provisions of these Articles shall *mutatis mutandis* apply to the transfer of debentures and other securities of the Company or transmission thereof by operation of law.

7. FORFEITURE OF SHARES

7.1 If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued.

7.2 The notice aforesaid shall:

- (a) name a further day (not being earlier than the expiry of fourteen (14) days from the date of service of the notice) on or before which the payment required by the notice is to be made; and
- (b) state that, in the event of non-payment on or before the day so named, the Shares in respect of which the call was made shall be liable to be forfeited.

7.3 If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may, at any time thereafter, but before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture may include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture as resolved by the Board.

7.4

- (a) A forfeited Share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Board thinks fit.
- (b) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

7.5

- (a) A person whose Shares have been forfeited shall cease to be a member in respect of the forfeited Shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies (including interest, calls and expenses) which, at the date of forfeiture, were presently payable by him to the Company in respect of the Shares.



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- (b) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.

7.6

- (a) A duly verified declaration in writing that the declarant is a Director, the manager or the secretary, of the Company, and that a Share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Shares;
- (b) the Company may receive the consideration, if any, given for the Share on any sale or disposal thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of;
- (c) the transferee shall thereupon be registered as the holder of the Share; and
- (d) the transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

7.7 The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

7.8 When any Share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name such Share stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register. Upon forfeiture, such member shall cease to be a member of the Company.

7.9 The forfeiture of a Share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of such forfeited Share and all other rights incidental to the Share, except only such of those rights as by these presents are expressly saved.

7.10 Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any Shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any Shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any money shall preclude the forfeiture of such Shares as herein provided.

8. INCREASE AND REDUCTION OF CAPITAL

8.1 Subject to Article 18, the Company may, from time to time, in a general meeting, by an ordinary resolution, whether all the Shares for the time being authorised shall have been issued or not and whether all the Shares for the time being issued shall have been fully called up or not, increase its authorised Share Capital as may be deemed expedient. Such new Shares may be divided into such classes and be of such value as the resolution authorising such increase directs. The Board may increase the subscribed and paid up Share Capital of the Company by the issue of further Shares in accordance with the applicable provisions of the Act.'

8.2 Except in so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new Shares, equity or preference, shall be considered as part of the existing Share Capital, shall rank *pari passu* with the Shares of that class, and shall be subject



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to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

8.3 Subject to the provisions of Sections 66 of the Act and to confirmation by the court / tribunal, the Company may by special resolution, reduce its Share Capital and/or any capital redemption reserve account and/or the securities premium account in any manner authorized under law and with, and subject to, any incidental authorization or consent required or such other steps that need to be undertaken in accordance with law.

9. CAPITALISATION OF PROFITS

9.1

9.1 The Company in general meeting may, upon the recommendation of the Board, resolve:

- (a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and
- (b) that such sum be accordingly set free for distribution in the manner specified in Article 9.1(b) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

9.2 The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article 9.1(c), either in or towards:

- (a) paying up any amounts for the time being unpaid on any Shares held by such members respectively;
- (b) paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid; and
- (c) partly in the way specified in Article 9.1(b)(i) and partly in that specified in Article 9.1(b)(ii).

9.3 A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued Shares to be issued to members of the Company as fully paid bonus shares;

9.4 The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

9.2

- (a) Whenever such a resolution as aforesaid shall have been passed, the Board shall:
 - (i) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid Shares if any; and
 - (ii) generally do all acts and things required to give effect thereto.

(b) The Board shall have power:



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- (i) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of Shares becoming distributable in fractions; and
 - (ii) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further Shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing Shares;
- (c) Any agreement made under such authority shall be effective and binding on such members.

10. BUY-BACK OF SHARES

Notwithstanding anything contained in these Articles, but subject to the provisions of Section 68 to 70 of the Act, provisions of BR Act and guidelines issued by the RBI from time to time, FEMA, SEBI regulations and any other Applicable Law for the time being in force, the Company may purchase its own Shares or specified securities in such manner as may be prescribed.

11. DEMATERIALISATION AND REMATERIALISATION OF SHARES

The Company shall be entitled to dematerialise its existing Shares and rematerialise its Shares held in the depositories and/or to issue fresh Shares in a dematerialised form pursuant to the Depositories Act, 1996 and rules framed thereunder, if any.

12. TERMS OF ISSUE OF DEBENTURES

- 12.1 Any debentures, debenture-stock or other securities may be issued, in accordance with Applicable Law, at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors, etc., subject to Applicable Law. Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in a general meeting by special resolution.
- 12.2 Any bonds, debenture stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
- 12.3 The Directors shall cause a proper register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages and charges specifically affecting the property of the Company, and shall duly comply with any other requirements of the said Act in regard to registration of mortgages and charges and of copies of instruments creating such mortgages and charges. Subject to Applicable Law, such sum as may be prescribed by the Act shall be payable by any person other than a creditor or member of the Company for each inspection of the register of charges.
- 12.4 *Any Trust Deed for securing debentures or debenture-stock may, if so arranged, provide for the appointment from time to time by the trustees thereof or by the holders of debentures or debenture-stock of some person to be a Director of the Company and may empower such trustees



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or holders of debentures or debenture-stock from time to time to remove any Director so appointed. A person nominated by the debenture trustee(s) in accordance with the trust deed shall be appointed as a Director by the Board under this Article read with Regulation 15(1)(e) of Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, as amended from time to time, in the event of:

1. two consecutive defaults in payment of interest to the debenture holders; or
2. default in creation of security for debentures; or
3. default in redemption of debentures.

A Director appointed in accordance with this Article may be referred to as "Debenture Director" which shall mean a Director for the time being in office under this Article. A "Debenture Director" shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company.

***Shareholders by way of postal ballot had passed resolution on June 13, 2024 amending the clause**

13. UNPAID OR UNCLAIMED DIVIDEND

- 13.1 Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall, within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of thirty (30) days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "Unpaid Dividend of Utkarsh Small Finance Bank Limited Account".
- 13.2 Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under Section 125 of the Act.
- 13.3 No unclaimed or unpaid dividend shall be forfeited by the Board of Directors until the claim becomes barred by law.

14. BONUS SHARES

The Company may issue fully paid-up bonus Shares to its Shareholders in accordance with the provisions of Section 63 of the Act, BR Act and other Applicable Laws.

15. BOARD OF DIRECTORS OF THE COMPANY

- 15.1 Subject to the provisions of Section 149 of the Act and unless and until otherwise agreed and determined by the Company by a special resolution, the Board shall consist of a minimum of three (3) Directors and a maximum of fifteen (15) Directors. Majority of the Board shall include persons with professional and other experience as required under the BR Act. The Company shall appoint such number of independent directors and women Director as may be required under the Act, BR Act or any other Applicable Law for the time being in force.
- 15.2 *Subject to the Act and Applicable Law:
 - (a) any Shareholder (including Utkarsh CoreInvest Limited (UCL)) who (along with its Affiliates) owns at least nine per cent. (9%) or more Shares on a Fully Diluted Basis, shall have the right to nominate one (1) Director on the Board of the Bank.
 - (b) In the event, any Shareholder (excluding UCL) nominates a Director on the Board of the Bank pursuant to Article 15.2(a), then UCL shall have a right to nominate one more



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Director on the Board of the Bank (i.e. in addition to the director nominated by UCL under Article 15.2(a)) such that the total number of directors nominated by UCL on the Board of the Bank at any point of time does not exceed two (2) Directors, till the time UCL's shareholding in the Bank is above twenty six per cent. (26%) on Fully Diluted Basis, which additional right shall cease to exist upon UCL's shareholding in the Bank being reduced to twenty six per cent. (26%) or less than twenty six per cent. (26%) of the total paid-up Shares on Fully Diluted Basis.

For the purposes of this Article, for computing shares on a Fully Diluted Basis unvested options granted under the ESOP schemes/ plan of the Bank shall be excluded.

*** Shareholders by way of postal ballot had passed resolution on June 13, 2024 amending the clause**

15.3

The Board shall be responsible for compliance with all Applicable Law as well as the listing agreement and all the policies adopted by the Company, including the anti-corruption policy, in the course of carrying out the supervision and management of the Company.

15.4

The Company may exercise the powers conferred on it by Section 88 of the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that Section) make and vary such regulations as it may think fit respecting the keeping of any such register. The Company shall cause to be kept a register of members, an index of members, a register of debenture holders and an index of debenture holders in accordance with Section 88 of the Act.

15.5

All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

15.6

- (a) Subject to the provisions of Section 149 and Section 161 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the Directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles.
- (b) Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act.

15.7

No member shall be entitled to visit or inspect any office/branch office of the Company without the permission of the Board of Directors of the Company or any other person authorized on that behalf by the Board of Directors of the Company to require discovery of or any information respecting any details of the Company's business or any matter which is or may be in the nature of a trade secret, mystery of trade secret or trade process or any other matter which may relate to the conduct of the business of the Company which in the opinion of the Board of Directors of the Company, it would be inexpedient in the interest of the Company to disclose.



16. DIRECTORS

16.1 The total managerial remuneration payable by the Company to its Directors, including managing Director and whole-time Director and its manager shall be in accordance with the applicable provisions under the Act and the rules thereunder. An individual may be appointed or reappointed as the chairperson of the Company, in pursuance of these Articles, as well as the managing director or chief executive officer of the Company at the same time, if the Board deems fit and such appointment is made in accordance with the procedure set out under these Articles and the Applicable Law. Subject to the provisions of Sections 197 of the Act, the remuneration and traveling and other expenses payable to the Directors of the Company may be hereinafter provided as below:

- (a) each Director, other than managing director, manager or whole-time director, shall be paid out of the funds of the Company a remuneration by way of fee, of such sum for each meeting of the Board of Directors or committee of the Board attended by him/her as may be determined by the Board from time to time within the limits prescribed by the Act or central government or the RBI from time to time;
- (b) in addition to the remuneration payable as above, the Director may be reimbursed such sum as the Board may consider fair compensation for traveling, hotel, and other incidental expenses incurred by him in attending and returning from the meetings of the Board of Directors or any committee thereof or general meetings of the Company;
- (c) a Director including a part-time chairman who is neither in the whole time employment of the Company nor a managing director, if called upon and willing to render extra



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services whether of a professional or nonprofessional nature may be paid remuneration either by way of monthly, quarterly or annual payment as may be determined by the Board, subject to the provisions of the Applicable Law, and such remuneration may be in addition to the remuneration payable under sub-article (a) above;

- (d) in addition to the remuneration payable under sub-article (c) above, any Director referred to therein shall be reimbursed such sum as the Board may consider fair compensation for traveling, hotel and other incidental expenses incurred by him in connection with the business of the Company.

- 16.2 A Director shall not be required to hold any Shares to qualify him to act as a Director of the Company.
- 16.3 Subject to Sections 152, 160 and other applicable provisions of the Act and the BR Act, one third (1/3rd) of the total number of Directors of the Company may be non-retiring Directors.
- 16.4 Subject to the provisions of Section 161 of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an alternate director for a Director during his absence for a period of not less than three (3) months from India. who shall be entitled to receive notice of all meetings of the Board and attend and vote at any meeting at which the Director appointing him is not personally present, and generally in the absence of his appointer to do all the things which his appointer is authorised or empowered to do. A Director who is also acting as an alternate of another Director shall be entitled, in the absence of his appointer, to a separate vote on behalf of his appointer in addition to his own vote, and to be counted as part of the quorum of the Board on both his own account and in respect of the Director for whom he is the alternate. An alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director returns to India or prior as may be determined. Any provisions in the Act or in these Articles for the automatic reappointment of retiring Director in default of another appointment shall apply to the original Director and not to the alternate Director. An alternate Director for an independent director must be an independent director.
- 16.5 Subject to the provisions of Section 197 of the Act, no Director, managing or whole-time director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or for joining in any respect of other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, Company or corporation with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission or default or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

17. BOARD MEETINGS

- 17.1 Meetings of the Board shall be properly convened and held at such times and places as may be determined by the Board from time to time subject to Applicable Law, but shall be held at least once every Quarter, in such a manner that not more than one hundred and twenty (120) days shall intervene between two (2) consecutive meetings of the Board.
- 17.2 No meeting of the Board shall be convened on less than [seven] ([7]) days' written notice to the Directors, provided that a meeting of the Board may be convened at shorter notice in accordance with the provisions of the Act. The notice, agenda items and other relevant



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documents shall be provided for consideration of the Board members for each of the Board meeting. Subject to Applicable Law, any additional items and supplementary material may be taken up for consideration at a Board meeting with the permission of the chairman and with the consent of a majority of the Directors present in the meeting, which, if applicable, must include at least one independent director or the decisions at such meeting must be ratified by such independent director. Save for any such validly notified additional item, the business conducted at any meeting of the Board shall only comprise those matters expressly stated in the agenda notice convening such meeting or were considered at the meeting by following the aforesaid procedure.

- 17.3 The quorum for any meeting of the Board shall be one-third (1/3rd) of the total strength of the Board or two (2) Directors, whichever is higher.
- 17.4 If a quorum is not present within one (1) hour of the time appointed for a meeting, the meeting shall stand adjourned to the same place and time seven (7) days after the original date set for such meeting of the Board. If a quorum is not present within one (1) hour of the time appointed for the adjourned meeting, the meeting shall again stand adjourned to the same time and place seven (7) days after the date set for the adjourned meeting. If a quorum is not present within one (1) hour of the time appointed for the second adjourned meeting, then: (a) the Directors present shall form the quorum for such second adjourned meeting and may vote on all matters included in the agenda for such meeting of the Board; or (b) the meeting shall again stand adjourned to the same time and place seven (7) days after the date set for the second adjourned meeting if the majority of directors present for the second adjourned meeting approve of such adjournment. If a quorum is not present within one (1) hour of the time appointed for the third adjourned meeting, the Directors present shall form the quorum for such third adjourned meeting and may vote on all matters included in the agenda for such meeting of the Board.
- 17.5 Subject to compliance with Applicable Laws, any Director may participate and vote in a meeting of the Board by means of video conference by means of which all persons participating in the meeting can hear each other throughout the duration of the meeting. Participation in such meeting shall constitute attendance and presence in person at the meeting of the Director so participating and shall be counted towards the quorum required for such meeting.
- 17.6 A resolution in writing, signed by majority of the Directors for the time being entitled to receive notice of a meeting of the Directors, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly convened and held. Resolutions in writing of the Directors may be signed in counterparts.
- 17.7 The Board shall have the power to constitute, if necessary, committees of the Board and to delegate such powers to committees as the Board deems fit. Unless otherwise decided by the Board in writing, the provisions relating to quorum, voting and passing of resolutions applicable to the Board shall apply to the extent permissible or practicable to any Board committee.
- 17.8 The Directors may subject to the provisions of the Act and the BR Act, delegate any of their powers to committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors.
- 17.9 The meetings and proceedings of any such committee of the Board consisting of two or more members shall be governed *mutatis mutandis* by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.



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17.10 No resolution shall be deemed to have been passed by the Board or by a committee thereof by circulation, unless: (a) the resolution has been circulated in draft together with the necessary papers, if any, including through such electronic means to all the Directors or to all the members of the committee at their usual address in India, and in the case of any Director residing abroad, such papers shall also be transmitted by fax or telex to such Director's fax or telex numbers abroad; and (b) the resolution has been approved by majority of directors or members of the committee who are entitled to vote on the resolution.

18. GENERAL MEETING

18.1 Meetings of the Shareholders shall be convened by the Company or by any Shareholder and held in accordance with applicable provisions of the Act and the Articles.

18.2 The Company may be called by giving not less than clear 21 days' notice in writing or through electronic mode. However, a general meeting may be called after giving a shorter notice of less than clear 21 days, if consent is accorded thereto (including by electronic means) by 95% of the members of the Company entitled to vote at that meeting.

18.3 The quorum for the meeting of Shareholders shall be as provided in Section 103 of the Act.

18.4 The chairperson, if any, of the Board shall preside as chairperson at every general meeting of the Company.

18.5 If there is no such chairperson, or if he is not present within fifteen (15) minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Directors present shall elect one (1) of their members to be chairperson of the meeting.

18.6 If at any meeting no Director is willing to act as chairperson or if no Director is present within fifteen (15) minutes after the time appointed for holding the meeting, the members present shall choose one (1) of their members to be chairperson of the meeting.

18.7 Subject to the Applicable Law, the Chairman shall be appointed only with the prior approval of the RBI and shall be entitled to take the chair at every general meeting.

18.8 Subject to Sections 101 and 102 of the Act, every notice of a meeting of the Company shall specify the place, the date and time of the meeting, and shall contain a statement of the business to be transacted at the meeting. No general meeting, annual or extra-ordinary, shall deliberate upon, discuss or transact any business which is not specifically mentioned in the notice or notice convening the same.

18.9 A document may be served by the Company on any member thereof either personally or by sending it by post or courier service to such member's registered address (supplied by such member to the Company) for the giving of notice to and serving of documents on such member or by means of such electronic or other mode as may be prescribed.

19. ADJOURNMENT OF MEETING

19.1 The chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place, and:

- (a) no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place;



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- (b) when a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; and
- (c) save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

19.2 If within half an hour from the time appointed for holding the meeting of the Company, a quorum is not present, the meeting if convened upon the requisition of members as aforesaid, shall stand dissolved, but in any other case, it shall stand adjourned to the same day in the next week, at the same time and place (in which case no notice of adjournment or of the business to be transacted at adjourned meeting shall be necessary) or to such other day and place as the Board may determine, if at such adjourned meeting, a quorum is not present within half an hour from the time appointed for holding the meeting among those members who are personally present shall form the quorum.

20. VOTING AT BOARD MEETINGS AND SHAREHOLDERS' MEETINGS

- 20.1 The Board shall decide on all matters concerning the Company by simple majority, other than matters specifically reserved for the Shareholders under the applicable provisions of the Act.
- 20.2 Meetings of Shareholders shall pass resolutions of Shareholders (through e-voting, postal ballot or as may be prescribed by the Act) in respect of all matters reserved for Shareholders under the applicable provisions of the Act, by simple majority or by any other majority required under the applicable provisions of the Act; and/or as provided under the terms of these Articles, provided that the voting rights shall be subject to the restrictions imposed under Section 12 of the BR Act.
- 20.3 The Company shall provide the facility of electronic voting to its members in the manner prescribed under Section 108 of the Act, and applicable Rules.
- 20.4 The Company shall seek approval of shareholders through postal ballot with respect to the matters and in the manner prescribed in the Rules from time to time and postal ballot shall include voting through electronic mode.

21. PROXY

- 21.1 Subject to Applicable Law, the instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than forty-eight (48) hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
- 21.2 An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105 of the Act.
- 21.3 A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the completion of the meeting or adjourned meeting at which the proxy is used.



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22. STATUTORY AUDITORS

The appointment, qualifications, removal, powers, rights, duties and remuneration of the Auditors shall be regulated by and in accordance with the Act and the BR Act.

23. JOINT HOLDERS

23.1 Where two (2) or more persons are registered as the holders of any Share they shall be deemed to hold the same as joint holders with benefits of survivorship subject to the following and other provisions in the Articles:

- (a) the Company may be entitled to decline to register more than three (3) persons as the joint holders of any Shares;
- (b) the joint holders of any Share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such Share;
- (c) on the death of any such joint holder the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the Share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of deceased joint holders from any liability in respect of the Shares held by him jointly with any other person;
- (d) only the person whose name stands first in the register of members may give effectual receipts for any dividends or other money payable in respect of such Share;
- (e) only the person whose name stands first in the register of members as one (1) of the joint-holders of any Share shall be entitled to delivery of the certificate relating to such Share or to receive documents from the Company and any documents served on or sent to such person shall be deemed served on all the joint-holders; and
- (f) any one (1) of two (2) or more joint-holders may vote at any meeting either personally or by proxy in respect of such Shares as if he were solely entitled thereto and if more than one (1) of such joint holders be present at any meeting personally or by proxy then that one (1) of such persons so present whose name stand first or higher (as the case may be) on the register in respect of such Shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting. Provided always that a joint holders present at any meeting personally shall be entitled to vote in preference to a joint holder present by proxy although the name of such joint holder present by proxy stands first or higher in the register in the register in respect of such Shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any Share stands shall for the purposes of this Article be deemed joint-holders.

24. POWER TO BORROW

Subject to Applicable Law, the Directors may, from time to time, by a resolution passed at a meeting of the Board borrow moneys for the purpose of the Company. Provided that the Directors shall not borrow moneys except with the approval of the Company in a general meeting by a special resolution where moneys to be borrowed together with the money already borrowed by the Company, apart from temporary loans obtained in its ordinary course of business and except as otherwise provided hereafter, shall exceed the aggregate of the paid-up capital of the Company and its free reserves or limits as set under the Act.

Provided that nothing contained herein above shall apply to:



- (i) any sums of moneys borrowed by the Company from any other banking companies or from the RBI, State Bank of India or any other banks established by or under any law for the time being in force; and
- (ii) acceptance by the Company in the ordinary course of business of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft, order or otherwise.

The expression "temporary loans" means loans repayable on demand or within 6 months from the date of the loan such as short-term, cash credit arrangements, the discounting of bills and the issue of other short-term loans of a seasonal character, but does not include loans raised for the purpose of financial expenditure of a capital nature.

25. DELEGATION OF POWER BY BOARD

The Board shall from time to time entrust to, authorise, empower and confer upon identified Persons, by resolution or by power of attorney such of the powers, authorities, duties and discretions as specifically provided in such resolution or power of attorney.

26. COVENANTS

26.1 *Reporting Covenants:* The Company shall:

- (a) within ninety (90) days after the end of each Financial Year, make the S&E Performance Report available to all the Shareholders by placing it on its website, confirming compliance with the social and environmental covenants of Social and Environmental Action Plan and Applicable S&E Law or, as the case may be, identifying any non-compliance or failure, and the actions being taken to remedy any such deficiency;
- (b) within three (3) days after becoming aware of the occurrence, notify the Shareholders of any social, labor, health and safety, security or environmental incident, accident or circumstance with respect to any Client or in relation to any Client Operations having, or which could reasonably be expected to have, any material adverse social and/or environmental impact or any material adverse impact on the implementation or operation of the Client Operations in compliance with the S&E Requirements (including, without limitation, (i) any workplace accident which results in death, serious or multiple injuries and (ii) any such event that results in a loss of life or severe permanent injury or severe permanent damage to health to any persons and a material breach of Applicable S&E Law), specifying in each case the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures the Company and/or the Client is taking or plans to take to address them and to prevent any future similar event; and keep the Shareholders informed of the on-going implementation of those measures; and
- (c) within ninety (90) days after the end of the expiry of any of the insurance policies with respect to (a) fire and perils, or all risks on assets (covering property damage - only fixed assets buildings, computers, furniture, etc.); (b) public liability (covering losses brought on by Third Party claims-any event/property damage/fire that effects a Third Party and hence possess the risk that a Third Party will file a claim against the Company); (c) fidelity guarantee (losses suffered because of employee fraud; loan officers creating false accounts, taking cash out, remitting funds to their own accounts - any employee specific fraud); (d) cash (armed robbery, break-in, ATM loss, physical cash lost during transportation, etc.); (e) directors' and officers' liability; and (f) all insurances required by local legislation, the Company shall make publicly available,



by hosting on its website, a certificate from an Authorised Representative confirming that, as of the date of such certificate, the Company maintains the insurance policies listed above in this Article and providing a detailed explanation of any material changes in such insurance policies.

26.2 Affirmative Social and Environmental Covenants

The Company shall:

- (a) use all reasonable efforts to ensure the continuing operation of the S&E Management System to identify, assess, monitor and manage the social and environmental performance of the Relevant Financing Operations in compliance with the S&E Requirements and the Social and Environmental Action Plan;
- (b) if the Company becomes aware of any change in the scope of the Relevant Financing Operations, if necessary, amend the S&E Management System to identify, assess monitor and manage such risks in compliance with the S&E Requirements;
- (c) if the Company becomes aware that any Client has undertaken Client Operations in a manner that is not in accordance with the S&E Requirements, promptly: (i) require the relevant Client to undertake, as appropriate or necessary in the Company's reasonable judgment, corrective measures to remedy such inconsistency or breach; and (ii) if the relevant Client does not implement corrective measures as provided under sub- article (i), use reasonable efforts to dispose of the Company's investment in such Client on commercially reasonable terms, taking into account liquidity, market constraints and fiduciary responsibilities; and
- (d) undertake and implement the Social and Environmental Action Plan in accordance with the requirements and schedule specified therein.

26.3 Social and Environmental Covenants

The Company shall not and shall ensure that its Subsidiaries shall not:

- (a) amend, waive the application of, or otherwise materially restrict the scope or effect of, the S&E Management System (including the S&E Requirements); or
- (b) provide loans, funding, investments or other support to Clients engaged in any of the activities on the Exclusion List except that, in the case of tobacco, the Company shall use all reasonable efforts not to provide funding to Clients engaged in such activities and shall ensure that in all events, the Company's aggregate funding to such Clients shall not at any time exceed two per cent. (2%) of the Company's total disbursed portfolio in respect of such Relevant Financing Operations.

26.4 UN Security Council Resolutions

The Company shall and shall ensure that its Subsidiaries shall institute, maintain and comply with internal policies, procedures and controls consistent with its business and customer profile, for the purpose of ensuring that it will not enter into any transaction: (i) with, or for the benefit of, any of the individuals or entities named on lists promulgated by; or (ii) related to any activity prohibited by, the United Nations Security Council or its committees pursuant to any resolution under Chapter VII of the United Nations Charter.

26.5 Shell Banks



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The Company shall institute, maintain and comply with appropriate internal procedures and controls to ensure that:

- (a) any financial institution with which the Company conducts business or enters into any transaction, or through which the Company transmits any funds, does not have correspondent banking relationships with any Shell Bank; and
- (b) the Company shall not conduct business or enter into any transaction with, or transmit any funds through a Shell Bank.

26.6 AML/CFT

The Company shall institute, maintain and comply with internal policies, procedures and controls for AML/CFT consistent with its business and customer profile, in compliance with national laws and regulations and in furtherance of applicable international AML/CFT best practices.

26.7 Other Affirmative Covenants

The Company shall:

- (a) undertake its business, activities and investments and cause its Subsidiaries to undertake their business, activities and investments, in compliance with Applicable Law, S&E Requirements, and Worker Rights Requirements;
- (b) any issuance of employee stock options shall be made through appropriate mechanisms approved by the Board and the compensation committee of the Board in accordance with the Act and Applicable Law; and
- (c) carry out the Relevant Financing Operations at all times in compliance with (i) all statutes and regulations of any Authority; and (ii) all Applicable Laws, including the relevant provisions of the Act, the RBI Act and all applicable guidelines and regulations issued by the Reserve Bank of India, shall ensure that all procedural filings and submissions as required under the same are duly complete at all times.
- (d) measure and report to the Shareholders on the Social Performance and Development Impact of the activities of the Company, on an annual basis.

For this purpose:

- (A) **“Social Performance”** shall be measured against the application of the SMART Campaign Client Protection Principles and shall be independently reviewed by an external audit / ratings organization in the format as tabled and noted by the Board.
- (B) **“Development Impact”** shall also be measured and reported on through the social performance standards report, in the format as tabled and noted by the Board, and shall be based on the “Poverty Assessment” and “Social Goals” aspects of the social performance standards report.
 - (i) If the Company should determine to utilize a different standard or tool for measuring and reporting on Social Performance, such standard or tool shall provide reasonably equivalent information as the social performance standards report and shall be used only with the prior approval of the Shareholders. In such case, the Company shall develop an appropriate plan



and schedule acceptable to the Shareholders for measuring and reporting on Social Performance and Development Impact within a reasonable time (being not less than ninety (90) days from date of notification of change of standard or tool by the Company to the Shareholders) and shall endeavor to obtain any training or technical assistance that it may require to meet this objective.

