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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.



Sr. No.	Key Audit Matter	Auditor's Response
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		
Refer Schedule 9, Schedule 17(B)(c) and Schedule 18.4.1		
	<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.



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.



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.

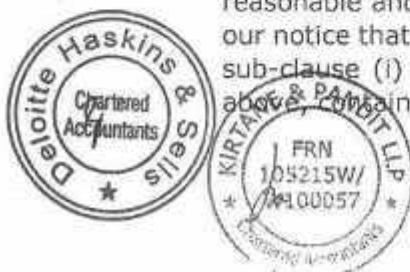
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation 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;




- 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.




- 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



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.



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.

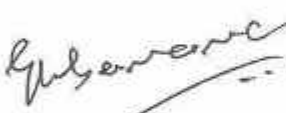
Inherent Limitations of internal financial control with reference to financial statements

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
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



	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


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



Place : Mumbai
Date : May 03, 2025

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


Paryeen Kumar Gupta
Chairman
DIN : 02895343


Nagesh Pingre
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



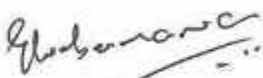
Utkarsh Small Finance Bank Limited
Profit and Loss Account for the year ended March 31, 2025

(₹ 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



G.K. Subramaniam
Partner
Membership No. 109839



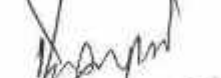
for: M/s Kirtane & Pandit LLP
Chartered Accountants
ICAI Firm Registration No. 105215W/W100057



Sandeep D Welling
Partner
Membership No. 044576



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




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

(₹ in 000s)

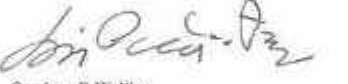
S.No	Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
I	Cash flow from operating activities		
	Profit before taxes	2,76,472	65,93,863
	Adjustments for:-		
	Depreciation on fixed assets	7,65,691	6,52,665
	Depreciation on investments, net	3,61,110	-
	Amortization of premium 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	24,61,603	31,34,217
	Provision for standard advances and other contingencies	(12,09,312)	5,25,275
	Provision for non performing advances (net of reversal)	68,46,383	(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)	-
	Adjustments for:-	(i) 86,97,474	1,08,63,225
	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	47,483	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	(15,89,515)	(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	51,36,088
	Share issue expenses	-	(1,95,421)
	Payment of dividend	(5,30,231)	-
	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


G.K. Subramanian
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 the Board of Directors of
Utkarsh Small Finance Bank Limited
CIN : 65992UP2016PLC082804


Parveen Kumar Gupta
Chairman
DIN : 02895345


Nagesh Pingre
Director
DIN : 00062900


Govind Singh
Managing Director & CEO
DIN : 02470880


Sarju Simaria
Chief Financial Officer
FCA : 046998


Muthiah Ganapathy
Company Secretary
FCS 5674



Schedule 1 - Capital

	As at March 31, 2025	As at March 31, 2024
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
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	31,00,560
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
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	12,14,17,209	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



Schedule 4 - Borrowings

	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

	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

	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



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

	As at March 31, 2025	As at March 31, 2024
(₹ in '000s)		
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

	As at March 31, 2025	As at March 31, 2024
(₹ in '000s)		
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	94,78,330
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



Schedule 9 – Advances (net of provisions)

	As at March 31, 2025	As at March 31, 2024
(₹ in '000s)		
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	10,28,55