- (ii) At all times have in place a designated officer responsible for Social Performance management responsibilities.
- (iii) The Company shall include summary information regarding the Social Performance and Development Impact in its quarterly and annual reports.

26.8 Merger

Subject to Applicable Law and approval of the RBI and other Authorities (to the extent such approval is required), the Company shall endeavour, on a best effort basis, to undertake a merger of UCL with the Company within the time period as may be prescribed by the Applicable Law, provided that the Company shall initiate the process for undertaking the merger of UCL with the Company by appointing appropriate advisors no later than:

- (a) three (3) months from the date on which UCL and the Company are eligible under Applicable Law to undertake such a merger; or
- (b) in case the Listing has occurred prior to the initiation of the process for undertaking the merger of UCL with the Company, three (3) months from the date of Listing (subject to UCL and the Company being eligible under Applicable Law to undertake such a merger),

whichever is earlier.

27. INDEMNITY

- 27.1 Every Director of the Company shall be indemnified out of the funds of the Company against all claims, and it shall be the duty of the Company to pay all costs, charges, losses and damages which any such Director may incur or become liable to by reason of any contract entered into or act or thing done, in execution or discharge of his duties or supposed duties, except such, if any, as the Director shall incur or sustain through or by his own wilful act, neglect, default, misfeasance, breach of duty or breach of trust of which he may be guilty in relation to the Company, including expenses and, in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by the Director as such Director in defending any proceeding, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted, or in connection with any application under Section 463 of the Act in which relief is granted to him by the Court.
- 27.2 Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability

28. WINDING UP

- 28.1 Subject to the provisions of the BR Act and of Chapter XX of the Act and rules made thereunder:



- (a) if the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not;
- (b) for the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members; and
- (c) the liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any Shares or other securities whereon there is any liability.

29. OVERRIDING EFFECT AND GENERAL AUTHORITY

- (a) All actions under these Articles shall be carried on in abidance with Applicable Laws. Further, the Company shall do all such things as are permitted under Applicable Laws, including but not limited to the Act, the BR Act, the RBI Act and any other applicable regulation enacted or amendment made to existing laws or judicial decisions, made from time to time.

In case of any inconsistency between the provisions of these Articles and the Act, the provisions of the Act will prevail.

- (b) The provisions of the Act shall apply to the Company except insofar as the said provisions are inconsistent with the provisions of the BR Act and the relevant rules thereunder. In case of any inconsistency between the provisions of the Act and the BR Act or the guidelines thereunder, the provisions of the BR Act or the guidelines thereunder, as the case may be, will prevail.
- (c) At any point of time from the date of adoption of these Articles, if the Articles are or become contrary to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Regulations"), the provisions of the Regulations shall prevail over the Articles to such extent and the Company shall discharge all of its obligations as prescribed under the Regulations, from time to time. In case of any inconsistency between the provisions of the Regulations and the BR Act or the guidelines thereunder, the provisions of the BR Act or the guidelines thereunder, as the case may be, will prevail.
- (d) Wherever in the Act it has been provided that any company shall have any right, privilege or authority or that any company cannot carry out any transaction unless it is so authorised by its Articles, then and in that case this Article hereby authorizes and empowers the Company to have such right, privilege or authority and to carry out such transaction as have been permitted by the provisions of the Act and the applicable provisions of the Act without there being any other specific Article in that behalf herein provided.



**ANNEXURE A
ANTI-CORRUPTION GUIDELINES**

The purpose of these guidelines is to clarify the meaning of the terms "Corrupt Practice", "Fraudulent Practice", "Coercive Practice", "Collusive Practice" and "Obstructive Practice" in the context of the operations of the Company.

1. CORRUPT PRACTICES

A "**Corrupt Practice**" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.

INTERPRETATION

- A. Corrupt practices are understood as kickbacks and bribery. The conduct in question must involve the use of improper means (such as bribery) to violate or derogate a duty owed by the recipient in order for the payor to obtain an undue advantage or to avoid an obligation. Antitrust, securities and other violations of law that are not of this nature are excluded from the definition of Corrupt Practices.
- B. It is acknowledged that foreign investment agreements, concessions and other types of contracts commonly require investors to make contributions for bona fide social development purposes or to provide funding for infrastructure unrelated to the project. Similarly, investors are often required or expected to make contributions to bona fide local charities. These practices are not viewed as Corrupt Practices for purposes of these definitions, so long as they are permitted under local law and fully disclosed in the payor's books and records. Similarly, an investor will not be held liable for corrupt or Fraudulent Practices committed by entities that administer bona fide social development funds or charitable contributions.
- C. In the context of conduct between private parties, the offering, giving, receiving or soliciting of corporate hospitality and gifts that are customary by internationally-accepted industry standards shall not constitute Corrupt Practices unless the action violates Applicable Law.
- D. Payment by private sector persons of the reasonable travel and entertainment expenses of public officials that are consistent with existing practice under relevant law and international conventions will not be viewed as Corrupt Practices.
- E. For the purposes of implementation, the interpretation of "Corrupt Practices" relating to facilitation payments will take into account relevant law pertaining to corruption.

2. FRAUDULENT PRACTICES

A "Fraudulent Practice" is any action or omission, including a misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

INTERPRETATION

An action, omission, or misrepresentation will be regarded as made recklessly if it is made with reckless indifference as to whether it is true or false. Mere inaccuracy in such information, committed through simple negligence, is not enough to constitute a "Fraudulent Practice" for purposes of these Articles.



3. **COERCIVE PRACTICES**

A “Coercive Practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

INTERPRETATION

- A. Coercive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.
- B. Coercive Practices are threatened or actual illegal actions such as personal injury or abduction, damage to property, or injury to legally recognizable interests, in order to obtain an undue advantage or to avoid an obligation. It is not intended to cover hard bargaining, the exercise of legal or contractual remedies or litigation.

4. **COLLUSIVE PRACTICES**

A “Collusive Practice” is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

INTERPRETATION

Collusive Practices are actions undertaken for the purpose of bid rigging or in connection with public procurement or government contracting or in furtherance of a Corrupt Practice or a Fraudulent Practice.

5. **OBSTRUCTIVE PRACTICES**

An “Obstructive Practice” is: (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making of false statements to investigators, in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive or Collusive Practice and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or (b) an act intended to materially impede the exercise of the subscribing investors’ access to contractually required information in connection with an investigation into allegations of a corrupt, fraudulent, coercive or collusive practice.

INTERPRETATION

Any action legally or otherwise properly taken by a party to maintain or preserve its regulatory, legal or constitutional rights such as the attorney-client privilege, regardless of whether such action had the effect of impeding an investigation, does not constitute an Obstructive Practice.

GENERAL INTERPRETATION

A person should not be liable for actions taken by unrelated Third Parties unless the first party participated in the prohibited act in question.



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We, the several persons whose names and addresses are hereunder subscribed below, are desirous of being formed into a Company in pursuance of this Article of Association:

Name, Address, description and occupation of subscribes	Number of equity shares	Witness
<p>1. Mr. Govind Singh S/o Late Nandan Singh Progressive Highness, Flat No. 503-504, Plot 5,6, Section – 16 A, Navi Mumbai, Thane, Maharashtra, 400705, India (formerly at C-402, Mahavir Sadhana, Plot no. 18E, 18F, 18G, Sector 14, Sanpada, Navi Mumbai, 400705, Maharashtra) Occupation: Service</p>	44000	<p>Signed before me I witness to subscribe who have signed and subscribed in my presence. Further I have verified their identity detail for their identification & satisfied myself of identification particular on filled in.</p> <p>CS Neeraj Kumar Tiwari S/o Late Sushil Kumar Tiwari Village Babhani, Post-Sarenja, PS-Rajpur, Dist-Buxar, Bihar-802114</p>
<p>2. Ms. Revati Singh W/o Mr. Govind Singh Progressive Highness, Flat No. 503-504, Plot 5,6, Section – 16 A, Navi Mumbai, Thane, Maharashtra, 400705, India (formerly at C-402, Mahavir Sadhana, Plot no. 18E, 18F, 18G, Sector 14, Sanpada, Navi Mumbai, 400705, Maharashtra) Occupation: Housewife</p>	1000	
<p>3. Mr. Raghvendra Singh S/o Late B.N. Singh S-2/326B, Rajarshi Nagar, Bhojubeer, Varanasi, Uttar Pradesh – 221002, India Occupation: Service</p>	1000	
<p>4. Mr. Abhisheka Kumar 3A/133. G C Grand. Vaibhav Khand. Near Vaibhav Park. Indirapuram. Ghaziabad, Uttar Pradesh, 201014, India (formerly at S/o Late Bijayendra Narayan Singh, BH-606, Amrapali Village, Indirapuram, Ghaziabad, 201010) Occupation: Service</p>	1000	
<p>5. Mr. Trilok Nath Shukla S/o Mr. Raghubir Ram Shukla</p>	1000	



Name, Address, description and occupation of subscribes	Number of equity shares	Witness
<p>A.N. 372, Vishvakarma Nagar SUS, Varanasi, Uttar Pradesh, 221005, India</p> <p>Occupation: Service</p>		
<p>6. Mr. Ashwani Kumar</p> <p>S/o Mr. Amrendra Kumar</p> <p>A-5/B, Mahavir Greens Apartments, Near Mahavir Mandir, Orderly Bazar, Varanasi, Uttar Pradesh – 221002, India (formerly at Quarter No. 2131, Sector 6C, Bokaro Steel City, Bokaro, 827006, Jharkhand)</p> <p>Occupation: Service</p>	1000	<p>Signed before me</p> <p>I witness to subscribe who have signed and subscribed in my presence. Further I have verified their identity detail for their identification & satisfied myself of identification particular on filled in.</p> <p>CS Neeraj Kumar Tiwari S/o Late Sushil Kumar Tiwari Village Babhani, Post-Sarenja, PS-Rajpur, Dist-Buxar, Bihar-802114</p>
<p>7. M/s Utkarsh CoreInvest Limited</p> <p>S-24/1-2, Fourth Floor, Mahavir Nagar, Orderly Bazar, Near Mahavir Mandir, Varanasi, Uttar Pradesh, 221002, India (formerly at S-2/639-56, Varuna Vihar Colony, J.P. Mehta Road, Cantt., Varanasi 221002.)</p> <p>Occupation: Body Corporate</p>	1000	



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT ALLAHABAD**

ANNEXURE – 8

**COMPANY PETITION (CAA) No./ALD/2026
SECOND MOTION**

[Under Sections 230-232 of Companies Act, 2013 and Rule 15(1) of the
Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

**CONNECTED WITH
COMPANY APPLICATION (CAA) No. 37/ALD/2025
FIRST MOTION**

[Under Sections 230-232 of the Companies Act, 2013]

IN THE MATTER OF:

Petition for Sanction of the Scheme of Amalgamation between Utkarsh
CoreInvest Limited and Utkarsh Small Finance Bank Limited and their
respective Shareholders (“Scheme”).

IN THE MATTER OF:

UTKARSH COREINVEST LIMITED

AND

UTKARSH SMALL FINANCE BANK LIMITED

AND IN THE MATTER OF:

**SCHEME OF AMALGAMATION BETWEEN THE PETITIONER
COMPANIES AND THEIR RESPECTIVE SHAREHOLDERS**

1. Utkarsh CoreInvest Limited
..... **Petitioner Company 1/ Transferor Company**

2. Utkarsh Small Finance Bank Limited
Varanasi, Uttar Pradesh – 221005.
..... **Petitioner Company 2/ Transferee Company**



Deloitte Haskins & Sells

19th Floor, Shapath-V
S.G. Highway
Ahmedabad - 380 015
Gujarat, India
Tel: +91 79 6682 7300
Fax: +91 79 6682 7400

Kirtane & Pandit LLP

Chartered Accountants
601, 6th Floor,
Earth Vintage Building,
Nr. MCGM Pumping Station,
Senapati Bapat, Marg Dadar (West)
Mumbai 400 028
Tel: +91 022 2444 4119
Fax: +91 022 2444 1147

INDEPENDENT AUDITOR'S REPORT

To The Members of UTKARSH SMALL FINANCE BANK LIMITED
Report on the Audit of the Financial Statements

Opinion

We have jointly audited the accompanying financial statements of **UTKARSH SMALL FINANCE BANK LIMITED** (the "Bank"), which comprise the Balance Sheet as at March 31, 2025, 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 the Bank, the relevant circulars, guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time and other accounting principles generally accepted in India, of the state of affairs of the Bank as at March 31, 2025, and 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 ("SA's") 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.



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Sr. No.	Key Audit Matter	Auditor's Response
	<p>1. Identification of and Provisioning against Non-performing Assets ("NPAs"): Total Loans and Advances (Net of Provision) as at March 31, 2025: Rs. 18,71,648 Lakhs Provision for NPAs as at March 31, 2025: Rs. 94,910 Lakhs</p> <p>Refer Schedule 9, Schedule 17(B)(c) and Schedule 18.4.1</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 NPA to the gross advances of the Bank.</p> <p>The Bank is required to comply with the Master Circular issued by the Reserve Bank of India ('RBI') on 'Prudential Norms for Income Recognition, Asset Classification and Provisioning pertaining to Advances' (the 'IRAC norms') and amendments thereto ("RBI guidelines") which prescribes the norms for identification and classification of Non-performing Assets ('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 provision required against NPAs considering various quantitative as well as qualitative factors.</p> <p>As the identification of and provisioning against NPAs requires considerable level of management estimation, application of various regulatory requirements and its significance to the overall audit due to stakeholder and regulatory focus, we have identified 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. In particular:</p> <ul style="list-style-type: none"> We have evaluated and understood the Bank's internal control system in adhering to the RBI guidelines; 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 RBI guidelines and provisioning pertaining to advances; We test checked advances to examine the validity and accuracy of the recorded amounts, impairment provision for NPAs, recognition of floating asset provision based on board approved policy and its utilisation based on RBI's approval, in compliance with IRAC norms and other RBI Guidelines.



Information Technology ('IT') Systems and Controls impacting Financial Reporting

As a Scheduled Commercial Bank that operates on core banking solution ("CBS") and other 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.

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.

Due to the pervasive nature and complexity of the IT environment we have ascertained Key Information technology ("IT") systems used in financial reporting process as a key audit matter.

In assessing the controls over the IT systems of the Bank, we involved our technology specialists to understand the IT control environment, IT infrastructure and IT systems.

We conducted an assessment and identified key IT systems that are critical for accounting and financial reporting process and are relevant for our audit and tested their internal controls. In particular;

- We obtained an understanding of the Bank's IT control environment and key changes during the audit period that may be relevant to the audit;
- 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;
- We tested key automated and manual business cycle controls and logic for system generated reports relevant to the audit; and
- We also tested compensating controls and performed alternate procedures to assess whether there were any unaddressed IT risks that would materially impact the financial statements.



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Haskins & Sells

Kirtane & Pandit LLP

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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 RBI, 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Bank's Board of Directors is 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstance. 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.



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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 financial controls 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.

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.
 - 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 relevant 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 as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164(2) of the Act.

- h) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our remarks in paragraph 1(b) above on reporting under Section 143(3)(b) and paragraph 1(k)(vi) below on reporting under Rule 11(g) of the Rules;



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- i) 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.
- j) 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.
- k) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Schedule 12 to the financial statements;
 - ii. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There 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 Schedule 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 Schedule 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.





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- v. The final dividend proposed in the previous year, declared and paid by the Bank during the year is in accordance with section 123 of the Act, as applicable.
 - vi. Based on our examination, which included test checks, the Bank has used accounting software systems for maintaining its books of account for the financial year ended March 31, 2025 which have the feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software systems. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Bank as per the statutory requirements for record retention.
2. We report that during the course of our audit we have visited and performed select relevant procedures at 40 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: 25109839BMOFVH3118
 Place: Mumbai
 Date: May 03, 2025



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


 Sandeep Welling
 Partner
 Membership No. 044576
 UDIN: 25044576BMKQXS3892
 Place: Mumbai
 Date: May 03, 2025




Deloitte
Haskins & Sells

Kirtane & Pandit LLP

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(i) 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 jointly audited the internal financial controls with reference to financial statements of **UTKARSH SMALL FINANCE BANK LIMITED** (the "Bank") as of March 31, 2025 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.



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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, 2025, 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

G. K. Subramaniam
Partner
Membership No. 109839
UDIN: 25109839BMOFVH3118
Place: Mumbai
Date: May 03, 2025



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

Sandeep Welling

Sandeep Welling
Partner
Membership No. 044576
UDIN: 25044576BMKQXS3892
Place: Mumbai
Date: May 03, 2025



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Utkarsh Small Finance Bank Limited
Balance Sheet as at 31 March 2025

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(₹ in '000s)

	Schedule	As at March 31, 2025 Audited	As at March 31, 2024 Audited
CAPITAL and LIABILITIES			
Capital	1	1,10,16,099	1,09,94,575
Reserves and Surplus	2	1,87,28,943	1,87,37,308
Deposits	3	21,56,56,989	17,47,25,981
Borrowings	4	2,35,47,658	1,99,50,808
Other Liabilities and Provisions	5	1,23,24,681	1,46,18,098
Total		28,12,74,370	23,90,26,770
ASSETS			
Cash and balances with Reserve Bank of India	6	2,63,82,821	1,24,69,002
Balances with banks and money at call and short notice	7	79,83,390	1,78,05,697
Investments	8	4,95,78,851	3,67,94,652
Advances	9	18,71,64,758	16,36,48,091
Fixed Assets	10	38,69,206	31,15,775
Other Assets	11	62,95,344	51,93,553
Total		28,12,74,370	23,90,26,770
Contingent Liabilities	12	8,94,261	7,66,654
Significant accounting policies	17		
Explanatory notes to 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: L65992UP2016PLC082804

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 : May 03, 2025

Place : Mumbai
Date : May 03, 2025



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Utkarsh Small Finance Bank Limited
Profit and Loss Account for the year ended March 31, 2025

(₹ in '000s)

	Schedule	For the year ended March 31, 2025	For the year ended March 31, 2024
		Audited	Audited
I INCOME			
Interest Earned	13	3,76,49,260	3,17,84,115
Other Income	14	59,98,343	40,03,434
Total		4,36,47,603	3,57,87,549
II EXPENDITURE			
Interest Expended	15	1,74,20,624	1,29,26,090
Operating Expenses	16	1,61,57,659	1,28,88,784
Provisions and Contingencies	18.14.5	98,32,315	49,96,393
Total		4,34,10,598	3,08,11,267
III PROFIT			
Net Profit for the year		2,37,005	49,76,282
Balance in Profit and Loss account brought forward from previous year		93,66,953	56,94,147
Total		96,03,958	1,06,70,429
IV APPROPRIATIONS			
Transfer to Statutory Reserve		59,251	12,44,071
Transfer to / (from) Investment Fluctuation Reserve		1,35,298	59,405
Transfer to Capital Reserve		66,748	-
Balance carried over to Balance Sheet		93,42,661	93,66,953
Total		96,03,958	1,06,70,429
V EARNINGS PER EQUITY SHARE	18.15		
Basic EPS (₹)		0.22	4.79
Diluted EPS (₹)		0.22	4.75
Face Value per share (₹)		10	10

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: L65992UP2016PLC082804

G.K. Subramaniam

G.K. Subramaniam
Partner
Membership No. 109839

Sandeep D Welling

Sandeep D Welling
Partner
Membership No. 044576

Parveen Kumar Gupta

Parveen Kumar Gupta
Chairman
DIN : 02895343

Nagesh Pinge

Nagesh Pinge
Director
DIN: 00062900



Govind Singh

Govind Singh
Managing Director & CEO
DIN: 02470880

Sarju Simaria

Sarju Simaria
Chief Financial Officer
FCA : 046998

Muthiah Ganapathy

Muthiah Ganapathy
Company Secretary
FCS 5674



Place : Mumbai
Date : May 03, 2025

Place : Mumbai
Date : May 03, 2025



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Utkarsh Small Finance Bank Limited
Cash Flow Statement for the year ended March 31, 2025

(₹ in '000s)

S.No	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
I	Cash flow from operating activities		
	Profit before taxes	2,76,472	65,93,863
	Adjustments for:-		
	Depreciation on fixed assets	7,65,691	6,52,665
	Depreciation on investments, net	3,61,110	-
	Amortization of premium on Held to Maturity Investment	1,93,123	1,98,154
	Profit on sale & Redemption of HTM investment	(1,18,930)	-
	Write-off of non performing advances	24,61,663	31,34,217
	Provision for standard advances and other contingencies	(12,09,312)	5,25,275
	Provision for non performing advances (net of reversal)	68,45,383	(2,38,701)
	(Profit)/Loss on sale of fixed assets (Net)	(2,396)	578
	ESOP expenses	2,50,194	35,549
	Other provisions and write off	34,639	(38,375)
	Other Income / Operating Expenses (written back / off)	(11,61,163)	-
		(i) 86,97,474	1,08,63,225
	Adjustments for:-		
	Decrease in available for sale (AFS) investments	(71,25,993)	(29,70,252)
	(Increase) in advances	(3,28,24,714)	(3,58,55,951)
	Increase in deposits	4,09,51,009	3,76,24,580
	(Increase) in other assets	(20,77,849)	(32,24,409)
	(Decrease) / Increase in other liabilities and provisions	47,485	41,11,083
	Payment of direct taxes	(ii) (10,50,062)	(3,14,949)
		(iii) 11,08,370	(6,35,936)
	Net cash flow (used in) / generated from operating activities (A)	87,55,782	99,12,340
II	Cash flow from/used in investing activities		
	Purchase of fixed assets including capital work in progress and advances	(15,89,613)	(7,04,126)
	Proceeds from sale of fixed assets	12,770	2,323
	Purchase of HTM investments	(1,10,79,163)	(54,96,190)
	Proceeds from sale of HTM investments	48,87,200	-
	Net cash flow (used in) investing activities (B)	(77,68,808)	(61,97,993)
III	Cash flow from/used in Financing Activities		
	Proceeds from issue of share capital	57,919	51,56,088
	Share issue expenses	-	(1,95,421)
	Payment of dividend	(5,50,231)	-
	Borrowings taken	1,46,07,004	54,60,000
	(Repayments) of borrowings	(1,10,10,154)	(90,03,945)
	Net cash flow generated from financing activities (C)	31,04,538	13,96,722
IV	Net (decrease)/increase in cash and cash equivalents (A) + (B) + (C)	40,91,512	51,11,069
V	Cash and cash equivalents at the beginning of the year	3,02,74,699	2,51,63,630
VI	Cash and cash equivalents at the end of the year	3,43,66,211	3,02,74,699
	Notes to the Cash Flow Statement: Cash and cash equivalents includes the following:		
(i)	Cash in hand (Refer Schedule 6)	7,92,732	7,90,208
(ii)	Balances with Reserve Bank of India (Refer Schedule 6)	2,55,90,089	1,16,78,794
(iii)	Balance with banks and money at call and short notice (Refer Schedule 7)	79,83,390	1,78,05,697
	Cash and cash equivalents at the end of the year	3,43,66,211	3,02,74,699


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.

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/AV100057

for and on behalf of the Board of Directors of Utkarsh Small Finance Bank Limited CIN: L65992UP2016PLC082804


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: May 03, 2025

Place: Mumbai
Date: May 03, 2025



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Utkarsh Small Finance Bank Limited
Schedules forming part of the Balance Sheet as at March 31, 2025

Schedule 1 - Capital

	As at March 31, 2025	As at March 31, 2024
(₹ in '000s)		
Authorised Capital		
1,800,000,000 Equity shares of ₹10/- each (March 31, 2024: 1,300,000,000 Equity shares of ₹10/- each)	1,80,00,000	1,30,00,000
200,000,000 Preference shares of ₹10/- each (March 31, 2024: 200,000,000 Preference shares of ₹10/- each)	20,00,000	20,00,000
Issued, subscribed and fully paid-up capital		
1,10,16,09,900 Equity shares of ₹10/- each (March 31, 2024: 1,09,94,57,460 Equity shares of ₹10/- each)	1,10,16,099	1,09,94,575
TOTAL	1,10,16,099	1,09,94,575

Note:

The Bank had completed the process of initial public offer (IPO) and raised ₹50,000 lakhs by issue of 2,000 lakhs equity shares which got listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on July 21, 2023.

Schedule 2 - Reserves and Surplus

	As at March 31, 2025	As at March 31, 2024
(₹ in '000s)		
1. Statutory Reserve		
Opening balance	34,02,181	21,58,110
Addition during the year	59,251	12,44,071
Deduction during the year	-	-
Total	34,61,432	34,02,181
2. Capital Reserve		
Opening balance	90,207	90,207
Addition during the year*	66,748	-
Deduction during the year	-	-
Total	1,56,955	90,207
3. Share Premium**		
Opening balance	55,42,778	28,61,462
Addition during the year	61,443	51,00,560
Deduction during the year	(5,063)	(4,19,244)
Total	56,09,284	55,42,778
4. Investment Fluctuation Reserve		
Opening balance	1,19,218	59,813
Addition during the year	1,35,298	59,405
Deduction during the year	-	-
Total	2,54,516	1,19,218
5. General Reserve		
Opening balance	-	-
Addition during the year	17,198	-
Deduction during the year	-	-
Total	17,198	-
6. ESOP Outstanding		
Opening balance	2,15,971	1,80,422
Addition during the year	2,50,194	75,371
Deduction during the year	(29,037)	(39,822)
Total	4,37,128	2,15,971
7. Balance in Profit and Loss Account	87,92,430	93,66,953
TOTAL (1+2+3+4+5+6+7)	1,87,28,943	1,87,37,308

* Refer schedule 18.3.3

** For addition and deduction in share premium refer schedule 18.1.3

Schedule 3 - Deposits

	As at March 31, 2025	As at March 31, 2024
(₹ in '000s)		
A. 1. Demand Deposits		
i) From banks	14,03,378	11,01,034
ii) From others	50,39,325	44,67,612
Total	64,42,703	55,68,646
2. Savings Bank Deposits	4,05,48,851	3,02,54,477
3. Term Deposits		
i) From banks	4,72,48,226	3,66,60,154
ii) From others	12,14,17,009	10,22,42,704
Total	16,86,65,435	13,89,02,858
TOTAL (1 to 3)	21,56,56,989	17,47,25,981
B. i. Deposits of branches in India	21,56,56,989	17,47,25,981
ii. Deposits of branches outside India	-	-
TOTAL	21,56,56,989	17,47,25,981



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Utkarsh Small Finance Bank Limited
Schedules forming part of the Balance Sheet as at March 31, 2025 (continued)

Schedule 4 - Borrowings

	(₹ in '000s)	
	As at March 31, 2025	As at March 31, 2024
1. Borrowings in India		
i) Reserve Bank of India	-	15,00,000
ii) Other banks	-	-
iii) Other institutions and agencies		
a) Government of India	-	-
b) Financial institutions	1,83,37,640	1,62,93,120
iv) Capital instruments		
a) Borrowing in the form of bonds and debentures * (subordinated debt included in Tier 2 capital)	51,50,000	21,00,000
v) Other borrowings**	60,018	57,688
Total borrowings in India	2,35,47,658	1,99,50,808
2. Borrowings outside India	-	-
TOTAL (1 + 2)	2,35,47,658	1,99,50,808
Secured borrowings included in 1 and 2 above	-	15,00,000

Refinance borrowings of ₹1,833.76 crore (March 31, 2024: ₹1,629.31 crore)

* Represents unsecured non-convertible debentures

** Represents payable under lease obligation

Schedule 5 - Other Liabilities and Provisions

	(₹ in '000s)	
	As at March 31, 2025	As at March 31, 2024
1. Bills payable	12,96,567	18,39,849
2. Inter office adjustments (net)	-	-
3. Interest accrued	73,62,018	59,95,618
4. Others (including provisions)	36,66,096	67,82,631
TOTAL (1 to 4)	1,23,24,681	1,46,18,098

Schedule 6 - Cash and balances with Reserve Bank of India

	(₹ in '000s)	
	As at March 31, 2025	As at March 31, 2024
1. Cash in hand	7,92,732	7,90,208
2. Balances with Reserve Bank of India		
i) In current account	67,50,089	66,88,794
ii) In other accounts	1,88,40,000	49,90,000
TOTAL (1 + 2)	2,63,82,821	1,24,69,002



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Utkarsh Small Finance Bank Limited
Schedules forming part of the Balance Sheet as at March 31, 2025 (continued)

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

	(₹ in '000s)	
	As at March 31, 2025	As at March 31, 2024
1. In India		
i) Balances with banks		
a) In current accounts	4,35,294	7,42,505
b) In other deposit accounts	10,50,317	18,15,329
ii) Money at call and short notice		
a) With banks	12,50,000	10,00,000
b) With other institutions	52,47,779	1,42,47,863
Total (i+ii)	79,83,390	1,78,05,697
2. Outside India		
In current accounts	-	-
In other deposits accounts	-	-
Money at call and short notice	-	-
Total	-	-
TOTAL (1 + 2)	79,83,390	1,78,05,697

Schedule 8 – Investments

	(₹ in '000s)	
	As at March 31, 2025	As at March 31, 2024
1. Investments in India (net of provisions)		
i) Government securities*	4,22,01,075	3,33,16,322
ii) Other approved securities	-	-
iii) Shares	67,890	-
iv) Debentures and bonds	-	-
v) Subsidiaries / joint ventures	-	-
vi) Others (certificate of deposits and security receipts)	73,09,886	34,78,330
Total	4,95,78,851	3,67,94,652
2. Investments Outside India (net of provisions)		
i) Government securities	-	-
ii) Subsidiaries / joint ventures	-	-
iii) Others	-	-
Total	-	-
TOTAL (1 + 2)	4,95,78,851	3,67,94,652
3. Investments		
i) Gross value of investments		
a) In India	4,99,39,961	3,67,94,652
b) Outside India	-	-
	4,99,39,961	3,67,94,652
ii) Provision for depreciation		
a) In India**	3,61,110	-
b) Outside India	-	-
	3,61,110	-
iii) Net value of investments		
a) In India	4,95,78,851	3,67,94,652
b) Outside India	-	-
	4,95,78,851	3,67,94,652

* Include securities of ₹150.22 crore (March 31, 2024: ₹115.76 crore) pledged for clearing facilities and margin requirement

** Refer schedule 18.3.2



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Utkarsh Small Finance Bank Limited
Schedules forming part of the Balance Sheet as at March 31, 2025 (continued);

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Schedule 9 – Advances (net of provisions)

		(₹ in '000s)	
		As at March 31, 2025	As at March 31, 2024
A.	i) Bills purchased and discounted	-	-
	ii) Cash credits, overdrafts and loans repayable on demand	68,57,371	46,28,029
	iii) Term loans	18,03,07,387	15,90,20,062
Total		18,71,64,758	16,36,48,091
B.	i) Secured by tangible assets (includes advances against fixed deposits and book debts)	8,40,18,747	6,26,46,268
	ii) Covered by Bank/Government guarantees	2,90,828	192
	iii) Unsecured	7,92,85,183	10,10,01,631
Total		18,71,64,758	16,36,48,091
C.1	Advances in India		
	i) Priority sector	13,52,41,411	13,20,59,205
	ii) Public sector	-	-
	iii) Banks	-	-
	iv) Others	5,19,23,347	3,15,88,886
Total		18,71,64,758	16,36,48,091
C.2	Advances Outside India		
	i) Due from banks	-	-
	ii) Due from others	-	-
	a) Bills purchases and discounted	-	-
	b) Syndicated loans	-	-
	c) Others	-	-
Total		-	-
TOTAL (C.1 + C.2)		18,71,64,758	16,36,48,091

Schedule 10 – Fixed Assets

		(₹ in '000s)	
		As at March 31, 2025	As at March 31, 2024
1.	Premises		
	i) At cost at 31st March of the preceding year	11,22,502	11,22,502
	ii) Additions during the year	-	-
	iii) Deductions during the year	-	-
	iv) Accumulated depreciation to date	50,886	34,198
Total		10,71,616	10,88,304
2.	Other Fixed Assets (including furniture and fixtures)		
	i) At cost at 31st March of the preceding year	39,91,466	34,35,883
	ii) Additions during the year	9,85,284	6,43,009
	iii) Deductions during the year	81,952	87,426
	iv) Accumulated depreciation to date	27,78,014	21,15,684
Total		21,16,784	18,75,782
3.	Leased Assets		
	i) At cost at 31st March of the preceding year	2,73,271	2,62,698
	ii) Additions during the year	17,004	10,573
	iii) Deductions during the year	1,050	-
	iv) Accumulated depreciation to date	2,38,464	2,24,419
Total		50,761	48,852
4.	Capital Work in Progress	6,30,045	1,02,837
TOTAL (1 to 4)		38,69,206	31,15,775



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Utkarsh Small Finance Bank Limited

Schedules forming part of the Balance Sheet as at March 31, 2025 (continued)

Schedule 11 – Other Assets

(₹ in '000s)

	As at March 31, 2025	As at March 31, 2024
1. Inter-office adjustment (net)	-	-
2. Interest accrued	19,88,954	16,49,106
3. Tax Paid in advance/tax deducted at source (net of provision)	5,88,628	83,477
4. Stationery and stamps	-	-
5. Non-banking assets acquired in satisfaction of claims	-	-
6. Deferred Tax Asset (net)	11,73,446	10,51,033
7. Others	25,44,316	24,09,937
TOTAL (1 to 7)	62,95,344	51,93,553

Schedule 12 – Contingent Liabilities

(₹ in '000s)

	As at March 31, 2025	As at March 31, 2024
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	3,08,228	2,62,413
ii) Outside India	-	-
6. Acceptances, endorsements and other obligations	-	-
7. Other items for which the bank is contingently liable *	5,86,033	5,04,241
TOTAL (1 to 7)	8,94,261	7,66,654

* Includes capital commitment of ₹ 55.30 crore (31 March 2024: ₹47.87 crore)



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Utkarsh Small Finance Bank Limited
Schedules forming part of the Profit and Loss Account for the year ended March 31, 2025

Schedule 13 – Interest Earned

	(₹ in '000s)	
	For the year ended March 31, 2025	For the year ended March 31, 2024
1. Interest / discount on advances / bills	3,33,69,612	2,88,00,559
2. Income on investments	27,80,110	20,93,328
3. Interest on balance with Reserve Bank of India and Other inter bank funds	14,99,394	8,90,006
4. Others	144	222
TOTAL (1 to 4)	3,76,49,260	3,17,84,115

Schedule 14 – Other Income

	For the year ended March 31, 2025	For the year ended March 31, 2024
1. Commission, exchange and brokerage*	28,12,267	11,06,588
2. Profit/(Loss) on sale/redemption of Investments (net)	1,18,930	-
3. Profit/(Loss) on revaluation of investments	(22,110)	-
4. Profit/(Loss) on sale of land, building and other assets (net)	2,396	(578)
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	30,86,860	28,97,424
TOTAL (1 to 7)	59,98,343	40,03,434

*Refer Schedule 18.30

Schedule 15 – Interest Expended

	For the year ended March 31, 2025	For the year ended March 31, 2024
1. Interest on deposits	1,56,50,918	1,12,08,722
2. Interest on Reserve Bank of India / Inter-bank borrowings	45,367	63,294
3. Others	17,24,339	16,54,074
TOTAL (1 to 3)	1,74,20,624	1,29,26,090

Schedule 16 – Operating Expenses

	For the year ended March 31, 2025	For the year ended March 31, 2024
1. Payments to and provisions for employees	84,55,955	73,69,513
2. Rent, taxes and lighting	8,21,030	6,82,862
3. Printing and stationery	1,26,835	1,42,538
4. Advertisement and publicity	1,60,038	1,05,223
5. Depreciation on Bank's property	7,65,691	6,52,665
6. Director's fees allowances and expenses	33,016	29,558
7. Auditors' fees and expenses	24,924	22,060
8. Law charges	2,97,909	2,85,439
9. Postage, telegrams, telephones, etc.	3,60,186	3,09,198
10. Repairs and maintenance	2,64,521	2,34,343
11. Insurance	2,03,795	1,48,370
12. Other expenditure*	46,43,759	29,07,015
TOTAL (1 to 12)	1,61,57,659	1,28,88,784

* Includes professional charges, service charges for core banking software and ATM, traveling, incentives / commission to business correspondent and outsourced agencies and other expenses

Auditors' fees and expenses includes payment towards statutory audit fee ₹1.98 crore (March 31, 2024: ₹1.80 crore) and other expenses ₹0.51 crore (March 31, 2024: ₹0.40 crore)



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

Schedule 17 – Significant accounting policies

17.1 Background

Utkarsh Small Finance Bank Limited ("Company" or "the Bank"), incorporated on April 30, 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 January 23, 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 October 04, 2017 and was published in the Gazette of India on November 07, 2017.

The Bank has completed the Process of initial public offer (IPO) and listed its equity shares on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on July 21, 2023 as per the relevant regulatory requirement.

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 read with Schedule 18.30A and 18.30B.

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 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 charges. For Non-performing assets, appropriation is made towards principal, interest of each EMI followed by 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 Charge or Overdue Principal and charges are recognized on collection basis except in case of Relationship Management based products where such penal charges are recognized on accrual basis;
- f) Loan processing fee is accounted as income when it becomes due;
- 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.

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. The asset classification and necessary provisions thereon are done in accordance with the said RBI guidelines.



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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

Policies applicable for the year ended March 31, 2025

a) Classification

In accordance with Reserve Bank of India ('RBI') Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 ('RBI Directions') issued on 12 September 2023 which is applicable from April 01, 2024, the Bank classifies its entire investment portfolio (except investments in their own subsidiaries, joint ventures and associates) under three categories, viz., Held to Maturity ('HTM'), Available for Sale ('AFS') and Fair Value through Profit and Loss ('FVTPL'). Held for Trading ('HFT') is a separate investment sub-category within FVTPL.

Under each of these categories, investments are further classified under six groups - Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures, and Other Investments for the purposes of disclosure in the Balance Sheet.

The Bank follows 'Settlement Date' accounting for recording purchase and sale transactions in securities, except in the case of equity shares where 'Trade Date' accounting is followed.



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Basis of classification

The Bank classifies its investments as subsequently measured into the above categories based on the business model for managing the investments and the contractual cash flow characteristics of the investments.

Business model assessment

The Bank makes an assessment of the objective of a business model in which an investment is held such that it best reflects the way the business is managed and is consistent with information provided to management. The information considered includes:

- i) The objectives for the portfolio, in particular, management's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the investments to the duration of the liabilities that are funding those investments or realising cash flows through the sale of the investments;
- ii) The frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Bank's stated objective for managing the investments is achieved and how cash flows are realised; and
- iii) The risks that affect the performance of the business model, the investments held within that business model and how those risks are managed.

Assessment whether contractual cashflows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the investment on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers:

- i) Reset terms;
- ii) Contingent events that would change the amount and timing of cash flows;
- iii) Leverage features;
- iv) Prepayment and extension terms;
- v) Terms that limit the Bank's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- vi) Features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

Investments at HTM

An investment is classified at HTM only if both of the following conditions are met:

- i) It is held with the objective to collect the contractual cash flows; and
- ii) The contractual terms of the investment give rise to cash flows that are Solely Payments of Principal and Interest ('SPPI' criterion) on principal outstanding on the specified dates.



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Investments at AFS

An investment is classified at AFS only if both of the following conditions are met:

- i) It is acquired with an objective that is achieved by both collecting contractual cash flows and selling investment; and
- ii) The contractual terms of the investment meet SPPI criteria.

For equity instruments not held with the objective of trading, the Bank has an option on initial recognition to classify such instruments under AFS. The Bank makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Investments at FVTPL

Any investment, which does not meet the criteria for categorization as at HTM or as AFS, is classified at FVTPL.

Investments at HFT

HFT is a separate investment sub-category within FVTPL, consisting of instruments that meet the specifications for HFT instruments or are held with the intention of trading or short-term gains is classified under HFT as set out in the RBI Circular dated 12th September 2023.

Investments in Subsidiaries, Associates and Joint Ventures

All investments in subsidiaries, associates and joint ventures are held in a distinct category for such investments separate from the other investment categories (viz. HTM, AFS and FVTPL).

Acquisition Cost:

The cost of investments is determined on "weighted average cost" ("WAC") basis. Broken period interest paid to seller is not capitalized but treated as an item of expenditure under Profit and Loss Account in respect of investment in securities. The transaction costs including brokerage, commission, etc. paid at the time of acquisition of investments is recognised in Profit and Loss Account.

Disposal of investments:

Investments classified as AFS

- i) Debt instruments: Upon sale or maturity, the accumulated gain/ loss in the AFS Reserve is transferred from the AFS Reserve and recognized in the Profit and Loss Account.
- ii) Equity instruments: Any gain or loss on sale is transferred from AFS Reserve to the Capital Reserve.

Investments classified as FVTPL/ HFT

Any gain or loss on sale of investments is recognised in the Profit and Loss Account.

Investments in subsidiaries, associates and joint ventures

Profit or loss on sale of investments is recognised in the Profit and Loss Account and profit, if any, is appropriated to the Capital Reserve Account after adjustments for tax and transfer to Statutory Reserve.

Investments classified as HTM

Profit on sale or redemption of investments is recognised in the Profit and Loss Account and profit if any, on sale is appropriated to Capital Reserve after adjustments for tax and transfer to Statutory Reserve. Loss on sale is recognised in the Profit and Loss Account.



Valuation:

The valuation of investments is performed in accordance with the RBI guidelines as follows:

i) **Investments classified as HTM** – These are carried at cost and not Marked-to-Market ('MTM') after initial recognition. Any discount or premium on acquisition of debt instruments is amortized over the remaining life of the instrument using by straight-line method ('SLM'). The discount or premium amortized is reflected as a part of interest earned in the Profit and Loss Account.

ii) **Investments classified as AFS** – These are fair valued on a quarterly basis. The valuation gains and losses are aggregated, and the net appreciation or depreciation directly gets credited or debited to AFS reserve (net of effect of applicable taxes). Any discount or premium on acquisition of debt instruments is amortized over the remaining life of the instrument by using straight-line method ('SLM'). The discount or premium amortized is reflected as a part of interest earned in the Profit and Loss Account.

iii) **Investments classified as FVTPL/HFT** - These are fair valued and the net gain or loss arising on such valuation is directly credited/debited to the Profit and Loss Account. Securities that are classified under the HFT sub-category within FVTPL are fair valued on daily basis, whereas other securities in FVTPL are fair valued on a quarterly basis. Any discount or premium on acquisition of debt instruments is amortized over the remaining life of the instrument using straight-line method ('SLM'). The discount or premium amortized is reflected as a part of interest earned in the Profit and loss Account.

iv) **Investments in subsidiaries, associates, and joint ventures** - All investments in subsidiaries, associates and joint ventures are held at acquisition cost. Any discount or premium on the acquisition of debt instruments of subsidiaries and associates are amortised over the remaining life of the instrument using straight-line method ('SLM'). The discount or premium amortized is reflected as a part of interest earned in the Profit and Loss Account. The Bank assesses these investments for impairment and provides for the same, in accordance with RBI Directions.

v) The fair value of the quoted securities are the prices declared by the Financial Benchmarks India Private Ltd. ('FBIL'). For securities whose prices are not published by FBIL, the fair value of the quoted securities is based upon quoted price as available from the trades/ quotes on recognised stock exchanges, reporting platforms or trading platforms authorised by RBI or Securities and Exchange Board of India ('SEBI') or prices declared by the Fixed Income Money Market and Derivatives Association of India ('FIMMDA').

vi) Treasury Bills, Exchange Funded Bills, Commercial Paper and Certificate of Deposits being discounted instruments, are valued at carrying cost.

vii) Market value of units of mutual funds is based on the latest net asset value declared by the mutual fund.

viii) Market value of investments where current quotations are not available are determined as per the norms prescribed by the RBI as under:



• In case of unquoted bonds, debentures, Pass Through Certificates (PTCs) and preference shares where interest / dividend is received regularly (i.e. not overdue beyond 90 days), the market price is derived based on the Yield to Maturity for Government Securities as published by FIMMDA / FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each category and credit rating along with residual maturity issued by FIMMDA / FBIL is adopted for this purpose:

• Equity shares, for which current quotations are not available or where the shares are not quoted on the stock exchanges, are valued at break-up value (without considering revaluation reserves, if any) which is ascertained from the company's latest balance sheet which shall not precede the date of valuation by more than 18 months. In case the latest Balance Sheet is not available, the shares are valued at ₹ 1 per investee company;

• Security receipts are valued as per the Net Asset Value (NAV) obtained from the issuing Asset Reconstruction Company or Securitisation Company or estimated recovery whichever is lower.

• Units of Alternate Investment Funds (AIF) are valued at the NAV published by the AIFs. If AIF fails to carry out and disclose valuation of its investments by an independent valuer as per the frequency mandated by the SEBI regulations, the value of units shall be treated as ₹ 1. If the AIF is not registered under the applicable SEBI regulations and the latest disclosed valuation of its investments by an independent valuer is not available for a period beyond 18 months, the investment shall be valued at ₹ 1 per unit. Further, the Bank provides for investments in Alternate Investment Funds (AIFs) in line with RBI circular dated 19th December, 2023 and 27th March 2024.

ix) Non-performing investments (NPIs) are identified and depreciation / provision are made thereon based on RBI guidelines. Subsequent, MTM gains on NPIs are ignored. NPIs are segregated from rest of the portfolio and are not considered for netting valuation gains and losses. Interest on non-performing investments is not recognized in the Profit & Loss Account until received.

x) **Repurchase and reverse repurchase transactions** - Securities sold under agreements to repurchase (Repos) and securities purchased under agreements to resell (Reverse Repos) are accounted as collateralised borrowing and lending transactions respectively. The difference between the consideration amount of the first leg and the second leg of the repo is recognised as interest income or interest expense over the period of the transaction.

Day 1 gain/ loss on initial recognition

All investments are measured at fair value on initial recognition.

Unless facts and circumstances suggest that the fair value is materially different from the acquisition cost, it is presumed that the acquisition cost is the fair value. Situations where the presumption is tested include:

- The transaction is between related parties.
- The transaction is done outside the principal market for that class of securities.
- The transaction is taking place under duress where one party is forced to accept the price in the transaction.

The Bank does not expect day 1 gain/ loss in case of investments which are executed through trading platforms like Recognized Stock Exchange or through online investment platforms whereby the prices are determined in an orderly transaction between market participants on the measurement date. Day 1 gain/ loss is tested when transactions are conducted outside the principal market or transactions are done with related parties.

Where the securities are quoted or the fair value can be determined based on market observable inputs (such as yield curve, spread, etc.) any day 1 gain/ loss is recognised in the Profit and Loss Account.

Any day 1 loss arising from Level 3 investments is recognised immediately in the Profit and Loss Account.

Any day 1 gains arising from Level 3 investments is deferred. In the case of debt instruments, the day 1 gain is amortized on a straight-line basis up to the maturity date, while for unquoted equity instruments, the gain is set aside as a liability until the security is listed or derecognised.



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Fair Value Hierarchy:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

The management uses its judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied.

When measuring the fair value of an asset or a liability, the Bank uses observable market data as far as possible.

Fair values are categorized into different levels (Level 1, Level 2, or Level 3) in a fair value hierarchy based on the inputs used in the valuation techniques. The levels are described as follows:

Level 1: The inputs used for valuation of financial instruments are quoted prices (unadjusted) in active markets for identical instruments that the Bank can access at the measurement date.

Level 2: The valuation of financial instruments is based on inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3: The valuation of financial instruments is based on unobservable inputs i.e. not based on observable market data.

Transition date accounting as on April 1, 2024

In line with the RBI Circular dated September 12, 2023, the fair value as on March 31, 2024 is the revised carrying value of investments. Further, the difference between the fair value as on March 31, 2024 and previous carrying value has been adjusted in the General Reserve.(Refer Schedule 18.30B)

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.

Policies applicable for the year ended March 31, 2024

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.



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b) Valuation

Investments classified as "Held to Maturity" securities need not to 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:

- Transfer from AFS/HFT to HTM is made at the lower of book value or market value at the time of transfer.
- 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.
- 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 investments are charged to the Profit and Loss account.

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 FVTPL, HFT and AFS portfolio. Draw down from the Investment Fluctuation Reserve has been made in accordance with the applicable RBI guidelines.



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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.

Leaschold 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.



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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.



I. 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 April 07, 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 March 31, 2025

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 March 31, 2025	As at March 31, 2024
i)	Common Equity Tier 1 (CET) capital	2,775.84	2,722.25
ii)	Additional Tier 1 capital	-	-
iii)	Tier 1 capital (i + ii)	2,775.84	2,722.25
iv)	Tier 2 capital	473.53	210.25
v)	Total capital (Tier 1+Tier 2)	3,249.37	2,932.50
vi)	Total Risk Weighted Assets (RWAs)	15,525.96	12,993.69
vii)	Common Equity Tier 1 (CET) capital ratio (%)	17.88%	20.95%
viii)	Tier I capital ratio (%)	17.88%	20.95%
ix)	Tier II capital ratio (%)	3.05%	1.62%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (%)	20.93%	22.57%
xi)	Leverage Ratio	9.90%	11.42%
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 *	5.79	509.63
xiv)	Amount of additional Tier I capital raised	-	-
xv)	Amount of Tier II capital raised (Refer 18.1.2) below)	305.00	-

* includes share premium ₹3.64 crore (March 31, 2024: ₹306.07 crore against the fresh issue of equity shares)

Notes:

- The Bank has followed Master Circular No. DBR.No.BP.BC.4/21.06.001/2015-16 (as amended from time to time) on Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF) issued by RBI dated July 01, 2015 for the purpose of computing Capital Adequacy Ratio.
- As per RBI, letter DBR.NBD. No. 4502/16.13.218/2017-18 (as amended from time to time) dated November 08, 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 acquired Basel II compliant debt capital instruments in the form of NCD of ₹200 crore on June 28, 2024 and ₹105 crore on November 27, 2024 during the year ended March 31, 2025 (March 31, 2024: NIL).

18.1.3 Capital Infusion

During the year ended March 31, 2025, the Bank has allotted 21,52,440 equity shares of ₹10 each under ESOP scheme exercised for cash aggregating to ₹5,79,19,323. Accordingly, share capital increased by ₹2.15 crore and share premium increased by ₹3.64 crore (Previous year ended March 31, 2024, the Bank had completed the process of initial public offer (IPO) and raised ₹500 crore by issue of 20 crore equity shares which got listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on July 21, 2023. Further the Bank has allotted 35,52,797 equity shares of ₹10 each under ESOP scheme exercised for cash aggregating to ₹9,62,66,189. Accordingly, share capital increased by ₹203.55 crore and share premium increased by ₹306.07 crore. Expense towards the public issue of equity shares amounting to ₹41.92 crore had been adjusted with Securities Premium Account.)

(₹ in crore except share data)

Particulars	For the year ended		For the year ended	
	March 31, 2025		March 31, 2024	
	Number of shares	Amount	Number of shares	Amount
Outstanding as at the beginning of the year	1,09,94,57,460	1,099.46	89,59,04,663	895.91
Shares issued during the year*	21,52,440	2.15	20,35,52,797	203.55
Outstanding at the end of the year	1,10,16,09,900	1,101.61	1,09,94,57,460	1,099.46

* including employee stock option plan

18.1.4 Draw down from Reserves

There has been no draw down from reserves during the year ended March 31, 2025 and March 31, 2024 other than those disclosed under Schedule 2.



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

18.2.1 Asset Liability Management

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

(₹ in crore)

As at March 31, 2025												
	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	Total
Deposits	120.22	1,082.35	213.04	455.10	362.74	412.75	1,671.17	4,914.53	10,632.56	1,662.48	38.76	21,565.70
Loans & Advances*	216.52	166.11	150.02	378.62	713.64	682.37	2,064.46	3,477.12	5,121.37	1,989.62	3,756.63	18,716.48
Investments	440.01	471.77	33.84	122.00	142.57	77.49	612.12	850.19	1,880.16	266.34	61.40	4,957.89
Borrowings	-	0.02	0.02	0.05	67.11	75.12	249.20	438.41	1,205.32	14.44	305.03	2,354.77
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

(₹ in crore)

As at March 31, 2024												
	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	Total
Deposits	92.28	654.83	121.43	270.65	668.31	433.53	1,926.08	6,047.82	6,823.99	390.96	42.72	17,472.60
Loans & Advances*	120.67	132.48	145.34	365.02	678.18	609.80	1,948.33	3,489.31	5,431.15	940.55	2,503.98	16,364.81
Investments	239.69	204.48	19.38	117.84	240.33	130.09	357.77	1,065.13	1,200.54	96.13	8.09	3,679.47
Borrowings	-	0.03	0.03	0.07	60.78	73.12	315.87	626.75	689.05	211.41	7.97	1,995.08
Foreign currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

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

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



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

18.2.2 Liquidity Coverage Ratio (LCR)

Qualitative disclosure around LCR

The Liquidity Coverage Ratio (LCR) is one of the Basel Committee's key reforms to develop a more resilient banking sector. 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 objective of the LCR is to promote the short-term resilience of the liquidity risk profile of banks. It does this by ensuring that banks have an adequate stock of unencumbered high-quality liquid 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. LCR is calculated by dividing a Bank's stock of HQLA by its total net cash outflows over a 30 day period. The present minimum regulatory requirement, as on March 31, 2025 is 100%.

In order to determine cash outflows, the Bank segregates its deposits into various customer segments, viz., Retail (which include deposits from individuals), Small Business Customers (those with deposits upto ₹7.5 crore), and Wholesale (which would cover all residual deposits). Other contractual funding, including a portion of other liabilities which are expected to run down in a 30 day time frame are included in the cash outflows. These classifications, based on extant regulatory guidelines, are part of the Bank's LCR framework, and are also submitted to the RBI. The LCR is calculated by dividing a Bank's stock of HQLA by its total net cash outflows over a 30 day stress period. The present minimum requirement, as on March 31, 2025 is 100%.

In the Indian context, the run-off factors for the stressed scenarios are prescribed by the RBI, for various categories of liabilities (viz., deposits, unsecured and secured wholesale borrowings), undrawn commitments, derivative-related exposures, and offset with inflows emanating from assets maturing within the same time period. Given below is a table of run-off factors and the average LCR maintained by the Bank quarter-wise over the past two years as below:

Particulars	Run-Off Factors
Retail Deposits	5%-10%
Small Business Customers	5%-10%
Operational Deposits	5%-25%
NFC, Sovereigns, Central Banks, MDBs & PSEs	40%
Other Legal Entities (OLE)	100%

Quarter ended	LCR Maintained (Average)	LCR Required
March 31, 2025	168.71%	100%
December 31, 2024	172.89%	100%
September 30, 2024	184.53%	100%
June 30, 2024	187.05%	100%
March 31, 2024	159.50%	100%
December 31, 2023	180.91%	100%
September 30, 2023	211.70%	100%
June 30, 2023	427.23%	100%

The average LCR for the quarter ended March 31, 2025 was at 168.71% as against 159.50% for the quarter ended March 31, 2024, and above the present prescribed minimum requirement of 100%. The average HQLA for the quarter ended March 31, 2025 was ₹5,902.85 crore as against ₹3,774.63 crore for the quarter ended March 31, 2024.



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

Quantitative Disclosures

Following is the quantitative disclosures relating to LCR for the year ended March 31, 2025, wherein the amounts are average of daily positions during the quarter:

(₹ in crore)

	Quarter ended March 31, 2025		Quarter ended December 31, 2024		Quarter ended September 30, 2024		Quarter ended June 30, 2024		
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	
High Quality Liquid Assets									
1 Total High Quality Liquid Assets (HQLA)	5,902.85	5,902.85	5,546.83	5,546.83	5,392.68	5,392.68	5,012.05	5,012.05	
Cash Outflows									
2 Retail deposits and deposits from small business customers, of which:	12,097.97	1,196.97	11,039.29	1,092.27	9,920.59	979.50	3,862.24	872.43	
(i) Stable Deposits	256.52	12.83	233.10	11.66	251.26	12.56	275.91	13.80	
(ii) Less Stable Deposits	11,841.45	1,184.14	10,806.18	1,080.62	9,669.33	966.93	8,586.33	858.63	
3 Unsecured wholesale funding, of which:	4,121.97	3,249.78	3,787.64	2,997.76	3,658.95	2,971.70	3,450.26	2,832.61	
(i) Operational deposits (all counterparties)	716.78	71.06	668.11	66.24	587.10	58.24	519.45	51.54	
(ii) Non-operational deposits (all counterparties)	377.45	150.98	313.35	125.34	264.01	105.60	249.56	99.82	
(iii) Unsecured debt	3,027.74	3,027.74	2,806.18	2,806.18	2,807.85	2,807.85	2,681.25	2,681.25	
4 Secured wholesale funding	-	-	-	-	-	-	-	-	
5 Additional requirements, of which	-	-	-	-	-	-	-	-	
(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	-	-	-	-	-	-	-	-	
6 Other contractual funding obligations	860.23	149.42	1,029.97	154.48	868.09	135.32	828.77	170.56	
7 Other contingent funding obligations	91.05	91.05	60.90	60.90	76.51	76.51	63.47	63.47	
8 TOTAL CASH OUTFLOWS	17,171.22	4,687.22	15,917.80	4,305.41	14,524.14	4,163.03	13,204.74	3,939.07	
Cash Inflow									
9 Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-	
10 Inflows from fully performing exposures	1,746.61	1,177.01	1,658.91	1,085.80	1,814.63	1,232.77	1,821.99	1,251.00	
11 Other cash inflows	22.84	11.42	22.68	11.34	20.45	8.60	18.95	8.60	
12 TOTAL CASH INFLOWS	1,769.45	1,188.43	1,681.59	1,097.14	1,835.08	1,241.37	1,840.94	1,259.60	
13 TOTAL HQLA	-	5,902.85	-	5,546.83	-	5,392.68	-	5,012.05	
14 Total Net Cash Outflows (8-12)	-	3,498.79	-	3,208.27	-	2,921.66	-	2,679.47	
Liquidity Coverage Ratio (%)		168.71%		172.89%		184.58%		187.05%	



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Following is the quantitative disclosures relating to LCR for the year ended March 31, 2024, wherein the amounts are average of daily positions during the quarter:

(₹ in crore)

	Quarter ended March 31, 2024		Quarter ended December 31, 2023		Quarter ended September 30, 2023		Quarter ended June 30, 2023	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)	3,774.63	3,774.63	3,580.43	3,580.43	3,563.86	3,563.86	3,237.13	3,237.13
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:	8,302.21	821.88	7,623.23	757.70	-	675.48	-	637.39
(i) Stable Deposits	166.90	8.35	92.47	4.62	83.00	4.15	76.56	3.83
(ii) Less Stable Deposits	8,135.31	813.53	7,530.76	753.08	6,713.27	671.33	6,335.65	633.57
3 Unsecured wholesale funding, of which:	3,330.50	2,482.49	3,153.13	2,035.76	-	-	-	-
(i) Operational deposits (all counterparties)	616.04	61.12	651.59	64.80	655.48	65.22	638.32	63.56
(ii) Non-operational deposits (all counterparties)	488.49	195.39	884.31	353.72	1,068.33	427.33	533.80	213.52
(iii) Unsecured debt	2,225.97	2,225.97	1,617.23	1,617.23	1,922.47	1,922.47	1,425.19	1,425.19
4 Secured wholesale funding	-	-	-	-	-	-	-	-
5 Additional requirements, of which	-	-	-	-	-	-	-	-
(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	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	767.87	172.78	38.85	38.85	51.18	51.18	52.00	52.00
7 Other contingent funding obligations	56.00	56.00	742.60	36.59	678.01	33.33	969.65	47.96
8 TOTAL CASH OUTFLOWS	-	3,533.14	-	2,873.11	-	3,175.00	-	2,439.63
Cash Inflow								
9 Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	-	1,157.95	-	885.43	-	1,483.61	-	1,674.02
11 Other cash inflows	-	8.60	-	8.60	-	7.93	-	7.89
12 TOTAL CASH INFLOWS	-	1,166.55	-	894.03	-	1,491.54	-	1,681.92
13 TOTAL HQLA	-	3774.63	-	3580.43	-	3563.86	-	3237.13
14 Total Net Cash Outflows (8-12)	-	2366.59	-	1979.08	-	1683.46	-	757.71
Liquidity Coverage Ratio (%)		159.50%		180.91%		211.70%		427.23%

Note:

1. Average for all the quarters is simple average of daily observations for the quarter.
2. 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.



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

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.



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Schedules forming part of the financial statements for the year ended March 31, 2025

Quantitative Disclosures

Following is the quantitative disclosures relating to NSFR for the year ended March 31, 2025, wherein the amounts are average of daily positions during the year:

(₹ in crore)

		NSFR Disclosure				Weighted value
		Unweighted value by residual maturity				
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
ASF Item						
1	Capital: (2+3)	2,775.84	-	-	590.53	3,366.37
2	Regulatory capital	2,775.84	-	-	473.53	3,249.37
3	Other capital instruments	-	-	-	117.00	117.00
4	Retail deposits and deposits from small business customers: (5+6)	3,795.69	1,049.02	1,519.78	7,132.31	13,172.40
5	Stable deposits	-	-	-	-	-
6	Less: stable deposits	3,795.69	1,049.02	1,519.78	7,132.31	13,172.40
7	Wholesale funding: (8+9)	893.47	2,542.44	3,963.74	2,524.01	5,369.29
8	Operational deposits	98.76	-	-	-	49.38
9	Other wholesale funding	794.71	2,542.44	3,963.74	2,524.01	5,319.91
10	Other liabilities: (11+12)	3,591.50	-	-	-	-
11	NSFR derivative liabilities	-	-	-	-	-
12	All other liabilities and equity not included in the above categories	3,591.50	-	-	-	-
13	Total ASF (1+4+7+10)	-	-	-	-	21,908.06
RSF Item						
14	Total NSFR high-quality liquid assets (HQLA)	2,488.05	600.00	146.18	3,473.93	3,521.95
15	Deposits held at other financial institutions for operational purposes	718.54	175.65	50.46	3.92	93.03
16	Performing loans and securities: (17 to 22)	-	4,371.73	3,477.12	9,962.35	12,195.71
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	344.94	229.83	365.00	531.66
19	Performing loans to nonfinancial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	4,011.60	3,230.56	8,737.14	11,047.65
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:	-	3.25	3.65	206.53	179.00
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	11.94	13.08	653.68	437.40
23	Securities that are not in default and do not qualify as HQLA, including exchange traded equities	-	730.99	-	-	365.49
24	Other assets: (sum of rows 25 to 29)	-	-	-	-	-
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	1,023.24	-	-	905.27	1,928.52
30	Off-balance sheet items	-	758.95	-	-	37.33
31	Total RSF	-	-	-	-	18,142.03
32	Net Stable Funding Ratio (%)	-	-	-	-	120.76%

Note: In computing the above information, certain estimates and assumptions have been made by the Bank's Management.



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

18.3 Investments

18.3.1 Composition of Investments

Composition of Investments as at March 31, 2025

(₹ in crore)

	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
Held to Maturity												
Gross	3,685.31	-	-	-	-	-	3,685.31	-	-	-	-	3,685.31
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	3,685.31	-	-	-	-	-	3,685.31	-	-	-	-	3,685.31
AFS												
Gross	534.80	-	9.00	-	-	764.89	1,342.59	-	-	-	-	1,342.59
Less: Provision for depreciation and NPI	-	-	2.21	-	-	33.90	36.11	-	-	-	-	36.11
Net	534.80	-	6.79	-	-	730.99	1,272.58	-	-	-	-	1,272.58
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	4,220.11	-	9.00	-	-	764.89	4,994.00	-	-	-	-	4,994.00
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	2.21	-	-	33.90	36.11	-	-	-	-	36.11
Net	4,220.11	-	6.79	-	-	730.99	4,957.89	-	-	-	-	4,957.89

* Other investments comprises of security receipts (Refer schedule 18.4.7) and Certificate of Deposits (CD)



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Composition of Investments as at March 31, 2024

(₹ in crore)

	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
Held to Maturity												
Gross	3,083.37	-	-	-	-	-	3,083.37	-	-	-	-	3,083.37
Less: Provision for non-performing investments (NPI)	-	-	-	-	-	-	-	-	-	-	-	-
Net	3,083.37	-	-	-	-	-	3,083.37	-	-	-	-	3,083.37
Available for Sale												
Gross	248.26	-	-	-	-	347.83	596.09	-	-	-	-	596.09
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	248.26	-	-	-	-	347.83	596.09	-	-	-	-	596.09
Held for Trading												
Gross	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	-	-	-	-	-	-	-	-	-	-	-	-
Total Investments	3,331.63	-	-	-	-	347.83	3,679.46	-	-	-	-	3,679.46
Less: Provision for non-performing investments	-	-	-	-	-	-	-	-	-	-	-	-
Less: Provision for depreciation and NPI	-	-	-	-	-	-	-	-	-	-	-	-
Net	3,331.63	-	-	-	-	347.83	3,679.46	-	-	-	-	3,679.46

** Other investments comprises of Certificate of Deposits (CD)



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025
18.3.2 Movement of Provisions for Depreciation and Investment Fluctuation Reserve

(₹ in crore)

	Particulars	As at March 31, 2025	As at March 31, 2024
i)	Movement of provisions held towards depreciation on investments		
a)	Opening balance	-	-
b)	Add: Provisions made during the year *	2.21	-
c)	Less: Write off/write back of excess provisions during the year	-	-
d)	Closing balance	2.21	-
ii)	Movement of Investment Fluctuation Reserve		
a)	Opening balance	11.92	5.98
b)	Add: Amount transferred during the year	14.93	5.94
c)	Less: drawdown during the year	-	-
d)	Closing balance	26.85	11.92
iii)	Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/Current category	2.00%	2.00%

* Refer schedule 18.4.7

18.3.3 Sale and transfers to/from HTM category

(₹ in crore)

	Particulars	As at March 31, 2025	As at March 31, 2024
A	Opening carrying value of securities in HTM	3,083.37	2,560.36
B	Carrying value of all HTM securities sold during the year	418.72	-
C	Less: Carrying values of securities sold under situations exempted from regulatory limit	266.71	-
D	Carrying value of securities sold (D=B-C)	152.01	-
E	Securities sold as a percentage of opening carrying value of securities in HTM (E=D÷A)	4.93%	0.00%
	Amount transferred to Capital Reserve in respect of HTM securities which were sold at a gain	6.67	-



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Utkarsh Small Finance Bank Limited

Schedules forming part of the financial statements for the year ended March 31, 2025

18.3.4 Non-SLR investment portfolio

The Bank does not have any Non performing Non-SLR investment as on March 31, 2025 and March 31, 2024

18.3.5 Issuer Composition of Non-SLR investments:

Issuer composition as at March 31, 2025 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	-	-	-	-	-
3	Banks	730.99	113.59	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	42.90	9.00	-	33.90	5.00
7	Provisions held towards depreciation	(36.11)	(2.21)	-	(33.90)	(2.21)
	Total	737.78	120.38	-	-	2.79

Issuer composition as at March 31, 2024 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	74.63	-	-	-	-
3	Banks	273.20	-	-	-	-
4	Private Corporates	-	-	-	-	-
5	Subsidiaries/ Joint ventures	-	-	-	-	-
6	Others	-	-	-	-	-
7	Provisions held towards depreciation	-	-	-	-	-
	Total	347.83	-	-	-	-

SIDBI is included in Financial Institutions (FIs)



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Schedules forming part of the financial statements for the year ended March 31, 2025

18.3.6 Repo/Reverse Repo/MSF Transactions for the year ended March 31, 2025 (In Face Value & Market 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 March, 31 2025	
		Face Value	Market Value	Face Value	Market Value	Face Value	Market Value	Face Value	Market Value
A	Securities sold under repo/MSF								
i.	Government securities	144.53	152.70	144.53	152.70	144.53	152.70	-	-
ii.	Corporate debt securities	-	-	-	-	-	-	-	-
iii.	Any other securities	-	-	-	-	-	-	-	-
B	Securities purchased under reverse repo								
i.	Government securities	207.88	195.78	1,692.58	1,684.65	791.28	762.79	-	-
ii.	Corporate debt securities	-	-	-	-	-	-	-	-
iii.	Any other securities	-	-	-	-	-	-	-	-

Repo/Reverse Repo/MSF Transactions during the year ended March 31, 2024 (In Face Value & Market 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 March, 31 2024	
		Face Value	Market Value	Face Value	Market Value	Face Value	Market Value	Face Value	Market Value
A	Securities sold under repo/MSF								
i.	Government securities	144.53	152.70	144.53	152.70	144.53	152.70	144.53	152.70
ii.	Corporate debt securities	-	-	-	-	-	-	-	-
iii.	Any other securities	-	-	-	-	-	-	-	-
B	Securities purchased under reverse repo								
i.	Government securities	95.83	97.86	643.33	601.07	454.93	425.65	-	-
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.

18.3.7 Government Security Lending (GSL) transactions

In reference to the RBI Notification No: FMRD.DIRD.No.06/14.03.061/2023-2024 dated December 27, 2023 with respect to the disclosure related to Government securities lending and borrowing transactions undertaken Over-the-Counter markets, the bank has not entered into any such type of transactions in the current year.



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Schedules forming part of the financial statements for the year ended March 31, 2025

18.4 Asset Quality

18.4.1 Classification of advances and provisions held

(₹ in crore)

	Particulars	As at March 31, 2025					Total
		Standard Advances	Non-performing Advances			Total Non-performing Advances	
			Sub-standard	Doubtful	Loss		
(i)	Gross Standard Advances and NPAs						
	Opening balance	16,211.70	341.28	76.30	-	417.58	16,629.28
	Add: Additions during the year					2,108.16	
	Less: Reductions during the year *					671.36	
	Closing balance #	17,811.21	1,788.48	65.90	-	1,854.38	19,665.59
	* Reductions in Gross NPAs due to						
	(i) Up – gradations					158.44	
	(ii) Recoveries (excluding recoveries made from up-graded accounts)					42.62	
	(iii) Technical/ Prudential Write-offs during the year					237.69	
	(iv) Sale of NPA to Asset Reconstruction company (ARC) (Refer schedule 18.4.6)					224.13	
	(v) Write-offs / Waiver other than those under (iii) above					8.48	
(ii)	Provisions (excluding Floating Provisions)						
	Opening balance of provisions held	78.33	192.19	72.28	-	264.47	342.80
	Add: Fresh provisions made during the year					1,229.78	
	Less: Excess provision reversed/ Write-off loans **					545.14	
	Closing balance of provisions held	65.07	892.69	56.42	-	949.11	1,014.18
(iii)	Net NPAs (after adjusting floating provisions)						
	Opening balance		149.09	4.02	-	4.49	
	Add: Fresh additions during the year					837.03	
	Less: Reductions during the year					(63.75)	
	Closing balance		895.79	9.48	-	905.27	
(iv)	Floating Provision						
	Opening balance					148.62	
	Add: Additional provision made during the year					41.35	
	Less: Amount drawdown during the year (Refer schedule 18.26)					189.97	
	Closing balance of floating provision					-	
(v)	Technical write-offs and the recoveries made thereon						
	(a) Opening balance Technical/ Prudential written-off accounts					992.96	
	(b) Add: Technical/ Prudential write-offs during the year					237.69	
	(c) Less: Recoveries made from previously technical/ prudential written-off accounts during the year					63.79	
	(d) Less: Sale of Technical/ prudential written off accounts to Asset Reconstruction company (ARC) (Refer schedule 18.4.6)					130.40	
	(e) Closing balance					1,036.46	



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(₹ in crore)

Particulars	As at March 31, 2024					
	Standard Advances	Non-performing Advances			Total Non-performing Advances	Total
		Sub-standard	Doubtful	Loss		
(i) Gross Standard Advances and NPAs						
Opening balance	12,925.61	352.67	78.83	-	431.50	13,557.11
Add: Additions during the year					469.19	
Less: Reductions during the year *					483.11	
Closing balance #	16,211.70	341.28	76.30	-	417.58	16,629.28
* Reductions in Gross NPAs due to						
(i) Up-gradations					129.80	
(ii) Recoveries (excluding recoveries made from up-graded accounts)					39.89	
(iii) Technical/ Prudential Write-offs					304.93	
(iv) Write-offs / Waiver other than those under (iii) above					8.49	
(ii) Provisions (excluding Floating Provisions)						
Opening balance of provisions held	63.25	210.63	77.71	-	288.34	351.59
Add: Fresh provisions made during the year					376.59	
Less: Excess provision reversed/ Write-off loans **					400.46	
Closing balance of provisions held	78.33	192.19	72.28	-	264.47	342.80
(iii) Net NPAs (after adjusting floating provisions)						
Opening balance		142.04	1.12	-	50.51	
Add: Fresh additions during the year					36.63	
Less: Reductions during the year					82.65	
Closing balance		149.09	4.02	-	4.49	
(iv) Floating Provision						
Opening balance						92.65
Add: Additional provision made during the year						55.97
Less: Amount drawdown during the year						-
Closing balance of floating provision						148.62
(v) Technical write-offs and the recoveries made thereon						
(a) Opening balance Technical/ Prudential written-off accounts						764.53
(b) Add: Technical/ Prudential write-offs during the year						304.93
(c) Less: Recoveries made from previously technical/ prudential written-off accounts during the year						76.50
(d) Closing balance						992.96

** Write back includes excess provision ₹74.84 crore and Reversal on account of write off ₹470.30 crore (including NPA portfolio sale to ARC of ₹224.13 crore) (March 31, 2024: Write back includes excess provision ₹87.04 crore and Reversal on account of write off ₹313.42 crore)

Closing balance is net of IBPC of Nil as on March 31, 2025 (March 31, 2024: ₹1,670 crore)

Ratios (in %)	As at March 31, 2025	As at March 31, 2024
Gross NPA to Gross Advances	9.43%	2.51%
Net NPA to Net Advances	4.84%	0.03%
Provision coverage ratio (PCR)*	51.18%	98.92%

* PCR for the previous year includes floating provision.



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18.4.2 Sector Wise Advances and Gross NPAs:

(₹ in crore)

Sl. No.	Sector	As at March 31, 2025		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector*			
1	Agriculture and allied activities	6,299.29	1,020.18	16.20%
2	Advances to industries sector eligible as priority sector lending	1,341.08	26.44	1.97%
	Other Industries	1,166.27	25.72	2.21%
3	Services	3,719.77	107.38	2.89%
	Trade	1,839.21	57.93	3.15%
	Other Services	1,735.30	49.01	2.82%
4	Personal loans & Others	2,971.75	446.46	15.02%
	Housing	285.57	10.46	3.66%
	Others	2,686.18	436.00	16.23%
	Sub-total (A)	14,331.89	1,600.46	11.17%
B	Non Priority Sector			
1	Agriculture and allied activities	-	-	-
2	Industry	-	-	-
3	Services	1,568.71	24.21	1.54%
	Other NBFC	1,337.27	24.00	1.79%
4	Personal loans & Others	3,764.99	229.71	6.10%
	Housing	648.85	17.79	2.74%
	Loans against Properties	635.74	12.05	1.90%
	Others retail loans	1,225.76	189.36	15.45%
	Sub-total (B)	5,333.70	253.92	4.76%
	Total (A+B)	19,665.59	1,854.38	9.43%

(₹ in crore)

Sl. No.	Sector	As at March 31, 2024		
		Outstanding Total Advances	Gross NPAs	Percentage of Gross NPAs to Total Advances in that sector
A	Priority Sector*			
1	Agriculture and allied activities	6,554.39	208.44	3.18%
2	Advances to industries sector eligible as priority sector lending	872.79	9.81	1.12%
	Other Industries	662.06	9.08	1.37%
3	Services	2,409.40	24.23	1.01%
	Trade	1,060.13	12.54	1.18%
	Other Services	1,184.16	11.68	0.99%
4	Personal loans & Others	2,772.13	130.31	4.70%
	Housing	241.48	10.28	4.26%
	Others	2,530.65	120.03	4.74%
	Sub-total (A)	12,608.71	372.79	2.96%
B	Non Priority Sector			
1	Agriculture and allied activities	-	-	-
2	Industry	39.16	-	-
3	Services	1,318.80	-	-
	Other NBFC	1,285.81	-	-
4	Personal loans & Others	2,662.61	44.79	1.68%
	Housing	450.90	18.85	4.18%
	Loans against Properties	535.21	8.30	1.55%
	Others retail loans	1,103.66	13.81	1.25%
	Sub-total (B)	4,020.57	44.79	1.11%
	Total (A+B)	16,629.28	417.58	2.51%

For loans disbursed prior to July 01, 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 September 04, 2020 with effect from July 01, 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

The Bank has compiled the data for the purpose of this disclosure from its internal MIS / reports



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18.4.3 Overseas Assets, NPAs and Revenue

During the year ended March 31, 2025 and March 31, 2024, there are no overseas assets, NPAs and revenue.

18.4.4 Particulars of Restructured Accounts:

During the year ended March 31, 2025 and March 31, 2024, 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 October 11, 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 with respect to the Bank's position as at March 31, 2024 there are no reportable matters under (a) and (b) of the above-mentioned circular.



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18.4.6 Transfer of loans exposures

Details of loans transferred / acquired during the year ended March 31, 2025 under the RBI Master Direction on Transfer of Loan Exposure dated September 24, 2021 is given below:

(i) The Bank has not acquired/transferred any loans not in default to other entities during the year ended March 31, 2025 and March 31, 2024.

(ii) Details of Stressed Loans transferred to Asset Reconstruction Company (ARC) is given below:

Particulars	(₹ in crore) Amount
No. of accounts *	1,24,728
Aggregate principal outstanding of loans transferred * (on the date of transfer)	354.54
Weighted average residual tenor of the loans transferred (in months)#	6.86
Net book value of loans transferred (at the time of transfer)	66.66
Aggregate Consideration	52.00
Additional consideration realized in respect of accounts transferred in earlier years	-

* includes transfer of 56,433 accounts having principal outstanding as on September 30, 2024 ₹130.40 crore which are previously written off as at September 30, 2024.

not applicable to technically written off pool

The Bank has received Security Receipts (SRs) amounting to ₹33.90 crore as part of the consideration for transfer of stress loans to ARC. The recovery ratings of the SRs would be obtained within 6 months as per relevant RBI guidelines. Investments in SRs has been fully provided in the books of account on a prudent basis.

(iii) During the year ended March 31, 2025 and March 31, 2024, the Bank has not acquired stressed loans (Non Performing Assets).

(iv) During the year ended March 31, 2025 and March 31, 2024, the Bank has not acquired/transferred stressed loans (Special Mention Accounts).

18.4.7 Security Receipts (SR)

The Bank has investments held as security receipts received by sale of stressed assets to Assets Reconstruction Company (ARC) amounting to ₹33.90 crore against which has been fully provided for as at March 31, 2025 (March 31, 2024: Nil).



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18.4.8 Details of provisioning pertaining to fraud accounts

(₹ in crore)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Number of frauds reported	105	71
Amount involved in frauds	4.44	4.08
Amount of provision made for such frauds (net of recoveries)	3.51	2.63
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	-	-

Amount of recoveries during the current year is ₹0.93 crore (previous year : ₹ 1.45 crore) and balance amount of fraud as at the year end of ₹3.51 crore (previous year : ₹2.63 crore) is fully provided.



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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 September 30, 2024	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 March 31, 2025
Personal Loans	3.90	0.04		0.45	3.41
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	0.73	0.12		0.45	0.16
Total	4.63	0.16		0.90	3.57

*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)

Year ended	No. of accounts restructured	Amount Outstanding - Restructured facility	Amount Outstanding - Other facilities of the customer
March 31, 2025	1	0.01	0.00
March 31, 2024	2	0.05	0.00



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18.5 Exposure

18.5.1 Exposure to Real Estate Sector

(₹ in crore)

	Particulars	As at March 31, 2025	As at March 31, 2024
1)	Direct exposure		
(a)	Residential Mortgages -	4,763.12	3,471.85
	of which housing loans eligible for inclusion in priority sector advance	282.94	249.45
(b)	Commercial Real Estate	175.46	86.20
(c)	Investments in Mortgage Backed Securities (MBS) and other securitized expo	-	-
i.	Residential Mortgages	-	-
ii.	Commercial Real Estate	-	-
2)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	172.26	147.64
	Total Exposure to Real Estate Sector	5,110.84	3,705.69

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 March 31, 2025	As at March 31, 2024
(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;	2.79	-
(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;	-	-



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(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	Bridge loans to companies against expected equity flows / issues;	-	-
(viii)	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
(ix)	Financing to stockbrokers for margin trading;	-	-
(x)	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total Exposure to Capital Market	2.79	-

* Net of provision amounting to ₹2.21 crore.

18.5.3 Risk Category wise Country Exposure:

The Bank's exposures are concentrated in India, hence country risk exposure as at March 31, 2025 is ₹Nil (March 31, 2024: ₹Nil).

18.5.4 Unsecured Advances

(₹ in crore)

	Particulars	As at March 31, 2025	As at March 31, 2024
i)	Total unsecured advances of the bank	10,285.52	10,100.16
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 book debts of ₹1,337.27 crore (March 31, 2024: ₹1,285.81 crore)

18.5.6 Factoring exposures

The Bank does not have factoring exposure as on March 31, 2025 and March 31, 2024.

18.5.7 Intra-Group exposures

There are no intra group exposures as at March 31, 2025 and March 31, 2024.

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

The Bank has four borrowers having Unhedged Foreign Currency Exposure of ₹16.57 crore as at March 31, 2025 (March 31, 2024 - ₹ 22.65 crore). The Bank made NIL provision during the year ended March 31, 2025 (March 31, 2024: NIL). The Bank held no incremental capital on advance to borrowers with Unhedged Foreign Currency Exposure (March 31, 2024: NIL).

18.5.9 Details of Single / Group Borrower limit

The Bank has complied with the limits prescribed under extant guidelines with regards to exposure to single borrower and group of the borrower during the year ended March 31, 2025 and March 31, 2024.



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18.6 Concentration of Deposits, Advances, Exposures and NPAs

18.6.1 Concentration of Deposits (₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
Total Deposits of twenty largest depositors *	3,354.37	3,213.43
Percentage of deposits of twenty largest depositors to total deposits of the Bank	15.55%	18.39%

* Includes certificate of deposits

18.6.2 Concentration of Advances (₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
Total Advances to twenty largest borrowers*	754.83	694.78
Percentage of advances to twenty largest borrowers to total advances	3.84%	4.12%

* excluding advances against Bank's own term deposits

18.6.3 Concentration of Exposures (₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
Total Exposure to twenty largest borrowers / customers	1,056.84	883.70
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the Bank on borrowers / customers	5.18%	5.14%

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 ₹524.78 crore (March 31, 2024: ₹1,149.79 crore).

18.6.4 Concentration of NPA's (₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
Total Exposure to the top twenty NPA accounts	59.45	19.69
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	3.21%	4.72%



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18.7 Derivatives :

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

There are no forward rate agreement / interest rate swap / cross currency swap entered into and outstanding during the year ended March 31, 2025 and March 31, 2024.

18.7.2 Exchange Traded Interest Rate Derivatives

There are no exchange traded interest rate derivative entered into and outstanding during the year ended March 31, 2025 and March 31, 2024.

18.7.3 Risk Exposure in Derivatives:

The Bank has not engaged in any derivatives contracts during the year ended March 31, 2025 and March 31, 2024. However, Bank acquired a CCS contract pursuant to Business Transfer Agreement from Holding Company in the year ended March 31, 2017. The disclosure to the extent applicable is given below.

Quantitative disclosure on risk exposure in derivatives

The bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations during the year ended March 31, 2025 and March 31, 2024.

18.7.4 Credit Default Swap

The Bank has not entered into Credit Default Swap during the year ended March 31, 2025 and March 31, 2024.



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18.8. Disclosures relating to Securitization (₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
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



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

(₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance of amounts transferred to DEA Fund	-	-
Add: Amounts transferred to DEA Fund during the year	-	-
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 March 31, 2025	As at March 31, 2024
	Complaints received by the bank from its customers		
1	Number of complaints pending at beginning of the year	72	238
2	Number of complaints received during the year *	5,799	7,166
3	Number of complaints disposed during the year *	5,761	7,332
3.1	Of which, number of complaints rejected by the bank	399	238
4	Number of complaints pending at the end of the year	110	72
	Maintainable complaints received by the bank from Office of Ombudsman		
5	Number of maintainable complaints received by the bank from Office of Ombudsman **	413	172
5.1	Of 5, number of complaints resolved in favour of the bank by Office of Ombudsman	222	85
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by Office of Ombudsman	158	77
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.

** Out of 413 BO complaints, in 33 complaints decision are not given by RBI yet (March 31, 2024: Out of 172 BO complaints, 10 complaints decision are not given by RBI yet).



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

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5	6
As at March 31, 2025					
Ground - 1 (ATM/Debit Cards)	18	1,438	(51%)	26	2
Ground - 2 (Internet/Mobile/Electronic Banking)	38	1,334	(26%)	34	-
Ground - 3 (Credit Card)	-	472	-	26	-
Ground - 4 (Loans and advances)	-	305	33%	-	-
Ground - 5 (Account opening/difficulty in operation of accounts)	-	300	0%	-	-
Others	16	1,950	9%	24	-
Total	72	5,799	(19%)	110	2
As at March 31, 2024					
Ground - 1 (ATM/Debit Cards)	149	2,930	(28%)	18	-
Ground - 2 (Internet/Mobile/Electronic Banking)	46	1,812	(62%)	38	-
Ground - 3 (Account opening/difficulty in operation of accounts)	7	299	(96%)	-	-
Ground - 4 (Loans and advances)	2	230	(79%)	-	-
Ground - 5 (Mis-selling/Para-banking)	-	103	(69%)	-	-
Others	34	1,792	(46%)	16	-
Total	238	7,166	(66%)	72	-



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18.12 Penalties imposed by the Reserve Bank of India

No penalty was imposed by RBI on the Bank during the year ended March 31, 2025 and March 31, 2024.

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 March 31, 2025, The NRC comprises of two Independent Directors viz Ms Kalpana Prakash Pandey 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 crore 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 'fit 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.



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- 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 Compensation and Remuneration Policy of the Bank has been approved by the Board of Directors in its meeting dated March 08, 2025 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 September 16, 2024. The Bank also has in place a Policy on Risk Alignment of Compensation applicable for MD & CEO, WTD and employees in Risk Control and Compliance Department which is approved by the Board of Directors on March 08, 2025.

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 March 31, 2025 were 19,779 (March 31, 2024: 16,081)

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



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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.



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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 and WTD – The variable remuneration of the MD & CEO and WTD 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.



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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 March 31, 2025 and March 31, 2024 the quantitative disclosure covers MD & CEO, WTD and Material Risk takers.

(₹ in crore, except numbers)

Sr. No.	Particulars	As at March 31, 2025	As at March 31, 2024
1(i)	Number of meetings held by the Nomination and Remuneration Committee during the financial year.	7	6
1(ii)	Remuneration paid to its members during the financial year (sitting fees)	0.13	0.11
2(i)	Number of employees having received a variable remuneration award during the financial year.	5	5
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.	RBI vide its letter dated September 16, 2024 approved pay to MD & CEO in the following manner: i. Grant of ₹2.57 crore as fixed pay, including perquisite w.e.f. April 1, 2024. ii. Grant of ₹1.76 crore (cash ₹0.70 crore and non-cash ₹1.06 crore) as variable pay for the FY 2023-24, with deferred arrangement as below: - Cash Variable Compensation - 40% of the total variable compensation would be payable in cash, which would be ₹0.70 crore of which ₹0.35 crore would be paid up front and the payment of balance ₹0.35 crore would be deferred for the next 3 years, to be paid in equal instalments. - Non-Cash Variable Compensation, - 60% of the total variable compensation would be payable in non-cash instruments which would be in the form of USFBL - ESOPs as such ₹1.06 crore worth of ESOPs would be granted to the MD & CEO. Grant of these ESOPs would be deferred in 3 equal instalments. Bank shall apply the Black Scholes model, which would be certified by an authorized valuer appointed by the bank, for arriving at the quantum of number of shares to be allotted to the MD & CEO.	RBI vide its letter dated on May 26, 2023 approved the revised fixed remuneration of ₹2.13 crore to MD & CEO for FY 2022-23 Further, RBI vide its letter dated October 06, 2023 approved pay to MD & CEO in the following manner: i. Grant of ₹2.34 crore as fixed pay, including perquisite, for FY 2023-24 ii. Grant of ₹1.36 crore (cash ₹0.54 crore and non-cash ₹0.82 crore) as variable pay for the performance year FY 2022-23, with deferred arrangement as below: - Cash Variable Compensation - 40% of the total variable compensation would be payable in cash, which would be ₹0.54 crore of which ₹0.25 crore would be paid up front and the payment of balance ₹0.29 crore would be deferred for the next 3 years, to be paid in equal instalments. - Non-Cash Variable Compensation, - 60% of the total variable compensation would be payable in non-cash instruments which would be in the form of USFBL - ESOPs as such ₹0.82 crore worth of ESOPs would be granted to the MD & CEO. Grant of these ESOPs would be deferred in 3 equal instalments. Bank shall apply the Black Scholes model, which would be certified by an authorized valuer appointed by the bank, for arriving at the quantum of number of shares to be allotted to the MD & CEO.
3(ii)	Total amount of deferred remuneration paid out in the year.	-	-
4	Breakdown of amount of remuneration awards for the year *		
	Fixed	9.23	8.28
	Variable	1.42	1.13
	Deferred	0.22	0.12
	Non-deferred	10.65	9.41
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**	5 MRTs & 2 WTDs (including MD & CEO)	5 MRTs & 1 WTD (MD & CEO)
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.	-	-



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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.	0.04 Crore & 60 times	0.40 Crore & 59 times
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*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 dtd November 04, 2019 effective from FY 20-21

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

Variable pay amounting to ₹1.76 crore has been approved by RBI for MD & CEO for FY 2023-24. Cash component of ₹0.35 crore of the same has been paid to MD & CEO in the month of Sep'24, rest ₹0.35 crore would be paid next 3 years in deferred manner. Non-cash component of ₹1.05 crore is deferred in the form of USFBL - ESOPs as per RBI approval.

Variable pay amounting to ₹1.36 crore has been approved by RBI for MD & CEO for FY 2022-23. Cash component of ₹0.25 crore of the same has been paid to MD & CEO in the month of Oct'23, rest ₹0.29 crore would be paid next 3 years in deferred manner. Non-cash component of ₹0.82 crore is deferred in the form of USFBL - ESOPs as per RBI approval.



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Utkarsh Small Finance Bank Limited

Schedules forming part of the financial statements for the year ended March 31, 2025

18.14.1 Business Ratios:

(₹ in crore except percentages and ratio)

	Particulars	As at March 31, 2025	As at March 31, 2024
(i)	Interest income as a % to Working funds ¹	14.59%	15.70%
(ii)	Non-Interest income as a % to Working funds ¹	2.32%	1.98%
(iii)	Cost of deposits ⁶	8.10%	7.72%
(iv)	Net interest margin ⁷	8.17%	9.83%
(v)	Operating profit ² as a % to Working funds ¹	3.90%	4.93%
(vi)	Return on Assets ³ (Working funds ¹)	0.09%	2.46%
(vii)	Business ³ (Deposit plus Net Advance) per employee ⁵	1.91	1.83
(viii)	Profit per employee ^{5*}	-	0.03

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 ₹12,796 [March 31, 2024: ₹3,06,502]

The Bank has compiled the data for the purpose of this disclosure from its internal MIS system/reports.



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Utkarsh Small Finance Bank Limited

Schedules forming part of the financial statements for the year ended March 31, 2025

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

(₹ in crore)

	Particulars	As at March 31, 2025	As at March 31, 2024
i)	Fee / Remuneration from Life Insurance Business	37.98	40.17
ii)	Fee / Remuneration from General Insurance Business	3.44	4.39

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 March 31, 2025. (March 31, 2024: Nil)

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 March 31, 2025	As at March 31, 2024
General category	-	-
Micro enterprises	1,000.00	1,350.00
Agriculture	-	-
Small/marginal farmers	6,900.00	7,000.00
Total	7,900.00	8,350.00

Following are the details of PSLC purchased by the Bank.

(₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
General category	-	-
Micro enterprises	-	-
Agriculture	-	-
Small/marginal farmers	-	-
Total	-	-



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

(₹ in crore)

	Particulars	As at March 31, 2025	As at March 31, 2024
i)	Provisions for NPI	-	-
ii)	Provision towards NPA *	708.16	(23.87)
iii)	Provision made towards Income tax	16.19	179.77
iv)	Other Provisions and Contingencies	258.88	343.74
a	Technical write off	237.69	304.93
b	Provision for standard assets	(13.25)	15.08
c	Provision on restructured assets	(0.41)	(5.52)
d	Floating provision	-	55.97
e	Provisions made towards deferred Tax (Net)	(12.24)	(18.01)
f	Provision against fraud	3.46	(3.84)
g	Contingency provision	-	(13.00)
h	Provision on stressed asset	33.90	-
i	Others	9.73	8.13
	Total provisions	983.23	499.64

* Refer Schedule 18.26

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 through excel based financial. The Bank has implemented system solutions (IndAS 109 and 116).

18.14.7 Payment of DICGC Insurance Premium (including GST)

(₹ in crore)

	Particulars	As at March 31, 2025	As at March 31, 2024
i)	Payment of DICGC Insurance Premium	19.00	13.86
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 March 31, 2025 and March 31, 2024.



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

(₹ in crore)

	Particulars	As at March 31, 2025	As at March 31, 2024
i	Banking software charges	94.99	72.76
ii	Commission on business correspondent *	114.21	54.23
iii	DSA Payout *	57.72	-

* Refer Schedule 18.30

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

(₹ in crore)

	Particulars	As at March 31, 2025	As at March 31, 2024
i	Income from sale of priority sector lending certificate	115.07	103.65
ii	Recovery in written off account	88.14	91.59
iii	Income from insurance commission	-	44.56

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 March 31, 2025 and March 31, 2024.

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 March 31, 2025 and March 31, 2024.

18.14.13 Portfolio-level information on the use of funds raised from green deposits

In reference to the RBI Notification No: DOR.SFG.REC.10/30.01.021/2023-24 dated April 11, 2023 with respect to the disclosure related to acceptance of green deposits, the bank has not raised any funds from green deposits in the current year.



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18.15 Earnings Per Share (EPS)

(₹ in crore, except per share data)

Particulars	As at March 31, 2025	As at March 31, 2024
Basic		
Weighted average number of equity shares - Basic	1,10,09,59,853	1,03,80,13,639
Net profit after tax available for equity shareholders (₹)	23.70	497.63
Basic earnings per share	0.22	4.79
Diluted		
Weighted average number of equity shares - Basic	1,10,09,59,853	1,03,80,13,639
Add: Weighted average number of potential equity shares on account of employee stock options	-	1,01,82,374
Weighted average number of equity shares - Diluted	1,10,09,59,853	1,04,81,96,013
Net profit after tax available for equity shareholders (₹)	23.70	497.63
Diluted earnings per share	0.22	4.75
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, i.e. Utkarsh CoreInvest Limited (erstwhile Utkarsh Micro Finance Limited) formed Utkarsh ESOP Welfare Trust to issue ESOPs to employees of the Bank and the Holding Company as per Employee Stock Option Scheme. Total 12,00,000 equity shares have been reserved under ESOP scheme, 2010 and Amended ESOP scheme, 2016 and pursuant to Shareholder agreement executed in the year 2016-17, an additional 59,89,594 equity shares have been reserved by the Holding Company to allot the share to eligible employee of the Holding company and the Bank under the scheme.

During the year ended 31 March 2025, the Holding Company granted Nil options to the Bank's employees (31 March 2024 : 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 April 01, 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.



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Schedules forming part of the financial statements for the year ended March 31, 2025

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Number of equity shares:		
Outstanding at the beginning of the year	13,34,820	28,59,034
Granted during the year	-	-
Lapsed/Cancel during the year	2,93,875	10,37,509
Exercised during the year	4,32,682	4,57,123
Previous year adjustments	-	29,582
Outstanding at the end of year	6,08,263	13,34,820
Exercisable at the end of year	6,08,263	10,74,586

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 March 31, 2025	For the year ended March 31, 2024
Profit/(loss) after tax		
- As reported	23.70	497.63
- Proforma	23.27	496.03
(Loss)/Earnings per share		
Basic		
Weighted average number of shares	1,10,09,59,853	1,03,80,13,639
EPS as reported (₹)	0.22	4.79
Proforma EPS (₹)	0.21	4.78
Diluted		
Weighted average number of shares	1,10,09,59,853	1,04,81,96,013
EPS as reported (₹)	0.22	4.75
Proforma EPS (₹)	0.21	4.73

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
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



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B. Out of options granted by Bank

During the year the Bank has granted 1,92,87,909 options (previous year 1,67,09,150 options) under the Utkarsh Small Finance Bank Limited (USFBL) Employee Stock Option Plan 2020, to MD & CEO, Whole Time Director and other employees as under :-

Date of Grant	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Number of Options	Exercise Price	Number of Options	Exercise Price
January 31, 2024	-	-	55,000	27.00
March 16, 2024	-	-	1,66,54,150	44.14
September 03, 2024*	1,82,33,265	44.00	-	-
September 20, 2024**	10,54,644	44.19	-	-

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

*This includes 6,06,896 ESOPs granted to MD & CEO at Fair value of ₹ 17.40 and at exercise price of ₹44.00 per share during the year. The bank received approval for remuneration to MD & CEO for financial year 2023-24 from RBI on September 16, 2024 with fixed pay of ₹2.57 cr including perquisites & variable pay of ₹1.76 cr with bifurcation into ₹0.70 cr as cash component and ₹1.06 cr as non-cash component with deferral over three years.

**The bank received approval for appointment of Whole time Director for the period of three years from the date of taking charge with remuneration at fixed pay of ₹1.63 cr per annum including perquisites and joining bonus of ₹1.93 cr in the form of ESOPs. Accordingly, bank has granted 10,54,644 ESOPs to Whole time Director at Fair value of ₹18.30 and at exercise price of ₹44.19 per share during the year.

These options are vested on graded basis as follows:

Vesting details	Grant to employees	Grant to WTD	Grant to MD & CEO		
			Grant dated December 28, 2020	Grant dated January 12, 2022	Other grant
On completion of 1 year	25%	10%	25.00%	69.00%	33.33%
On completion of 2 years	25%	20%	25.00%	31.00%	33.33%
On completion of 3 years	25%	30%	25.00%	-	33.33%
On completion of 4 years	25%	40%	25.00%	-	-

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Number of equity shares:		
Outstanding at the beginning of the year	3,84,13,892	2,93,85,764
Granted during the year	1,92,87,909	1,67,09,150
Lapsed/Cancel during the year	51,63,108	41,28,225
Exercised during the year	21,52,440	35,52,797
Previous year adjustments	-	-
Outstanding at the end of year	5,03,86,253	3,84,13,892
Exercisable at the end of year	1,24,09,946	59,16,227

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 to employees other than MD & CEO and WTD:

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Dividend yield	1.00%	1.00%
Expected volatility	33.1% to 42.7%	36.3% to 43%
Risk free interest rate	6.64% to 6.72%	6.93% to 6.99%
Expected life in years	2 to 5	2 to 5



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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 March 31, 2025	For the year ended March 31, 2024
Provident Fund	46.61	40.26
ESI	5.78	4.79

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 March 31, 2025	As at March 31, 2024
Opening defined benefit obligation	27.22	23.16
Current service cost	7.08	6.74
Past service costs	-	-
Interest cost	1.93	1.68
Actuarial losses/ (gains)	(3.25)	(1.40)
Benefits paid	(3.45)	(2.96)
Closing defined benefit obligation	29.53	27.22

Change in the plan assets (₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening fair value of plan asset	25.58	22.06
Expected return on plan assets	1.82	1.60
Employers Contributions	8.89	4.90
Benefit paid	(3.45)	(2.96)
Actuarial gains / (losses) on plan assets	0.14	(0.02)
Closing fair value of plan assets	32.98	25.58

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

Particulars	As at March 31, 2025	As at March 31, 2024
Present value of funded obligation	29.53	27.22
Fair value of plan assets	32.98	25.58
Deficit / (Surplus)	(3.45)	1.64
Net liability / (asset) recognized in the balance sheet	(3.45)	1.64



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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current service cost	7.08	6.74
Past service costs	-	-
Interest cost	1.93	1.68
Expected return on plan assets	(1.82)	(1.60)
Net actuarial losses / (gains)	(3.39)	(1.38)
Total cost of defined benefit plans included in Schedule 16 Payments to and provisions for employees	3.80	5.44

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

Particulars	As at March 31, 2025	As at March 31, 2024
Opening net liability	1.64	1.10
Expenses as recognised in profit & Loss account	3.80	5.44
Employers contribution	(8.89)	(4.90)
Net liability / (asset) recognised in balance sheet	(3.45)	1.64

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

Particulars	As at March 31, 2025	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Present value of funded obligation	29.53	27.22	23.16	19.47	15.66
Fair value of plan assets	32.98	25.58	22.06	18.84	14.58
Deficit / (Surplus)	(3.45)	1.64	1.10	0.63	1.08
On Plan Liabilities (gains) / losses	(3.25)	(1.40)	(0.53)	(0.43)	0.85
On Plan Assets (losses) / gains	0.14	(0.02)	0.03	(0.08)	(0.43)

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

Category of assets	As at March 31, 2025	As at March 31, 2024
Funds with LIC(through gratuity trust)	100%	100%

Key Actuarial Assumptions

Particulars	As at March 31, 2025	As at March 31, 2024
Discount rate	6.50%	7.10%
Expected rate of return on plan asset	6.50%	7.10%
Salary escalation	3.00%	8.50%
Attrition rate	14.89% to 40.51%	14.89% to 40.51%

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.

Attrition Rate: The reduction in staff/employees of a company through normal means, such as retirement and resignation. This is natural in any business and industry.



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

18.18 (A) Business Segments:

In terms of AS-17 (Segment Reporting) issued by ICAI and RBI circular Ref DBOD No BP BC 81/21 04 018/2006-07 dated April 18, 2007 read with DBR BP BC No 23/21 04 018/2015-16 dated July 01, 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 at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Revenue	437.63	298.33	266.34	218.30	3,660.79	3,062.18	-	-	4,364.76	3,578.81
Result	68.09	62.40	18.97	(51.11)	(59.41)	648.10	-	-	27.65	659.39
Unallocated expenses									-	-
Operating Profit/(Loss)									27.65	659.39
Income Tax expense (including deferred tax)									3.95	161.76
Extraordinary profit / (loss)									-	-
Net Profit									23.70	497.63
Other Information:										
Segment Assets	8,462.37	6,764.47	2,532.58	1,938.43	16,506.88	14,672.14	-	-	27,501.83	23,395.04
Unallocated Assets									625.61	507.64
Total Assets									28,127.44	23,902.68
Segment Liabilities	2,368.10	2,021.28	7,450.53	6,961.81	15,312.92	11,927.92	-	-	25,131.55	20,911.01
Unallocated Liabilities									2,995.89	2,991.67
Total Liabilities									28,127.44	23,902.68

(₹ in crore)

Business Segments	Treasury		Corporate/ Wholesale Banking		Retail Banking		Other Banking Operations		Total	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Revenue	298.33	232.77	218.30	146.08	3,062.18	2,425.44	-	-	3,578.81	2,804.29
Result	62.40	21.01	(51.11)	(28.63)	648.10	543.43	-	-	659.39	435.81
Unallocated expenses									-	-
Operating Profit/(Loss)									659.39	535.81
Income Tax expense (including deferred tax)									161.76	131.31
Extraordinary profit / (loss)									-	-
Net Profit									497.63	404.50
Other Information:										
Segment Assets	6,764.47	5,425.84	1,938.43	1,593.26	14,672.14	11,667.03	-	-	23,395.04	18,686.13
Unallocated Assets									507.64	431.16
Total Assets									23,902.68	19,117.29
Segment Liabilities	2,021.28	2,371.21	6,961.81	5,984.69	11,927.92	8,734.44	-	-	20,911.01	17,690.34
Unallocated Liabilities									2,991.67	2,026.95
Total Liabilities									23,902.68	19,117.29

Notes

- Business segments have been identified and reported taking into account the target customer profile, nature of products and services, the differential risks and returns, the organization structure, internal business reporting system and guidelines prescribed by RBI.
- 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.
- The RBI vide its circular dated April 07, 2022 on establishment of Digital Banking Units (DBUs), has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. The Bank has not setup any DBU so far and hence DBU has not been disclosed as a separate segment as per Accounting Standard 17 (Segment Reporting).

18.18 (B) Geographic Segments

The business of the Bank is in India only. Accordingly, geographical segment is not applicable.



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Utkarsh Small Finance Bank Limited

Schedules forming part of the financial statements for the year ended March 31, 2025

18.19 Related Party Transactions

The Bank's related parties with whom transactions entered during the year ended March 31, 2025 are disclosed below:

1. Holding Company

Utkarsh CoreInvest Limited (erstwhile Utkarsh Micro Finance Limited)

3. Key Management Personnel ('KMP')

Mr. Govind Singh- Managing Director and CEO

Mr. Pramod Dubey- Whole Time Director w.e.f. September 20, 2024

Mr. Sarjukumar Pravin Simaria - Chief Financial Officer

Mr. Muthiah Ganapathy - Company Secretary

4. Enterprise where KMP exercise significant influence

RAAG Family Private Trust

Utkarsh Welfare Foundation

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)	
		Achin Singh (Son)	
Mr. Pramod Dubey (w.e.f. September 20, 2024)	Father - deceased	Anita Dubey (Spouse)	Neelam Tiwari (Sister)
	Janak Dulari (Mother)	Apoorva Dubey (Son)	Pushpa Tiwari (Sister)
		Aditya Dubey (Son)	Arun Kumar Dubey (Brother)
			Nirmal Kumar Dubey (Brother)
Mr. Sarjukumar Pravin Simaria	Pravin V. Simaria (Father)	Karuna S. Simaria (Spouse)	Bharat P. Simaria (Brother)
	Nirmala P. Simaria (Mother)	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 March 31, 2025

The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2025.

(₹ in crore)

Items / Related Party	Utkarsh CoreInvest Ltd (Holding Company)	Enterprise where KMP exercise significant influence: Utkarsh Welfare Foundation	Utkarsh Small Finance Bank Employees' Gratuity Trust	KMP: Govind Singh (MD & CEO)	KMP: Pramod Kumar Dubey (WTD)	KMP: Sarjukumar Pravin Simaria (CFO)	KMP: Muthiah 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 - Parvati Devi	KMP Relative - Nirmala Simaria	Total
Deposits Outstanding as on 31 March 2025	52.81	2.56	0.49	1.19	0.41	2.86	0.18	4.80	0.53	0.35	0.50	0.15	0.12	0.14	67.09
Amount deposited during the year (excluding CASA deposit)	58.94	-	-	-	0.01	-	-	25.15	1.00	1.00	1.05	-	0.12	-	87.27
Amount repaid during the year (excluding CASA deposit)	52.11	-	-	-	0.01	-	-	20.45	0.75	0.75	0.75	0.06	0.11	0.02	75.01
Maximum deposit outstanding during the year	54.82	6.42	3.19	1.37	0.60	3.32	0.24	24.95	1.27	8.30	7.40	0.41	0.12	0.16	112.57
Interest paid	4.06	0.21	-	0.06	0.01	0.12	0.01	0.33	0.07	0.29	0.27	0.02	0.01	0.01	5.47
Service charges collected	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration	-	-	-	**3.02	***0.95	1.73	0.59	-	-	-	-	-	-	-	6.29
Consultancy Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend Paid	37.96	-	-	0.02	-	*0.00	-	-	*0.00	-	*0.00	*0.00	-	-	37.98
Contribution to Gratuity Trust	-	-	8.89	-	-	-	-	-	-	-	-	-	-	-	8.89
Withdrawal from Gratuity Trust	-	-	4.02	-	-	-	-	-	-	-	-	-	-	-	4.02
Contribution towards CSR & CER	-	8.50	-	-	-	-	-	-	-	-	-	-	-	-	8.50
ESOP cost cross charged #	(0.23)	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.23)
Service charge for collections	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	0.01
Rent for office space	0.07	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07
ESOP granted	-	-	-	#1.06	#1.93	0.87	0.09	-	-	-	-	-	-	-	3.95
Transactions (collection and payment) carried out on behalf of Bank	1.27	-	-	-	-	-	-	-	-	-	-	-	-	-	1.27
Amount Payable/(Recoverable)	0.58	-	-	-	-	-	-	-	-	-	-	-	-	-	0.58

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

** Includes 50% of the cash portion of bonus for FY 2023-24 at ₹35.20 lakh as per approval by RBI vide letter dated September 16, 2024

***Appointment of WTD alongwith his salary was approved by RBI vide letter dated September 19, 2024

Refer Schedule 18.16 on ESOP grant

Note:

- 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.
- In the Annual General Meeting of the Bank on July 22, 2024, Shareholders approved dividend at ₹0.50 per share.



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The following represents the significant transactions between the Bank and such related parties including relatives of above mentioned KMP during the year ended March 31, 2024.

(₹ in crore)

Items / Related Party	Utkarsh CoreInvest Ltd (Holding Company)	Enterprise where KMP exercise significant influence: Utkarsh Welfare Foundation	Utkarsh Small Finance Bank Employees' Gratuity Trust	KMP: Govind Singh (MD & CEO)	KMP: Sarjukumar Pravin Simaria (CFO)	KMP: Muthiah 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 - Parvati Devi	KMP Relative - Nirmala Simaria	Total
Deposits Outstanding as on March 31, 2024	48.05	3.05	0.27	0.26	0.16	0.09	*0.00	0.24	0.01	0.05	0.23	0.11	0.16	52.68
Amount deposited during the year (excluding CASA deposit)	17.88	-	-	*0.00	-	-	-	-	-	-	0.10	0.04	0.14	18.16
Amount repaid / matured during the year (excluding CASA deposit)	13.99	-	-	*0.00	-	-	-	-	-	-	0.05	0.03	-	14.07
Maximum deposit outstanding during the year	48.05	4.71	2.35	1.14	0.18	0.14	0.02	0.33	0.01	0.05	0.42	0.12	0.16	57.68
Interest paid	3.44	0.19	0.01	0.04	*0.00	*0.00	-	0.02	*0.00	*0.00	0.02	0.01	0.01	3.74
Remuneration	-	-	-	**2.88	1.45	0.54	-	-	-	-	-	-	-	4.87
Consultancy Charges	-	-	-	-	-	-	-	-	-	-	0.11	-	-	0.11
Contribution towards Gratuity Trust	-	-	4.90	-	-	-	-	-	-	-	-	-	-	4.90
Withdrawal from Gratuity Trust	-	-	3.59	-	-	-	-	-	-	-	-	-	-	3.59
Contribution towards CSR	-	5.12	-	-	-	-	-	-	-	-	-	-	-	5.12
ESOP cost cross charged	(0.81)	-	-	-	-	-	-	-	-	-	-	-	-	(0.81)
Service charge for collections	0.01	-	-	-	-	-	-	-	-	-	-	-	-	0.01
Rent for office space	0.08	-	-	-	-	-	-	-	-	-	-	-	-	0.08
ESOP granted	-	-	-	0.82	0.34	0.31	-	-	-	-	-	-	-	1.47
Collection by bank on behalf of UCL	1.07	-	-	-	-	-	-	-	-	-	-	-	-	1.07
Payment by bank on behalf of UCL	0.03	-	-	-	-	-	-	-	-	-	-	-	-	0.03
Amount Payable/(Recoverable)	0.22	-	-	-	-	-	-	-	-	-	-	-	-	0.22

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

** Includes arrear salary of FY 2022-23 of ₹0.24 crore post revised approval of RBI vide letter dated May 26, 2023 and upfront portion of bonus of ₹0.25 crore for FY 2022-23 and arrear salary of FY 2023-24 of ₹0.10 crore post approval of RBI vide letter dated October 06, 2023 for remuneration of MD & CEO.

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 Schedule 18.16 on ESOP grant to MD & CEO.



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

18.20 Leases

Operating Lease

Lease payments made under cancellable operating lease amounting to ₹82.10 crore (March 31, 2024: ₹68.29 crore) 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 March 31, 2025	As at March 31, 2024
Due within one year	86.29	69.95
Due later than one year and not later than five years	296.60	215.68
Due later than five years	61.05	71.72
Total	443.94	357.35

Finance Lease

The Bank has acquired certain IT hardware assets and ATM machines under finance lease. Lease term of such assets is 7 years. & 5 years Minimum lease payments (MLP) outstanding in respect of leased assets as at March 31, 2025 are as follows:

(₹ in crore)

Particulars	Future MLP	Interest not due	Present Value of MLP
Due within one year	2.57	1.17	1.40
Due later than one year and not later than five years	6.56	2.01	4.55
Due later than five years	0.08	0.00*	0.08
Total	9.21	3.18	6.03

*The value represents sum of Rs 46,620/- on account of Interest not due after the period of 5 Years from the date of installation of ATM

Minimum lease payments (MLP) outstanding in respect of leased assets as at March 31, 2024 are as follows: (₹ in crore)

Particulars	Future MLP	Interest not due	Present Value of MLP
Due within one year	2.25	0.88	1.37
Due later than one year and not later than five years	5.47	1.64	3.83
Due later than five years	0.63	0.06	0.57
Total	8.35	2.58	5.77

18.21 Current Tax and Deferred Tax

a. Current Tax

(₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
Provision for Income tax	16.19	179.77
Provision for Deferred tax	(12.24)	(18.01)
Total	3.95	161.76



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b. Deferred Tax

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

Particulars	As at March 31, 2025	As at March 31, 2024
Deferred tax assets:		
Provision for assets	91.72	57.51
Unamortised processing fees on advances	-	36.36
Finance lease	1.51	1.45
Provision against Lease Equalisation	6.31	5.56
Provision on Leave	1.96	1.26
Provision on stressed Asset	8.53	-
Depreciation on fixed assets	5.24	2.47
Others	2.07	0.69
	117.34	105.30
Deferred tax liabilities:		
Unamortised processing fee on borrowings	-	0.20
	-	0.20
Net deferred tax assets / (liability)	117.34	105.10

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

(₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
a. Principal amount due to suppliers under MSMED Act, 2006	10.08	11.63
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	18.39	109.86
d. Interest paid to suppliers under MSMED Act (Section 16)	-	-
e. Interest due and payable towards suppliers under MSMED Act for payments already made	0.20	1.54
f. Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	0.20	1.54



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Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

18.23.1 Contingent liabilities

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

- a. Contractual payments for Capital commitments
- b. Pending litigation under Income Tax.
- c. Other pending litigation against the Bank.

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.

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 March 31, 2025 and March 31, 2024. Further, there are no outstanding comfort letters as at March 31, 2025 and March 31, 2024.



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Utkarsh Small Finance Bank Limited

Schedules forming part of the financial statements for the year ended March 31, 2025

18.24 The Board of Directors in their meeting dated June 15, 2024 decided to contribute towards corporate social responsibility up to ₹8.50 crore (March 31, 2024: ₹5.12 crore) as required to be spent by Section 135 of the Companies Act, 2013.

(₹ in crore)

Particulars	As at March 31, 2025	As at March 31, 2024
a) Gross amount required to be spent by the Bank during the year *	8.50	5.12
b) Amount spent during the year		
(i) Construction / acquisition of any asset	-	-
(ii) Other projects	7.58	3.24
c) Amount unspent **	0.92	1.88#

* Refer Schedule 18.19 for details of related part transactions in relation to CSR expenditure.

** Pursuant to Section 135 (5) & (6) of Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 (Amended), Bank needs to transfer ₹0.92 crore in "Unspent CSR Account FY2024-25" within period of 30 days from the end of the financial year for the CSR Ongoing projects for spending over the following 3 years period on ongoing CSR sub Committee projects and accordingly bank has transferred ₹0.92 crore in "Unspent CSR Account FY 2024-25 subsequent to balance sheet date"

Out of the unspent amount during the previous year ended March 31, 2024 ₹1.72 crore has been spent in the current year and is not included in (b)(ii) above.

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 March 31, 2025	As at March 31, 2024
At cost at 31 March of preceding year	24.16	24.28
Additions during the year	12.76	16.49
Deductions during the year	-	-
Depreciation during the year	(15.89)	(16.61)
Net block	21.03	24.16

18.26 The Bank was carrying floating asset provision of ₹148.62 crore as at year ended March 31, 2024. During the year pursuant to the approval from Reserve Bank of India (RBI), the Bank has fully utilized the floating asset provision as per relevant RBI regulations. Consequently, the provision for NPA ("Provisions and Contingencies") has been adjusted by ₹148.62 crore for the year ended March 31, 2025.

18.27 The Board of Directors of the Bank and Utkarsh Core Invest Limited (UCL), the Holding Company, have approved a draft scheme of amalgamation of the latter with the former in terms of Section 230 to 232 of the Companies Act, 2013 on September 20, 2024. The appointed date under the said scheme is April 01, 2025 or such other date as may be approved by NCLT or such other competent authority. The amalgamation is subject to the provisions of the said scheme document and receipt of the relevant regulatory and statutory approvals. The Bank has received no-objection from RBI on January 02, 2025, to proceed with the approval of NCLT and other relevant statutory authorities, ensuring compliance with certain conditions/procedural matters in this regard. However, other necessary approvals from relevant competent authority is under process.

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.



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18.29 During the year SEBI has determined the settlement amount of Rs.1.24 crore which was paid by the bank, pursuant to suo-moto settlement application filed by the Bank with respect to certain non-compliances in filings with SEBI which were subsequently mitigated by the Bank. The matter has been fully settled.

18.30A The Bank has changed its accounting policy with effect from April 01, 2024 on recognition of loan processing fees collected from the borrowers and allied expenses for more appropriate presentation of the financial statement and alignment with industry practice. Hitherto the Bank was recognizing the income/expense over the tenure of the loan which is now recognized as income when it becomes due.

Increase in Other Income, Other Operating Expenses and the Net Profit (Before Tax) of the Bank due to change in the aforesaid accounting policy for the year ended March 31, 2025 is ₹164.66 crore, ₹70.09 crore and 94.57 crore respectively.

Further, if the Bank would have followed the revised accounting policy in the previous financial year ended March 31, 2024, increase in Other Income, Other Operating Expenses and the Net Profit (Before Tax) of the Bank for the year ended March 31, 2024 would have been ₹144.45 crore, ₹28.33 crore and 116.11 crore respectively.

18.30B The Bank has implemented the Master Direction - Classification, Valuation and Operation of Investment Portfolio of Commercial Banks (Directions), 2023 dated September 12, 2023 which is applicable to banks from April 01, 2024. Consequent to the transitions provisions, the Bank's net worth and investments have increased by Rs.1.32 crore (post tax) and Rs. 1.76 crore (pre-tax) respectively as on April 01, 2024 on account of revision in the carrying value to the fair value as on such date. Subsequent changes in fair value of performing investments under Available for Sale (AFS) and Fair Value Through Profit and Loss ('FVTPL') (including Held For Trading ('HFT')) categories have been recognized through AFS reserve and Profit and Loss Account respectively. Figures for the previous year/period are not comparable to that extent.

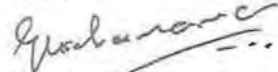
18.31 As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014 the Bank uses only such accounting software for maintaining its books of account that have a feature of recording audit trail of each and every transaction creating an audit log of each change made in the books of account along with the date when such changes were made within such accounting software. This feature of recording audit trail has operated throughout the year and was not tampered with during the year. The Bank has established and maintained an adequate internal control framework and based on its assessment, believes that this was effective as of March 31, 2025.



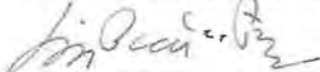
Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

18.32 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

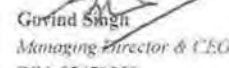
for M/s Kirtane & Pandit LLP
Chartered Accountants
ICAI Firm Registration No. 105215W/W100057

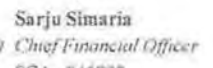

Sandeep D Welling
Partner
Membership No. 044576

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


Gaurind Singh
Managing Director & CEO
DIN: 02470880


Sarju Simaria
Chief Financial Officer
FCA: 046998


Muthiah Ganapathy
Company Secretary
FCS 5674



Place: Mumbai
Date: May 03, 2025

Place: Mumbai
Date: May 03, 2025



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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT ALLAHABAD**

ANNEXURE - 9

**COMPANY PETITION (CAA) No./ALD/2026
SECOND MOTION**

[Under Sections 230-232 of Companies Act, 2013 and Rule 15(1) of the
Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

**CONNECTED WITH
COMPANY APPLICATION (CAA) No. 37/ALD/2025
FIRST MOTION**

[Under Sections 230-232 of the Companies Act, 2013]

IN THE MATTER OF:

Petition for Sanction of the Scheme of Amalgamation between Utkarsh
CoreInvest Limited and Utkarsh Small Finance Bank Limited and their
respective Shareholders ("Scheme").

IN THE MATTER OF:

UTKARSH COREINVEST LIMITED

AND

UTKARSH SMALL FINANCE BANK LIMITED

AND IN THE MATTER OF:

SCHEME OF AMALGAMATION BETWEEN THE PETITIONER
COMPANIES AND THEIR RESPECTIVE SHAREHOLDERS

1. Utkarsh CoreInvest Limited
..... **Petitioner Company 1/ Transferor Company**

2. Utkarsh Small Finance Bank Limited
Varanasi, Uttar Pradesh – 221005.
..... **Petitioner Company 2/ Transferee Company**



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M M NISSIM & CO LLP
Chartered Accountants
C-2 First Floor,
Sector 2,
Noida - 201301

KKC & Associates LLP
Chartered Accountants
Level 19, Sunshine Tower,
Senapati Bapat Marg,
Elphinstone Road,
Mumbai - 400013

Independent Auditors' Review Report on unaudited financial results for the quarter and nine months ended 31 December 2025 of Utkarsh Small Finance Bank Limited pursuant to the Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To
The Board of Directors of
Utkarsh Small Finance Bank Limited

1. We have reviewed the accompanying statement of unaudited financial results of Utkarsh Small Finance Bank Limited ('the Bank') for the quarter and nine months ended 31 December 2025 ('the Statement'), being submitted by the Bank pursuant to the requirements of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'). We have initialled the Statement for identification purpose only.
2. This Statement, which is the responsibility of the Bank's Management and approved by the Board of Directors of the Bank, has been prepared in accordance with the recognition and measurement principles laid down in the Accounting Standard 25 'Interim Financial Reporting' ('AS 25'), prescribed under section 133 of the Companies Act, 2013, read with relevant rules issued thereunder, in so far as they apply to Banks, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (the 'RBI') from time to time (the 'RBI Guidelines') and other accounting principles generally accepted in India, and in compliance with Regulation 33 and Regulation 52 read with Regulation 63(2) of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review in accordance with the Standard on Review Engagements ('SRE') 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Bank's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in AS 25 prescribed under Section 133 of the Companies Act, 2013, read with relevant rules thereunder, the RBI Guidelines and other accounting principles generally accepted in India and has not disclosed the information required to be disclosed in terms of Regulation 33 and Regulation 52 read with Regulation 63(2) of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the RBI in respect of income recognition, asset classification, provisioning and other related matters.



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M M NISSIM & CO LLP
Chartered Accountants

KKC & Associates LLP
Chartered Accountants

5. Attention is drawn to the fact that the unaudited financial results of the Bank for the corresponding quarter and nine months ended 31 December 2024 were reviewed by predecessor auditors whose report dated 14 February 2025 expressed an unmodified conclusion on those unaudited financial results and the financial statements of the bank for the year ended 31 March 2025 were audited by predecessor auditors whose report dated 03 May 2025 expressed an unmodified opinion on those financial statements. Our conclusion is not modified in respect of these matters.

For M M NISSIM & CO LLP
Chartered Accountants
Firm Registration Number: 107122W/ W100672

For KKC & Associates LLP
Chartered Accountants
Firm Registration Number: 105146W/W100621

Navin Kumar Jain
Partner
ICAI Membership No.: 090847
UDIN: 26090847AELXWX4725
Place: Mumbai
Date: 02 February 2026



Gautam Shah
Partner
ICAI Membership No.: 117348
UDIN: 26117348LQHWSO7982
Place: Mumbai
Date: 02 February 2026



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Utkarsh Small Finance Bank Limited
CIN: L65992UP2016PLC082804
 Registered office address: Utkarsh Tower, NH-31 (Airport Road), Sehmulpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh, PIN -221105
 Statement of unaudited Financial Results for the quarter and nine months ended December 31, 2025

	For the quarter ended December 31, 2025	For the quarter ended September 30, 2025	For the quarter ended December 31, 2024	For the nine months ended December 31, 2025	For the nine months ended December 31, 2024	For the year ended March 31, 2025
	Refer Note 15 Unaudited	Refer Note 15 Unaudited	Refer Note 15 Unaudited	Unaudited	Unaudited	Audited
1 Interest Earned (a+b+c+d)	82,114.90	83,997.85	93,243.35	2,54,202.58	2,88,530.29	3,76,492.68
(a) Interest discount on advances/ bill	68,016.38	71,405.16	82,663.50	2,15,057.44	2,57,309.90	3,33,896.12
(b) Income on investments	11,423.29	8,697.97	7,048.10	28,222.03	19,960.02	37,801.10
(c) Interest on balances with Reserve Bank of India and other interbank funds	2,674.96	3,893.67	3,531.39	10,922.31	11,259.27	14,993.94
(d) Others	0.27	0.25	0.36	0.80	1.10	1.44
2 Other Income (refer note 6)	8,055.87	9,734.71	10,549.03	31,565.09	31,272.44	59,983.43
3 Total Income (1+2)	90,170.77	93,731.76	1,03,792.38	2,85,767.67	3,19,802.73	4,36,476.03
4 Interest Expended	47,280.11	48,949.54	45,230.80	1,44,138.98	1,27,384.72	1,74,206.24
5 Operating Expenses (i) (ii)	47,318.40	45,114.62	40,035.44	1,37,224.61	1,15,122.43	1,61,576.59
(i) Employees cost (refer note 10)	24,619.51	23,623.77	22,536.60	71,063.53	64,134.06	84,559.55
(ii) Other operating expenses	22,698.89	21,490.85	17,498.84	66,161.08	50,988.37	77,017.04
6 Total Expenditure (4+5) excluding provisions and contingencies	94,598.51	94,064.16	85,266.24	2,81,363.59	2,42,507.15	3,35,783.83
7 Operating Profit / (Loss) before Provisions and Contingencies (3-6)	(4,427.74)	(32.40)	18,526.14	4,404.08	77,295.58	1,00,693.20
8 Provisions (other than tax) and Contingencies	44,641.08	46,164.79	42,320.44	1,31,857.04	75,658.58	97,928.48
9 Exceptional Item	-	-	-	-	-	-
10 Profit / (Loss) for the period / year before tax (7-8-9)	(49,068.82)	(46,497.19)	(23,794.30)	(1,27,452.96)	1,637.00	2,764.72
11 Tax expense	(11,567.06)	(11,650.72)	(6,988.83)	(31,156.60)	(436.32)	594.67
12 Net Profit / (Loss) for the period / year after tax (10-11)	(37,501.76)	(34,846.47)	(16,805.47)	(96,296.38)	2,073.32	3,370.88
13 Paid-up equity share capital (of ₹ 10 each)	1,77,952.37	1,10,160.99	1,10,158.71	1,77,952.37	1,10,158.71	1,10,160.99
14 Reserves excluding Revaluation Reserves	-	-	-	-	-	1,67,289.45
15 Analytical Ratios						
Capital Adequacy Ratio (Refer Note 8)	20.11%	17.21%	21.10%	20.17%	21.16%	20.93%
Earnings per share (Face Value of ₹ 10/- each)						
EPS Basic (₹) (not annualised for quarters / nine months)	(2.46)	(3.16)	(1.53)	(7.75)	0.19	0.22
EPS Diluted (₹) (not annualised for quarters / nine months)	(2.46)	(3.16)	(1.52)	(7.75)	0.19	0.22
NPA Ratios						
Gross NPA	1,98,595.08	2,27,607.98	1,17,676.45	1,98,595.08	1,17,676.45	1,85,438.38
Net NPA	75,087.01	84,790.93	45,769.80 *	75,087.01	45,769.80 *	90,527.31
% of Gross NPA to Gross Advances	11.05%	12.42%	8.17%	11.05%	6.17%	9.43%
% of Net NPA to Net Advances	4.48%	5.02%	2.50% *	4.48%	2.50% *	4.84%
Returns on Assets (not annualised for quarters / nine months)	(1.36%)	(1.28%)	(0.64%)	(3.51%)	0.08%	0.09%
Net Worth**	2,43,340.77	1,98,153.54	2,72,701.58	2,43,340.77	2,72,701.58	2,77,584.21
Total Debt [†] to Total Assets ratio	9.28%	7.15%	6.64%	9.28%	6.64%	8.37%
Debt Equity Ratio [†]	0.89	0.83	0.60	0.89	0.60	0.79

* after considering floating provision

** as per RBI guidelines.

† Debt represents total borrowings of the Bank & Equity consists of Share Capital plus Reserves

As per regulation 33 and regulation 53(4) of SEBI (Listing Obligation & Disclosure Requirements) regulations 2015, the equity and debt listed entities are required to disclose certain ratios. The ratios which are relevant to Banking sector are disclosed above.



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Notes:

1. Segment information in accordance with the RBI guidelines and Accounting Standard - 17 "Segment reporting" of the operating segments of the Bank is as under:

	For the quarter ended December 31, 2025	For the quarter ended September 30, 2025	For the quarter ended December 31, 2024	For the nine months ended December 31, 2025	For the nine months ended December 31, 2024	For the year ended March 31, 2025
	Refer Note 15 Unaudited	Refer Note 15 Unaudited	Refer Note 15 Unaudited	Unaudited	Unaudited	Audited
1 Segmental Revenue						
(a) Retail	68,825.27	73,473.68	86,396.75	2,21,730.15	2,70,006.60	3,66,078.52
(b) Wholesale	6,934.89	7,648.43	7,037.25	20,995.81	18,797.74	26,634.27
(c) Treasury	14,410.61	12,609.65	10,358.38	43,041.71	30,998.19	43,763.24
(d) Unallocated	-	-	-	-	-	-
Less: Inter Segment Revenue	-	-	-	-	-	-
Income from Operations	90,170.77	93,731.76	1,03,792.38	2,85,767.67	3,19,802.73	4,36,476.03
2 Segmental Results						
(a) Retail	(48,552.86)	(44,922.26)	(22,713.95)	(1,26,317.50)	(4,563.04)	(5,941.64)
(b) Wholesale	1,235.41	1,293.88	(1,254.61)	2,178.62	(147.80)	1,897.08
(c) Treasury	(1,751.37)	(2,868.81)	274.26	(3,214.08)	6,547.84	6,809.28
(d) Unallocated	-	-	-	-	-	-
Total Profit / (Loss) before Tax	(49,068.82)	(46,497.19)	(23,794.30)	(1,27,452.96)	1,637.00	2,764.72
3 Segmental Assets						
(a) Retail	14,38,477.49	14,76,173.29	16,47,138.12	14,38,477.49	16,47,138.12	16,50,688.05
(b) Wholesale	2,71,693.21	2,46,907.21	2,37,532.21	2,71,693.21	2,37,532.21	2,53,258.05
(c) Treasury	10,18,034.95	9,28,775.64	7,11,494.48	10,18,034.95	7,11,494.48	8,46,237.47
(d) Unallocated	99,754.65	86,552.16	64,495.37	99,754.65	64,495.37	62,560.13
Total Assets	28,27,960.30	27,38,410.50	26,60,660.18	28,27,960.30	26,60,660.18	28,12,743.70
4 Segmental Liabilities						
(a) Retail	17,77,680.21	17,24,772.50	14,85,395.74	17,77,680.21	14,85,595.74	15,31,291.30
(b) Wholesale	4,88,394.39	5,74,969.41	6,98,845.15	4,88,394.39	6,98,845.15	7,45,053.20
(c) Treasury	2,65,531.56	1,97,024.86	1,77,824.48	2,65,531.56	1,77,824.48	2,36,810.09
(d) Unallocated	2,302.93	2,254.41	1,898.15	2,302.93	1,898.15	2,138.60
(e) Capital & other reserves	2,96,051.21	2,39,389.32	2,96,496.66	2,96,051.21	2,56,496.66	2,97,450.42
Total Liabilities	28,27,960.30	27,38,410.50	26,60,660.18	28,27,960.30	26,60,660.18	28,12,743.70

Notes:

(i) Business segments have been identified and reported taking into account the target customer profile, nature of products and services, the differential risks and returns, the organization structure, internal business reporting system and guidelines prescribed by RBI.

(ii) The RBI vide its circular dated April 07, 2022 on establishment of Digital Banking Units (DBUs), has prescribed reporting of Digital Banking Segment as a sub-segment of Retail Banking Segment. The Bank has not setup any DBU so far and hence DBU has not been disclosed as a separate segment as per Accounting Standard 17 (Segment Reporting).

2. The above financial results for the quarter and nine months ended December 31, 2025 have been reviewed by the Audit Committee at its meeting held on February 02, 2026 and recommended for adoption to the Board of Directors. The Board of Directors of the Bank have considered and approved the same at its meeting held on February 02, 2026. The financial results have been subjected to limited reviewed by the Joint Statutory Auditors as required. An unmodified conclusion has been issued by them thereon.

The financial results for the quarter and nine months ended December 31, 2024 & year ended March 31, 2025 were subjected to limited review / audit by the previous Joint Statutory Auditors.

3. The above financial results have been prepared in accordance with the recognition and measurement principles laid down in the applicable Accounting Standard ("Accounting standards") prescribed under Section 133 of the Companies Act, 2013 (the "Act"), in so far as they apply to the Banks, the relevant provisions of the Banking Regulation Act, 1949 and the circulars, the guidelines and directions issued by the Reserve Bank of India ("RBI") from time to time (the "RBI Regulations") and other accounting principles generally accepted in India and the requirements of Regulation 33 and Regulation 32 read with Regulation 63(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

4. The Bank has applied its significant accounting policies in preparation of these financial results consistent with those followed in annual financial statement for the year ended March 31, 2025.

5. During the quarter and nine months ended December 31, 2025, the Bank has not allotted any equity shares under the approved employee stock option scheme.



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- 6. Other income includes processing fees, profit/loss on sale of investment (including provision for depreciation), recovery from loans written off, income from sale of priority sector lending certificates, non-fund based income and selling of third party products.
- 7. The Bank has completed the process of Right Issue and raised ₹94,907.93 lakhs by issue of 67,79,13,784 equity shares which got listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on November 07, 2025. The expenses incurred towards Right issue of equity shares has been adjusted with the Securities Premium account in accordance with Section 52 of the Companies Act, 2013.
- 8. The Capital adequacy ratio ("CAR") is computed in accordance with the RBI Master Direction DOR.CAP.REC.101/21-01-002/2025-26 dated November 28, 2025 on "Operating Guidelines for Small Finance Banks". The Bank has followed Basel II standardised approach for credit risk in accordance with the operating guidelines issued by the RBI for Small Finance Banks. Further, the RBI vide its communication No. DBR.NBD.No.4502/16.13.218/2017-18 dated November 05, 2017 has provided an exemption to all Small Finance Banks whereby no separate capital charge is prescribed for market risk and operational risk. The Capital Adequacy Ratio is computed on the basis of RBI guidelines applicable on the relevant reporting dates and the ratio for the corresponding previous periods is not adjusted to consider the impact of subsequent changes if any, in the guidelines.
- 9. The Board of Directors of the Bank and Utkarsh Conslvest Limited (UCL), the Promoter Company, have approved a draft scheme of amalgamation of the latter with the former in terms of Section 230 to 232 of the Companies Act, 2013 on September 20, 2024. The appointed date under the said scheme is April 01, 2025 or such other date as may be approved by NCLT or such other competent authority. The Bank has already received no objection/observation letters from RBI, BSE & NSE.

During the quarter, the filing of petition with NCLT is completed on December 26, 2025. Further, vide interim order dated January 15, 2026, the order in the matter is reserved.

- 10. Effective from November 21, 2025, The Government of India has consolidated 29 labour laws into a unified framework of four Labour Codes (including the Code on Social Security, 2020), collectively referred to as the 'New Labour Codes'. Based on a preliminary assessment of the draft rules and I-AQs issued by the Ministry of Labour and Employment, in line with the guidance from the Institute of Chartered Accountants of India, the Bank has recognized an expense of ₹612.76 lakhs during quarter and nine months ended December 31, 2025, towards gratuity, mainly due to changes in wage definition. The Bank will review updates to the final Central and State rules and revise related estimates and provisions in subsequent periods as required.
- 11. The Bank does not have any project finance as at December 31, 2025.

- (2. Details of loans transferred / acquired during the nine months ended December 31, 2025 as per Reserve Bank of India (Small Finance Banks - Financial Statements : Presentation and Disclosures) Directions, 2025 dated November 28, 2025 and as amended thereafter, are given below:

(i) The Bank has not acquired/transferred any loans not in default to other entities during the quarter and nine months ended December 31, 2025.

(ii) Details of Stressed Loans transferred to Asset Reconstruction Company (ARC) on cash basis during nine months ended December 31, 2025 is given below:

Particulars	Amount (except no. of accounts & months)
No. of accounts	2
Aggregate principal outstanding of loans transferred	2,400.06
Weighted average residual tenor of the loans transferred (in months)	75.35
Weighted average holding period of the loans transferred (in months)	43.09
Net book value of loans transferred (at the time of transfer)	-
Aggregate Consideration	1,140.00
Additional consideration realized in respect of accounts transferred in earlier years	-

(iii) The Bank has not acquired any stressed loans (NPA / SMA) during the quarter and nine months ended December 31, 2025.

(iv) The Bank has not made any investment in Security Receipts during the quarter and nine months ended December 31, 2025. Details on recovery ratings assigned to Security Receipts as on 31st December, 2025:

Recovery ratings	Anticipated recovery as per recovery rating (%)	Net Book Value *	Outstanding Redemption *
BWR RR1	More than 100% and upto 150%	-	3,351.57

* The same has been fully provided for in the books.

- 13. During the year ended March 31, 2025, the Bank had changed its accounting policy with effect from April 01, 2024 on recognition of loan processing fees collected from the borrowers and allied expenses for more appropriate presentation of the financial statement and alignment with industry practice. Hitherto the Bank was recognizing the income/expense over the tenure of the loan which is now recognized as income when it becomes due. Figures for the previous period ended December 31, 2024 are not comparable to that extent.
- 14. The Bank does not have any subsidiary / associate / joint venture company(ies), hence consolidation is not applicable.
- 15. The figures for the quarter ended December 31, 2025 and December 31, 2024 are the balancing figure between the year to date and six month ended September 30, 2025 and September 30, 2024 respectively. The figures for the Quarter ended September 30, 2025 are the balancing figures between year to date and quarter ended June 30, 2025.
- 16. Figures of the previous period / year have been regrouped / reclassified, wherever necessary to conform current period classification.

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

CIN: L659921P3516PLC081304

Govind Singh
Managing Director & CEO
DIN: 02470880

Place : Mumbai
Date : February 02, 2026



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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT ALLAHABAD**

ANNEXURE – 10

**COMPANY PETITION (CAA) No./ALD/2026
SECOND MOTION**

[Under Sections 230-232 of Companies Act, 2013 and Rule 15(1) of the
Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

**CONNECTED WITH
COMPANY APPLICATION (CAA) No. 37/ALD/2025
FIRST MOTION**

[Under Sections 230-232 of the Companies Act, 2013]

IN THE MATTER OF:

Petition for Sanction of the Scheme of Amalgamation between Utkarsh
CoreInvest Limited and Utkarsh Small Finance Bank Limited and their
respective Shareholders (“Scheme”).

IN THE MATTER OF:

UTKARSH COREINVEST LIMITED

AND

UTKARSH SMALL FINANCE BANK LIMITED

AND IN THE MATTER OF:

**SCHEME OF AMALGAMATION BETWEEN THE PETITIONER
COMPANIES AND THEIR RESPECTIVE SHAREHOLDERS**

1. Utkarsh CoreInvest Limited
..... **Petitioner Company 1/ Transferor Company**

2. Utkarsh Small Finance Bank Limited
Varanasi, Uttar Pradesh – 221005.
..... **Petitioner Company 2/ Transferee Company**



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RBSA Valuation Advisors LLP

VALUATION | INVESTMENT BANKING | RESTRUCTURING | TRANSACTION
STRUCTURING | TRANSACTION TAX | ADVISORY SERVICES



Strictly Private and Confidential

Report Reference Number: RVA2425BOMREP251

Date: 20/09/2024

The Audit Committee and The Board of Directors,
Utkarsh Small Finance Bank Limited
Utkarsh Tower, NH-31(Airport Road),
Sehmalpur, Kazi Sarai, Harhua,
Varanasi, Uttar Pradesh - 221105

The Audit Committee and The Board of Directors,
Utkarsh CoreInvest Limited
S-24/1-2, 4th Floor, Mahavir Nagar,
Orderly Bazar, Near Mahavir Mandir,
Varanasi, Uttar Pradesh - 221002

Sub: Recommendation of fair equity share exchange ratio for the proposed amalgamation of Utkarsh CoreInvest Limited into Utkarsh Small Finance Bank Limited

Dear Sirs,

We refer to our engagement letter dated July 5, 2024, whereby RBSA Valuation Advisors LLP ("RBSA") has been jointly appointed by Utkarsh Small Finance Bank Limited ("USFBL") and Utkarsh CoreInvest Limited ("UCL") to recommend fair equity share exchange ratio for the proposed amalgamation of UCL into USFBL ("Proposed Amalgamation"), pursuant to scheme of arrangement under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 (the "Scheme").

USFBL and UCL are hereinafter jointly referred to as the "Companies" and individually referred to as the "Company", as the context may require.

RBSA is hereinafter referred to as "Valuer" or "we" or "us" in this report.

The fair equity share exchange ratio for the purpose of this report refers to the number of fully paid-up equity shares of face value of INR 10/- each to be issued by USFBL to the equity shareholders of UCL, pursuant to the Scheme ("Equity Share Exchange Ratio").

This report is subject to the scope, assumptions, exclusions, limitations, and disclaimers detailed hereinafter. As such, the report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

USFBL:

USFBL was incorporated on April 30, 2016, and is registered with the Reserve Bank of India ("RBI") as a banking company (under the small finance bank segment) under the provisions of the Banking Regulation Act, 1949 and holds a registration bearing number MUM:125 dated November 25, 2016, issued by RBI for operating as a small finance bank ("SFB"). USFBL commenced its business of providing wide range of banking and financial services including retail banking with focus on micro-finance, commercial vehicle finance, home finance, loan against-property finance, corporate finance, and providing financing solutions for individuals and micro and small enterprises that are underserved by formal financing channels.



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USFBL is included in the second schedule to the RBI Act as a scheduled commercial bank pursuant to a notification dated October 4, 2017, issued by the RBI and published in the Gazette of India dated November 7, 2017. The equity shares of USFBL are listed on the National Stock Exchange of India Limited ("NSE") and the BSE Limited ("BSE"). The NCDs of USFBL are listed on debt segment of the BSE. USFBL does not have any subsidiary, joint ventures or associate companies.

UCL:

UCL was incorporated on May 15, 1990, under the Companies Act, 1956 under the name and style 'Shree Pathrakali Finance Company Limited'. On February 11, 2010, the company's name was changed to 'Utkarsh Micro Finance Private Limited'. Subsequently, the RBI permitted the company to commence operations as a non-deposit taking NBFC under Section 45-IA of the Reserve Bank of India Act, 1934 and issued a registration certificate dated March 19, 2010, bearing the number B-07-00781 to this effect. On January 21, 2014, the company was registered with the RBI as NBFC Microfinance Institution (NBFC-MFI) and was issued a revised registration certificate with the same registration number (i.e. B-07-00781). On October 7, 2015, UCL received an in-principle approval from RBI to set up a small finance bank under the Guidelines for Licensing of Small Finance Banks in the Private Sector dated November 27, 2014.

Accordingly, UCL incorporated USFBL as its wholly owned subsidiary and transferred its microfinance business as a going concern by way of a slump sale on January 21, 2017. Post this business transfer, UCL ceased to operate as an NBFC-MFI and was converted into an NBFC - Core Investment Company ("NBFC-CIC"), with a new registration certificate dated May 3, 2018, issued by the RBI.

UCL presently is the promoter and the holding company of USFBL. The equity shares of UCL are not listed on any stock exchange. UCL does not have any subsidiary, joint venture or associate companies except its investment in USFBL.

As per the SFB Guidelines and RBI Clarifications read with the RBI Acquisition Directions, the promoter of a small finance bank is required to reduce its equity shareholding stake in the small finance bank to 40% within a period of 5 years from the date of commencement of business operations by the small finance bank. Thereafter, the promoter's equity stake in such small finance bank is required to be further brought down to 26% within a period of 15 years from the date of commencement of business operations by the small finance bank.

We understand that the management of the Companies (hereinafter referred to as "the Management") are contemplating the Proposed Amalgamation pursuant to the Scheme to comply with the above guidelines. In this context, the Board of Directors of the Companies have jointly appointed RBSA to recommend the share exchange ratio for the Proposed Amalgamation on a 'going concern' value premise, pursuant to the Scheme and submit a report recommending fair equity share exchange ratio to the Audit Committee / Board of Directors formulated by the respective Companies in this regard, for issue of USFBL equity shares to the equity shareholders of UCL, as consideration for the Proposed Amalgamation (hereinafter referred to as "Report").

We would like to emphasize that certain terms of the Proposed Amalgamation are stated in the Report, however, the detailed terms of the Proposed Amalgamation shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the Proposed Amalgamation. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.



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For the purpose of this Report, we have considered the valuation date as September 19, 2024 ("Valuation Date").

The scope of our services is to conduct a relative (and not absolute) valuation exercise as at the Valuation Date to determine the equity value of the shares of Companies and arrive at the equity share exchange ratio using internationally accepted valuation methodologies as may be applicable to Companies and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards, 2018, issued by the Institute of Chartered Accountants of India and International Valuation Standards.

We have been informed that:

- i. There would not be any capital variation in the Companies till the Proposed Amalgamation becomes effective, without approval of the shareholders and other relevant authorities.
- ii. Till the Proposed Amalgamation becomes effective, neither of the Companies will declare any substantial dividend.
- iii. There would be no significant variation between the draft Scheme and final Scheme approved and submitted with the relevant authorities.

We have been informed that, in the event either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares/ merger/ demerger/ reduction of share capital before the Proposed Amalgamation becomes effective, the issue of shares pursuant to the Equity Share Exchange Ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.

This Report is our deliverable for the above engagement.

SOURCES OF INFORMATION

In connection with this exercise, we have considered the following information received from the Management and/ or obtained from public domain:

- Limited reviewed financial statements of USFBL for the 3 months period ended June 30, 2024;
- Audited financial statements of UCL for the 3 months period ended June 30, 2024;
- Audited financial statements of UCL and USFBL for the years ended March 31, 2022, 2023 and 2024;
- Details of employee stock options of the Companies outstanding as on Valuation Date;
- Draft Scheme;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Information available in public domain and databases such as S&P Capital IQ and websites of NSE, BSE etc.;
- Other relevant information and documents for the purpose of this engagement.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. Besides the above information and documents, there may be other information provided by the Companies which may not have been perused by us in detail, if not considered relevant for the defined scope.

USFBL has informed us that DAM Capital Advisors Limited ("Fairness Team") has been appointed to provide fairness opinion on the Equity Share Exchange Ratio for the purpose of the Proposed Amalgamation. Further, at the request of the USFBL we have had discussions with the Fairness Team in respect of our valuation analysis.



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PROCEDURES ADOPTED

Procedures adopted for our analysis included such substantive steps as we considered necessary under the circumstances, including, but not limited to the following:

- Requested and received financial and qualitative information;
- Discussions (physical/over call) with the Management to:
 - Understand the business and fundamental factors affecting earning-generating capability of the Companies
 - Understand historical financial performance and current state of affairs of the Companies
- Obtained and analysed market prices, volume data and other relevant information for USFBL;
- Obtained and analysed data of peer companies available in public domain, as deemed relevant by us for the purpose of the present exercise;
- Considered Draft Scheme;
- Considered shareholding pattern of the Companies and outstanding ESOP's; and
- Selection of appropriate internationally accepted valuation methodology/(ies), after deliberations and consideration to the sector in which the Companies operate and analysis of their business operations;
- Arrived at the relative value of equity shares of the Companies to determine Equity Share Exchange Ratio for the Proposed Amalgamation.

SHAREHOLDING PATTERN

USFBL

The issued and subscribed equity share capital of USFBL as of June 30, 2024, is ~INR 11,001 million comprising 1,100,142,960 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Shareholder	No. of equity shares	Percentage
Utkarsh CoreInvest Limited *	759,272,222	69.02%
Public	340,870,738	30.98%
Total	1,100,142,960	100.00%

* Includes 6 shares held by individuals as noninees on behalf of UCL
Source: www.nseindia.com

Equity shares of USFBL are listed on the BSE and NSE.

The following is the breakup of the ESOP's granted by the Company as of the Valuation Date which has been considered for USFBL's valuation,

Exercise Price	No. of Granted Options
INR 14.01	17,845
INR 27.00	19,760,538
INR 30.00	15,000
INR 31.80	906,484
INR 44.00	1,98,76,432
INR 44.14	15,812,718
Total	5,63,89,017



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UCL

The issued and subscribed equity share capital of UCL as of June 30, 2024, is ~INR 990 million comprising 99,126,244 equity shares of face value of INR 10/- each. The shareholding pattern is as follows:

Shareholder	No. of equity shares	Percentage
British International investment PLC	13,726,978	13.85%
RBL Bank Limited	9,702,950	9.79%
NMI Frontier Fund KS	7,702,602	7.77%
Faering Capital India Evolving Fund II	7,660,082	7.73%
Others	60,333,632	60.86%
Grand Total	99,126,244	100.00%

Source: Management information

The following is the breakup of the ESOP's granted by the Company as of the Valuation Date which has been considered for UCL's valuation,

Exercise Price	No. of Granted Options
INR 109.36	239,738
INR 125.00	768,695
Total	1,008,433

UCL holds ~69% of the equity share capital of USFBL. As at Valuation Date, apart from holding investment in USFBL, UCL does not have any significant assets / liabilities or business operations.

VALUATION APPROACH & METHODOLOGY

Valuation Base: Valuation base means the indication of the type of value being used in an engagement. Different valuation bases may lead to different conclusions of value. Considering the nature of this exercise, we have adopted Relative Value as the Valuation base.

Premise of Value: Premise of Value refers to the conditions and circumstances in which an asset is deployed. Considering the nature of this exercise, we have adopted 'Going Concern Value' as the Premise of Value.

Intended Users: This Report is intended for consumption of the Board of Directors of the Companies and may be submitted to the shareholders of the Companies and relevant regulatory and judicial authorities as may be mandatorily required under the laws of India, in connection with the Proposed Amalgamation.

It should be understood that the valuation of any entity or business is inherently subjective and is subject to uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we have relied on explanations provided by the Management and have made assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. This valuation could fluctuate with the passage of time, changes in prevailing market conditions and prospects, industry performance and general business and economic conditions financial and otherwise, of the Companies, and other factors which generally influence the valuation of any entity or business.



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The application of any particular method of valuation depends on the purpose for which the valuation is done. Although different values may exist for different purposes, it cannot be too strongly emphasized that a valuer can only arrive at one value for one purpose. Our choice of method of valuation has been arrived at using usual and conventional methods adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Commonly accepted approach/ methods for determining the value of the equity shares of a company/ business, include:

- Income Approach – Discounted Cash Flow method
- Market Approach
- Asset Approach – Net Asset Value method

There are several commonly used and accepted methods, within the market approach, income approach and asset approach, for determining the Equity Share Exchange Ratio, which have been considered in the present case, to the extent relevant and applicable, and subject to the availability of relevant information.

Income Approach – Discounted Cash Flow (“DCF”)

Income approach is a valuation approach that converts maintainable or future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted or capitalized) amount.

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital. This method is used to determine the present value of a business on a going concern assumption and recognizes the time value of money by discounting the free cash flows for the explicit forecast period and the perpetuity value at an appropriate discount factor. The terminal value represents the total value of the available cash flow for all periods subsequent to the horizon period. The terminal value of the business at the end of the horizon period is estimated, discounted to its present value equivalent, and added to the present value of the available cash flow to estimate the value of the business.

Such DCF analysis involves determining the following:

- Estimating future free cash flows: Free cash flows to firm are the cash flows expected to be generated by the company/ assets that are available to the providers of the company's capital – both debt and equity.
- Appropriate discount rate to be applied to cash flows i.e., the cost of capital: This discount rate, which is applied to the free cash flows to firm, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

Market Approach

Market approach is a valuation approach that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.



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Market Price Method:

Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.

Comparable Companies Multiple (CCM) Method:

Under this method, the value of the shares of a company is estimated by applying the derived market multiple based on market quotations of comparable public / listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company / business (based on past and / or projected working results) after making adjustments to the derived multiples on account of dissimilarities with the comparable companies and the strengths, weaknesses and other factors peculiar to the company being valued. These valuations are based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

Comparable Transaction Multiple ("CTM") Method

Under Comparable Transaction Method, the value of shares / business of a company is determined based on market multiples of publicly disclosed transactions in similar space as that of the subject company. Multiples are generally based on data from recent transactions in a comparable sector, but with appropriate adjustment, after consideration has been given to the specific characteristics of the business being valued.

Asset Approach

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. A net asset methodology is most applicable for businesses where the value lies in its underlying assets and not in the ongoing operations of the business.

Valuation Approach/ methodology adopted

For the present valuation analysis, the merger of the Companies is proceeded with on the assumption that the Companies would merge as going concern and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation, with the values arrived at on the net asset basis being ordinarily of limited relevance.

For USFBL:

The equity shares of USFBL are listed on BSE and NSE and are frequently traded. Hence, we have applied the Market Price Method under the Market Approach considering the share prices of USFBL on NSE over an appropriate period to arrive at the relative fair value of the shares for the purpose of arriving at the Equity Share Exchange Ratio.



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Considering the availability of comparable listed peer set in the business carried out by USFBL, we have also applied the CCM method under the Market Approach to arrive at the relative fair value of the shares of USFBL. We have used the Price to Earnings Multiple ("PE Multiple") and Price to Book Value ("P/BV") Multiple under CCM Method. We have carried out appropriate adjustments for ESOP's and proposed dividend to arrive at the value of USFBL's equity share under both methods. To arrive at average value under CCM, we have given equal weights to values per share arrived under PE Multiple and P/BV methods to determine the Equity Share Exchange Ratio.

Since USFBL is an operating company and operates as a bank, while we have calculated the value of the equity shares of USFBL under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Equity Share Exchange Ratio.

CTM method has not been used to value USFBL due to lack of information in the public domain on comparable transactions of similar scale. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

Having regard to the business in which USFBL operates, all debt and all cash is operating. Therefore effectively, only the amount of cash not deployed in the business will flow into the value under the DCF method, which may not be representative of the intrinsic value of operations and business. Considering this, projecting financials of the USFBL on a reliable basis, to afford a relative comparison, is difficult and involves considerable subjectivity and hence such projections have not been made available for the present exercise. Hence, we have not considered the Income Approach for valuation of USFBL.

For UCL:

UCL operates as an NBFC-CIC mainly holding investment in USFBL. UCL does not have any business operations and primarily derives value through its investment in equity shares of USFBL. Hence for the valuation of equity shares of UCL, we have considered the Asset Approach - wherein we have considered the fair value of its investment in USFBL. We have also considered appropriate adjustments for ESOP's, proposed dividend and other matters to arrive at the value of UCL's equity share under the Asset Approach to determine the Equity Share Exchange Ratio.

Considering that UCL does not have any business operations and primarily derives its value through its investment held in equity shares of USFBL, the CCM method under the Market Approach has not been considered to arrive at the fair value of shares of UCL.

CTM method has not been used to value UCL due to lack of information in the public domain on comparable transactions of similar scale. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

Considering that apart from holding investment in equity shares of USFBL, UCL does not have any significant assets or liabilities or business operations, projecting financials of the Company on a reliable basis, to afford a relative comparison, is difficult and involves considerable subjectivity and hence such projections have not been made available for the present exercise. Hence, we have not considered the Income Approach for UCL.



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SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The scope of our services is to recommend Equity Share Exchange Ratio for the Proposed Amalgamation. Valuation Standards ("ICAI VS") issued by the Institute of Chartered Accountants of India have been considered for the valuation.

The recommendation contained herein is as at the Valuation Date and is not intended to represent value at any time other than the said date. This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Valuation Date; (iii) are based on the data detailed in the section - Sources of Information. We have been informed that the business activities of the Companies have been carried out in the normal and ordinary course between June 30, 2024, and the Valuation Date and that no material changes have occurred in their respective operations and financial position between June 30, 2024 and the Valuation Date.

A valuation of this nature involves consideration of various factors including those impacted by prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

The recommendation rendered in this Report only represents our recommendation based upon information till date, furnished by the Management (or its representatives) and other sources and the said recommendation shall be considered to be in the nature of non-binding advice. Our recommendation will however not be used for advising anybody to take buy or sell decisions, for which specific opinion needs to be taken from expert advisors.

Valuation of a business or an entity is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no single undisputed Equity Share Exchange Ratio. While we have provided our recommendation of the Equity Share Exchange Ratio based on the information available to us and within the scope of our engagement, others may have a different opinion. The final responsibility for the determination of the Equity Share Exchange Ratio at which the Proposed Amalgamation shall take place will be with the Board of Directors of the Companies who should take into account other factors such as their own assessment of the Proposed Amalgamation and inputs from other advisors.

In the course of the valuation, we were provided with both written and verbal information. We have evaluated the information provided to us by/ on behalf of the Management through broad inquiry, analysis and review but have not carried out a due diligence or audit of the information provided for the purpose of this engagement. Our conclusions are based on the information given by/on behalf of the Management. Accordingly, we do not express an opinion or offer any form of assurance regarding the truth and fairness of the financial position as indicated in the financial statements. Our conclusions are based on the assumptions and information given by/on behalf of the Management. The Management has indicated to us that they have understood that any omissions, inaccuracies, or misstatements may materially affect our valuation analysis/results.



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The Report assumes that the Companies comply fully with relevant laws and regulations applicable in its area of operations and usage unless otherwise stated, and that they will be managed in a competent and responsible manner. Further, unless specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigations and other contingent liabilities that are not recorded/ reflected in the financial statements provided to us.

This Report does not look into the business/ commercial reasons behind the Proposed Amalgamation nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Amalgamation as compared with any other alternative business transaction or other alternatives or whether such alternatives could be achieved or are available.

We have relied on data from external sources also to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and / or reproduced in its proper form and context. The valuation analysis is based on the exercise of judicious discretion by the valuer taking into account the relevant factors. There will always be several factors, e.g., management capability, present and prospective competition, yield on comparable securities, market sentiment, etc. which may not be apparent from the financial statements but could strongly influence the value.

No investigation/ inspection of the Companies' claims to title of assets has been made for the purpose of this Report and the Companies' claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the financial statements. Therefore, no responsibility is assumed for matters of a legal nature.

Neither this Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties other than in connection with the Scheme, without our prior written consent. This Report does not in any manner address the prices at which equity shares of USFBL will trade following announcement of the Proposed Amalgamation and we express no opinion or recommendation as to how the shareholders of the Companies should vote at the shareholders' meeting(s) to be held in connection with the Proposed Amalgamation.

This Report and the information contained in it is absolutely confidential and intended only for the sole use and information of the Board of Directors of the Companies in connection with the Proposed Amalgamation including for the purpose of obtaining regulatory approvals, as required under applicable laws of India, for the Proposed Amalgamation. Without limiting the foregoing, we understand that USFBL and UCL may be required to share this Report with their shareholders, Indian regulatory or judicial authorities and merchant banker providing fairness opinion on the Equity Share Exchange Ratio, in connection with the Proposed Amalgamation (together, "Permitted Recipients"). We hereby give consent to such disclosure of this Report, on the basis that the Valuer owes responsibility only to the Companies that have engaged us, under the terms of the engagement, and to no other person; and that, to the fullest extent permitted by law, the Valuer accepts no responsibility or liability to any other party, in connection with this Report. It is clarified that reference to this Report in any document and / or filing with Permitted Recipients, in connection with the Proposed Amalgamation, shall not be deemed to be an acceptance by the Valuer of any responsibility or liability to any person/ party other than USFBL and UCL.



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The Management has informed us that:

- There are no unusual / abnormal events in the Companies till the Report Date materially impacting their operating / financial performance. Further, the Management has informed us that all material information impacting the Companies has been disclosed to us.
- There would be no variation between the draft Scheme of Arrangement and the final scheme approved and submitted with the relevant authorities.

We owe responsibility to only the Board of Directors of the Companies that has appointed us under the terms of our engagement letter and nobody else. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions of or advice given by any other advisor to the Companies. In no event shall we be liable for any loss, damages, cost, or expenses arising in any way from fraudulent acts, misrepresentations, or willful default on part of the Companies, their directors, employees, or agents.

We shall not, under any circumstances have any direct or indirect liability or responsibility to any party engaged by USFBL and UCL or to whom USFBL and UCL may disclose or directly or indirectly permit the disclosure of any part of the Report and that by allowing such disclosure we do not assume any duty of care or liability, whether in contract, tort, breach of statutory duty or otherwise, towards any of the third parties.

We do not accept any liability to any third party (including Permitted Recipients) in relation to the issue of this Report. Accordingly, no one other than the Companies that have engaged us shall have any recourse to us with respect to the Report. It is understood that this analysis does not represent a fairness opinion on the Equity Share Exchange Ratio. This Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose.

Our Report can be used by the Companies only for the purpose, as indicated in this Report, for which we have been appointed. The results of our valuation analysis and our Report cannot be used or relied by the Companies for any other purpose or by any other party for any purpose whatsoever. We are not responsible to any other person / party for any decision of such person / party based on this Report. Any person / party intending to provide finance / invest in the shares / business of the Companies, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than USFBL and UCL) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to the Valuer. It is hereby notified that usage, reproduction, distribution, circulation, copying or otherwise quoting of this Report or any part thereof, except for the purpose as set out earlier in this Report, without our prior written consent, is not permitted, unless there is a statutory or a regulatory requirement to do so.

The Management of USFBL and UCL has been provided with the opportunity to review the draft report (excluding the recommended Equity Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracies / omissions are avoided in our final Report.

The fee for the engagement is not contingent upon the results reported.

This Report is subject to the laws of India.

The Report should be used in connection with the Scheme.



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DISCLOSURE OF RV INTEREST OR CONFLICT, IF ANY AND OTHER AFFIRMATIVE STATEMENTS

We do not have any financial interest in the Companies, nor do we have any conflict of interest in carrying out this valuation. Further, the information provided by the Management has been appropriately reviewed in carrying out the valuation.

BASIS OF SHARE EXCHANGE RATIO

The basis of share exchange ratio for amalgamation of UCL into USFBL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove. Though different values have been arrived at under each of the above methodologies for USFBL, for the purposes of recommending Equity Share Exchange Ratio, it is necessary to arrive at single value for USFBL. It is however important to note that in doing so we are not attempting to arrive at the absolute value but at its relative value to facilitate the determination of Equity Share Exchange Ratio. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology for USFBL.

The Equity Share Exchange Ratio has been arrived at on the basis of a relative valuation based on the various approaches/ methods explained herein earlier and various qualitative factors relevant to the Companies and the business dynamics and growth potential of the businesses, having regard to information base, key underlying assumptions, and limitations.

We have applied valuation methodologies discussed herein above as appropriate and arrived at the value per share of the Companies. To arrive at the Equity Share Exchange Ratio for the Proposed Amalgamation, suitable minor adjustments/ rounding off have been made.

The computation of the Equity Share Exchange Ratio is as under:

Valuation Approach	UCL (A)		USFBL (B)	
	INR per share	Weights	INR per share	Weights
Market Approach: Price / Book Value Multiple Method	NA	NA	47.23	25%
Market Approach: Price / Earnings Multiple Method	NA	NA	57.01	25%
Market Approach: Market Price Method *	NA	NA	50.96	50%
Asset Approach: Adjusted Net Asset Value Method	360.02	100%	28.34	0%
Relative Value per share	360.02	100%	51.54	100%
Share Exchange Ratio (A/B) (Rounded off)			6.99	

* Higher of 10 trading days VWAP or 90 trading days VWAP

NA: Not adopted



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RBSA Valuation Advisors LLP

VALUATION | INVESTMENT BANKING | RESTRUCTURING | TRANSACTION
STRUCTURING | TRANSACTION TAX | ADVISORY SERVICES



On the basis of the foregoing and on consideration of the relevant factors and circumstances as discussed and outlined herein above, we recommend the following Equity Share Exchange Ratio for the amalgamation of UCL into USFBL:

699 (Six Hundred Ninety-Nine) equity shares of USFBL of INR 10/- each fully paid up for every 100 (One Hundred) equity shares of UCL of INR 10/- each fully paid up.

For RBSA Valuation Advisors LLP

Registration Number: IBBI/RV-E/05/2019/110

S. D. Shah



Samir D. Shah

Partner

RV No.: IBBI/RV/06/2019/12263

Place: Mumbai

Date: 20/09/2024



**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT ALLAHABAD**

ANNEXURE - 11

**COMPANY PETITION (CAA) No./ALD/2026
SECOND MOTION**

[Under Sections 230-232 of Companies Act, 2013 and Rule 15(1) of the
Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

**CONNECTED WITH
COMPANY APPLICATION (CAA) No. 37/ALD/2025
FIRST MOTION**

[Under Sections 230-232 of the Companies Act, 2013]

IN THE MATTER OF:

Petition for Sanction of the Scheme of Amalgamation between Utkarsh
CoreInvest Limited and Utkarsh Small Finance Bank Limited and their
respective Shareholders (“Scheme”).

IN THE MATTER OF:

UTKARSH COREINVEST LIMITED

AND

UTKARSH SMALL FINANCE BANK LIMITED

AND IN THE MATTER OF:

**SCHEME OF AMALGAMATION BETWEEN THE PETITIONER
COMPANIES AND THEIR RESPECTIVE SHAREHOLDERS**

1. Utkarsh CoreInvest Limited
..... **Petitioner Company 1/ Transferor Company**

2. Utkarsh Small Finance Bank Limited
Varanasi, Uttar Pradesh – 221005.
..... **Petitioner Company 2/ Transferee Company**



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Date: 20 September 2024

To
Board of Directors,
Utkarsh Small Finance Bank Limited
Utkarsh Tower, NH – 31 (Airport Road),
Sehmalpur, Kazi Sarai, Harhua,
Varanasi, Uttar Pradesh – 221105

I. Engagement Background

We understand that the Board of Directors of Utkarsh Small Finance Bank Limited ("**USFBL**" or "**Transferee Company**") is considering a Composite Scheme of Arrangement ("**Scheme**") under the applicable provisions of Companies Act, 2013 with Utkarsh CoreInvest Limited ("**UCL**" or "**Transferor Company**") for the proposed merger of UCL into and with USFBL (referred to as "**Merger**" or "**Transaction**").

The Scheme envisages the merger of the Transferor Company into the Transferee Company in a manner, as set forth in the draft Scheme shared with us. We further understand that the scheme approved by the respective Boards of Directors of UCL and USFBL will be filed with the appropriate authorities.

We further understand that the Share Exchange Ratio for the proposed transaction has been arrived at based on the Share Exchange Ratio Report dated September 20, 2024 ("**Share Exchange Ratio Report**" or "**Report**") prepared by RBSA Valuation Advisors LLP ("**RBSA**"), whereby RBSA Valuation Advisors LLP has been appointed by UCL and USFBL, to recommend the fair Share Exchange Ratio. RBSA is hereinafter referred to as "**Valuer**".

As recommended by the Valuer in their Report and more fully described in the Scheme, in consideration of the amalgamation, the Transferee company will issue and allot 699 (Six Hundred Ninety-Nine) equity shares of face value INR 10/- (Indian Rupees Ten) of the Transferee Company (credited as fully paid-up) for every 100 (One Hundred) fully paid-up equity shares of face value INR 10/- (Indian Rupees 10) of the Transferor Company ("**Share Exchange Ratio**").

II. Background

A brief history of each of the aforesaid companies is as under –

- **Utkarsh CoreInvest Limited** is a public unlisted company, with its registered office at S-24/1-2, 4th Floor, Mahavir Nagar Orderly Bazar, near Mahavir Mandir, Varanasi, Uttar Pradesh – 221002, India having CIN: U65191UP1990PLC045609. The Transferor Company



DAM Capital Advisors Limited

Regd. Office: One BKC, C-Wing, Unit No. 2511, G-Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051, India. Tel: +91 22 4202 2500.

SEBI Reg. No. (Stock Broker) - NSE & BSE Capital Markets / NSE F&O : IN2000207137

SEBI Reg. No. (Merchant Banker) : MB/INM00011336 | SEBI Reg. No. (Research Analyst) : INR00000131

CIN : U99999MH1993PLC071865 | www.damcapital.in | www.damcapital.in



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was incorporated as a public company on 15 May 1990 under the erstwhile Companies Act, 1956 under the name and style 'Shre Pathrakali Finance Company Limited'. Subsequently, pursuant to a fresh certificate of incorporation dated 9 December 2009 the Transferor Company was converted into a private limited company under the name and style 'Shre Pathrakali Finance Company Private Limited'. On 11 February 2010 upon receipt of the fresh certificate of incorporation, the Transferor Company's name was changed to 'Utkarsh Micro Finance Private Limited'. Subsequently, the RBI permitted the Transferor Company to commence operations as a non-deposit taking NBFC under Section 45 IA of the Reserve Bank of India Act, 1934 and issued a registration certificate dated 19 March 2010 bearing the number B-07-00781 to this effect. On 21 January 2014, the Transferor Company was registered with the RBI as NBFC Microfinance Institution (NBFC-MFI) and was issued a revised registration certificate with the same registration number (i.e., B-07-00781).

- Pursuant to approval of the Central Government to convert the Transferor Company into a public limited company, on 24 June 2016 the jurisdictional registrar of companies issued a fresh certificate of incorporation for change in the Transferor Company's name to 'Utkarsh Micro Finance Limited'. On 7 October 2015, the Transferor Company received an in-principle approval from RBI to set up a small finance bank under the SFB Guidelines with certain conditions, which included a requirement to: (a) transfer all assets and liabilities pertaining to its microfinance business (except certain statutory assets, vehicle and statutory liabilities) to a subsidiary company; and (b) register itself as a NBFC-CIC.
- Accordingly, the Transferor Company incorporated the Transferee Company as its subsidiary on 30 April 2016, and on 25 November 2016, the Transferor Company was granted an approval of the RBI and a license bearing number MUM:125 dated 25 November 2016 was issued by RBI to the Transferee Company to carry on the business of a small finance bank in India. Thereafter, the Transferor Company transferred all assets and liabilities pertaining to its microfinance business (except for certain statutory assets, vehicle and statutory liabilities), as a going concern by way of a slump sale, to the Transferee Company on 21 January 2017. Post this business transfer, the Transferor Company ceased to operate as an NBFC Microfinance Institution and was converted into an NBFC-CIC, with a new registration certificate bearing the number C-07-00781 dated 3 May 2018 issued by the RBI. Thereafter, the name of the Transferor Company was changed to 'Utkarsh CoreInvest Limited', for which a fresh certificate of incorporation was issued by the jurisdictional registrar of companies on 11 October 2018.
- **Utkarsh Small Finance Bank Limited** was incorporated on 30 April 2016 under the Companies Act, 2013, and is a public listed company, with its registered office at Utkarsh Tower, NH - 31 (Airport Road) Sehmalpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh – 221105, India having CIN: L65992UP2016PLC082804. The Transferee Company is registered with the RBI as a small finance banking company under the provisions of the Banking Regulation Act, 1949 and holds a registration for operating as a small finance bank bearing number MUM:125 dated 25 November 2016 issued by RBI. The Transferee



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Company commenced its business of providing wide range of banking and financial services including retail banking with focus on micro-finance, lending to small businesses & MSMEs, loans for CV & CE, housing loans, loans to small corporates and financial institutions.

Background of the Scheme

Part II of the Scheme provides for:

Amalgamation of UCL into and with USFBL

- Upon the Scheme coming into effect, and with effect from the Appointed Date, the entire Amalgamated Undertaking of the Transferor Company shall stand vested in the Transferee Company, as a going concern, so as to become the undertaking of the Transferee Company, without the requirement for any further act, instrument, deed, matter or thing.

In connection with the merger of the Transferor Company into the Transferee Company, by way of our Engagement Letter dated July 6, 2024 you requested us to examine the Share Exchange Ratio Report issued by the Valuer and other related information provided by the Transferor Company and Transferee Company and issue our independent opinion as to the fairness of the Share Exchange Ratio (the "Fairness Opinion" or "Opinion") pursuant to the provisions of the Master Circular on (i) Scheme of Arrangement by Listed Entities and (ii) Relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957 no. SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 issued by SEBI and as amended from time to time ("SEBI Circulars").

Source of information and analysis

For arriving at the Fairness Opinion, we have amongst others:

- reviewed the draft of the proposed Scheme
- reviewed the Share Exchange Ratio Report prepared by the Valuer.
- reviewed certain historical business and financial information relating to each of the relevant entities, as provided by the Company, and sought certain clarifications with respect to the same.
- held discussions with the Valuer, in relation to the approach taken to valuation and the details of the various methodologies utilized by them in preparing the Report and rationale for their recommendations.
- sought appropriate clarifications from the respective senior management teams of the relevant companies relating to what we considered necessary to arrive at the opinion.
- reviewed certain publicly available information with respect to certain other companies in the same line of business and which we believe to be generally relevant in the context of the businesses of Transferee Company; and



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- Considered such other information and factors including financial analysis, as we deemed appropriate commensurate with the scope of the assignment.

III. Limitation of Scope and Review

Our Opinion and analysis are limited to the extent of review of documents as provided to us by Transferee Company including the Report prepared by the Valuer and the draft Scheme.

While Transferee Company is responsible to ensure the accuracy and completeness of any and all the information given to us, we have independently conducted due diligence of such information which were considered essential for us to arrive at our opinion and to the extent practical and reasonable. Further we have also assumed and relied upon the accuracy and completeness of all information, documents, data and explanations provided to us for the purpose of this engagement. We have relied upon assurances of the management of Transferee Company and Transferor Company that they are not aware of any facts or circumstances that would make such information or data incomplete, inaccurate or misleading in any material respect. The respective management of the Transferee Company and Transferor Company as well as the Valuer has indicated to us that it is understood that any omissions, inaccuracies or misstatements may materially affect our Opinion. Accordingly, we assume no responsibility for any errors in the above information furnished to us, by Transferee Company/Transferor Company/Valuer and their impact on the present exercise.

The Fairness Opinion is provided as on date of the Share Exchange Ratio Report and, therefore, this Fairness Opinion does not consider events occurring after that day. We have not conducted any physical inspection or title verification, independent valuation or appraisal of any properties of Transferee Company and Transferor Company and /or any of their assets or liabilities and do not express any opinion with respect thereto. Nor have we been furnished with any such appraisals. We do not express any opinion as to the value of any asset whether at current prices or in the future. We have not reviewed any internal management information statements for the purposes of this Fairness Opinion

We express no view as to, and our Opinion does not address, the underlying business decision of Transferee Company and/or Transferor Company to affect the proposed Scheme or the merits of the proposed Scheme. Our Opinion does not constitute a recommendation to any shareholder or creditor of Transferee Company and/or Transferor Company and its subsidiaries as to how such shareholder or creditor should vote on the proposed Scheme or any matter related thereto. In addition, this Opinion does not in any manner address the price at which the Company's equity shares will trade following consummation of the Scheme.

In rendering our Opinion, we have assumed, that the Scheme, with your consent, will be implemented on the terms described therein, without any waiver or modification of any



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material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on Transferee Company and/or Transferor Company and/ or their subsidiaries and/or their respective shareholders. We have further assumed that the transaction would be carried out in compliance with applicable laws, rules and regulations.

Our Opinion does not factor overall economic environment risk, material adverse change and other risks and is purely based on the information and representations provided to us. Our Opinion does not address matters such as corporate governance or shareholder rights. We have assumed that the Scheme is legally enforceable.

We do not express any opinion as to any tax or other consequences that might arise from the Scheme for the Transferee Company and Transferor Company and/ or their subsidiaries and/or their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that Transferee Company and Transferor Company have obtained such advice as it deemed necessary from qualified professionals.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the merger of the Transferor Company into Transferee Company as contemplated in the Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

We or our affiliates or group companies may have in the past provided, and may currently or in the future provide, investment banking, broking, research or banking services to Transferee Company and/or Transferor Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we may have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of DAM Capital Advisors Limited ("DAM Capital") may actively trade securities of Transferee Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of Transferee Company in connection with its consideration of the Scheme and for none other. Neither DAM Capital, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for or based on or relating to any such information contained therein.

We do not accept any liability to any third party in relation to the issue of this Opinion, and our Opinion is conditional upon an express indemnity from Transferee Company in our favor



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holding us harmless from and against any cost, damage, expense and other consequence in connection with the provision of this Opinion.

The company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure any factual inaccuracy/ omissions are avoided in our final Opinion.

This Opinion is subject to the laws of India.

Neither the Fairness Opinion nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than for submission to NCLT, Courts, Stock Exchanges, other regulatory authorities and inspection by shareholders in connection with the proposed Scheme, without our prior written consent.

This Fairness Opinion is limited to the matters stated herein and covered in our engagement letter and is not to be read as extending to any other matters not so referred to. We express no views or opinion as to any terms or other aspects of the Scheme (other than the Share Entitlement Ratio for the proposed merger) including without limitation, the discharge of Consideration or the form or structure of the Scheme. We were not requested to, and we did not, participate in the negotiation of the Scheme. We express no opinion or view with respect to the financial implications of the Scheme for any stakeholder, including creditors of respective companies.

IV. VALUER'S RECOMMENDATION

As per the Share Exchange Ratio Report of Valuer, it is quoted

"we recommend the following Equity Share Exchange Ratio for the amalgamation of UCL into USFBL:

699 (Six Hundred Ninety-Nine) equity shares of USFBL of INR 10/- each fully paid up for every 100 (One Hundred) equity shares of UCL of INR 10/- each fully paid up."

Conclusion

Based on and subject to the foregoing, our work as merchant bankers, our work as described above, and other factors we deem relevant, it is our view, as of the date hereof, the Share Exchange Ratio proposed by the Valuer in their Share Exchange Report is fair to the equity shareholders of USFBL, from a financial point of view.



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Distribution of the Fairness Opinion

The Fairness Opinion is addressed only to the Board of Directors of USFBL. The Fairness Opinion save and except pursuant to the SEBI Circular shall not otherwise be disclosed or referred to publicly or to any other third party without DAM Capital's prior written consent.

However, Transferee Company may provide a copy of the Fairness Opinion if requested/ called upon by any regulatory authorities of India. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same as the same would have been shared in contravention of the provisions hereof on a "non-recourse" and "non-reliance" basis. Neither this Fairness Opinion nor its contents may be referred to or quoted to/ by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. In no circumstances, however, will DAM Capital or its management, directors, officers, employees, agents, advisors, representatives, successors, permitted assigns and controlling persons of DAM Capital accept any responsibility or liability including any pecuniary or financial liability to any third party.

Yours truly,

For DAM Capital Advisors Limited

Sachin Chandiwal


Authorised Signatory
Name: Sachin Chandiwal
Designation: Managing Director – Corporate Finance



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**BEFORE THE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT ALLAHABAD**

ANNEXURE - 12

**COMPANY PETITION (CAA) No./ALD/2026
SECOND MOTION**

[Under Sections 230-232 of Companies Act, 2013 and Rule 15(1) of the
Companies (Compromises, Arrangements and Amalgamations) Rules, 2016]

**CONNECTED WITH
COMPANY APPLICATION (CAA) No. 37/ALD/2025
FIRST MOTION**

[Under Sections 230-232 of the Companies Act, 2013]

IN THE MATTER OF:

Petition for Sanction of the Scheme of Amalgamation between Utkarsh
CoreInvest Limited and Utkarsh Small Finance Bank Limited and their
respective Shareholders (“Scheme”).

IN THE MATTER OF:

UTKARSH COREINVEST LIMITED

AND

UTKARSH SMALL FINANCE BANK LIMITED

AND IN THE MATTER OF:

**SCHEME OF AMALGAMATION BETWEEN THE PETITIONER
COMPANIES AND THEIR RESPECTIVE SHAREHOLDERS**

- 1. Utkarsh CoreInvest Limited
..... **Petitioner Company 1/ Transferor Company**

- 2. Utkarsh Small Finance Bank Limited
Varanasi, Uttar Pradesh – 221005.
..... **Petitioner Company 2/ Transferee Company**



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Annexure - 29

Muthiah Ganapathy
Digitally signed by Muthiah Ganapathy
Date: 2024.10.01 18:00:38 +0530'



Utkarsh Small Finance Bank

Report of Board of Directors

Report adopted by the Board of Directors of Utkarsh Small Finance Bank Limited, on the draft Scheme of Amalgamation of Utkarsh CoreInvest Limited with Utkarsh Small Finance Bank Limited and their respective shareholders pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013

1. Background

1.1 A meeting of the board of directors of the Company (**Board**) was held on September 20, 2024 wherein while relying on the report of the Audit Committee dated September 20, 2024 (**Audit Committee Report**) and the report of the Committee of Independent Directors dated September 20, 2024 (**Independent Director Committee Report**), the Board approved the proposed draft scheme of amalgamation of Utkarsh CoreInvest Limited (**UCL/ Transferor Company**) with Utkarsh Small Finance Bank Limited (**USFBL/ Transferee Company**) and their respective shareholders (**Scheme**), under the provisions of Section 230 to 232 of the Companies Act, 2013 (**Act**) and the Rules made thereunder and other regulatory guidelines, a draft of which was tabled before the Board.

1.2 The equity shares of the Transferee Company are listed on BSE Limited (**BSE**) and the National Stock Exchange of India Limited (**NSE**). The Transferor Company is the promoter and holding company of the Transferee Company and holds [69.02% (sixty-nine point zero two percent)] of the total paid-up equity share capital of the Transferee Company as on the date of this report, i.e., 30 June 2024.

1.3 This report is made in accordance with Section 232(2)(c) of the Act, the Master Circular issued by the Securities and Exchange Board of India (**SEBI**) bearing number SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated 20 June 2023 (**SEBI Merger Circular**) and the Master Circular bearing number SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/48 dated 21 May 2024 (**SEBI Debt Circular**) (collectively, the **SEBI Circulars**) and read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**SEBI Listing Regulations**).

1.4 In accordance with the applicable law, the following were presented for consideration of the Board:

- a) A draft of the Scheme;
- b) Memorandum of association and articles of association of UCL and USFBL;
- c) Certificate dated September 20, 2024 from Deloitte Haskins & Sells, Chartered Accountants & Kirtane & Pandit LLP, Chartered Accountants, the Statutory Auditors of the Transferee Company, certifying that: (a) the Transferee Company is capable of payment of interest/ repayment of principal debt amounts, and (b) the accounting treatment provided in the Scheme is in conformity with the applicable accounting standards and regulations under the Act and as specified by the sector regulator i.e., Reserve Bank of India (RBI) (Statutory Auditors Certificate).



Registered & Corporate Office

Utkarsh Tower, NH-31 (Airport Road) Shermalpur, Kazi Sarai, Harhua, Varanasi, Uttar Pradesh - 221105.
CIN: L65992UP2016PLC082804 | ☎ 0542-6605555 | 🌐 www.utkarsh.bank



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- d) Valuation report dated September 20, 2024 issued by RBSA Valuation Advisors LLP, a registered valuer, providing the share exchange ratio based on valuation of UCL and USFBL (**Valuation Report**);
- e) Fairness opinion dated September 20, 2024 issued by DAM Capital Advisors Limited, a SEBI Registered Category I Merchant Banker (**Fairness Opinion**);
- f) Audit Committee Report recommending the draft Scheme; and
- g) Independent Director Committee Report recommending the draft Scheme.

2. Review of the Scheme

2.1 The Board notes that, upon of the Scheme coming in effect, in consideration of the amalgamation, and based on the Valuation Report and Fairness Opinion, the Transferee Company would issue and allot to the shareholders of the Transferor Company whose names are recorded in the register of members of the Transferor Company as on the Record Date (*as defined in the Scheme*), 699 equity shares of the face value of INR 10 each of Transferee Company, credited as fully paid-up, for every 100 equity shares of the face value of INR 10 each fully paid-up held by such member in the Transferor Company (**Share Exchange Ratio**). The shares to be issued by the Transferee Company to the shareholders of the Transferor Company will be in accordance with Clause 15.1 of the Scheme.

2.2 The Board further notes that, the Scheme is conditional upon and subject to the following:

- a. the approval of the RBI in terms of the RBI (Amalgamation of Private Sector Banks) Directions, 2016 dated 21 April 2016, and RBI certification under Section 44(B)(1) of the Banking Regulation Act, 1949;
- b. no-objection / no-adverse observation letter from the BSE and the NSE in relation to the Scheme as per Regulation 37 and Regulation 94 of SEBI Listing Regulations read with SEBI Circulars;
- c. the expiry of the lock-in restriction on 219,752,029 (twenty-one crore ninety-seven lakhs fifty-two thousand twenty-nine) equity shares held by the Transferor Company in the Transferee Company under Regulation 16(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (this restriction / lock-in period expires on 19 January 2025);
- d. the Scheme being approved by the respective requisite majority (in number and value) of such class of persons including the shareholders and/or creditors of the Transferor Company and the Transferee Company as prescribed under applicable law, either at a meeting or through consent or no-objection letters or otherwise, and as may be directed by the National Company Law Tribunal, Allahabad bench (**NCLT**) under Sections 230 to 232 of the Act or dispensation having been received from the NCLT in relation to obtaining such approval from the members and/or creditors;
- e. the Scheme being approved by e-voting by the requisite majority of the public shareholders of the Transferee Company as required under the SEBI Merger Circular (since the Scheme involves amalgamation of a listed entity with its promoter);
- f. the Scheme being approved by e-voting by the requisite majority of the debenture holders of the Transferee Company as required under the SEBI Debt Circular;
- g. the Scheme being sanctioned by the NCLT or any other competent authority, as may be applicable, under Sections 230 to 232 of the Act;



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- h. fulfilment of any compliance(s), condition(s) etc., if any, stipulated by the RBI, SEBI, BSE, NSE and/or any other relevant governmental authority prior to effecting the Scheme;
- i. receipt of such other sanction(s), approval(s) etc., of any other Governmental Authority as may be required by Applicable Laws in respect of the Scheme; and
- j. certified copy of the NCLT order sanctioning the Scheme being filed with the jurisdictional Registrar of Companies by both the Transferor Company and the Transferee Company.

The Board notes that, the Scheme is proposed to take effect from the Appointed Date (i.e., 1 April 2025)

3. Rationale for the Scheme

3.1 The Transferee Company is functioning as a small finance bank (SFB) and was issued a license in this regard by the RBI on 25 November 2016. As per the conditions laid in the said license read with RBI Guidelines for Licensing of 'Small Finance Banks' in the Private Sector dated 27 November 2014 and the RBI Guidelines for 'on-tap' Licensing of 'Small Finance Banks' in Private Sector dated 5 December 2019 (**SFB Guidelines**), the promoter of SFB was required to reduce its equity stake in the SFB to 40% within a period of 5 years and thereafter to 26% within a period of 15 years from the date of commencement of business operations by the SFB.

3.2 Further, in terms of Direction 7.1 of the Reserve Bank of India (Acquisition and Holding of Shares or Voting Rights in Banking Companies) Directions, 2023, USFBL submitted its plan for undertaking dilution of the promoter's shareholding including by way of reverse merger of UCL with USFBL and this dilution plan submitted by USFBL was acknowledged by the RBI pursuant to its email dated 9 February 2024.

3.3 Accordingly, the proposed amalgamation of UCL with USFBL, among other business objectives and benefits (as indicated in the Scheme), would enable the Transferee Company to meet the aforesaid dilution requirements.

4. Synergies

4.1 The Scheme will create value for all stakeholders (including respective shareholders, debenture holders, and employees) as it will lead to simplification of group structure, thereby resulting in reduction of multiplicity of legal and regulatory compliances, and optimal utilization of common resources.

4.2 The proposed amalgamation would result in formation of a larger, stronger and single unified entity having greater economic capacity for conducting its operations with more focused operational efforts and synergies, and efficient functioning.

5. Effect of the Scheme on the respective stakeholders of USFBL /Transferee Company:

S. No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
1.	Promoter shareholders	The Transferor Company is the promoter of the Transferee Company. Pursuant to the Scheme, the Transferor Company will be dissolved without winding up and



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S. No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
		the shareholders of the Transferor Company would benefit by directly holding shares in the Transferee Company and derive value from the business of Transferee Company directly.
2.	Non-promoter shareholders	The Scheme will not impact the rights and interest of the Transferee Company's non-promoter shareholders.
3.	Depositors	The Scheme will not impact the rights and interest of the Transferee Company's depositors.
4.	Creditors	The Scheme will not impact the rights and interest of the Transferee Company's creditors, and any amounts due to any creditor will be paid in full, as and when their dues become payable in accordance with the usual course of business of the Transferee Company
5.	<p>A. Holders of Non-convertible Debentures (NCDs) issued by the Transferee Company</p> <p>B. Safeguards for the protection of holders of NCDs</p> <p>C. Exit Offer to the dissenting holders of NCDs</p>	<p>A. No impact on the holders of the NCDs as they will be paid the principal amount of the NCDs and the coupon thereon in full by the Transferee Company as and when their respective amounts fall due in accordance with the terms of the NCDs.</p> <p>B. There will be no change in terms and conditions of the NCDs pursuant to the Scheme. The holders of the NCDs as on the Effective Date (as defined in the Scheme) will continue to hold the NCDs, without any interruption and with the same rights that they enjoy as on the Effective Date. The liability of the Transferee Company towards holders of the NCDs is neither being reduced nor being extinguished under the Scheme.</p> <p>C. There will be no adverse impact on the rights and interest of holders of the NCDs, accordingly, the Scheme does not provide any exit offer / mechanism to the dissenting holders of the NCDs.</p>
6.	Deposit Trusts and Debenture Trustees	The Scheme will not impact the rights and interest of the Transferee Company's Deposit Trusts or the Debenture Trustees.



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S. No.	Category of Stakeholder	Effect of the Scheme on Stakeholders
7.	Employees and Key Managerial Personnel (KMP)	The Scheme will not impact the rights or obligations of the Transferee Company's employees or KMPs.
8.	Directors	The Scheme will not impact the rights or obligations of the Transferee Company's directors.

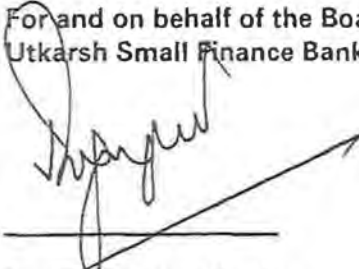
6. Observation of the Board on the Scheme

In view of the foregoing, the Board is of the opinion that, the Scheme will be beneficial and not prejudicial / detrimental to the interests of all stakeholders (including the shareholders, debenture holders, depositors, creditors, and employees of USFBL and UCL). It is for this reason that the Board has approved the Scheme.

7. Adoption of this Report

The Board has adopted this Report after duly noting and considering the information set forth in this Report and the documents placed before it (as set out in paragraph 1.3 above). In case of any modifications or amendments to the Scheme, the Board or any duly authorised committee of the Board is entitled to update this Report, if so required.

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



Parveen Kumar Gupta
Chairman
DIN: 02895343
Date: September 20, 2024



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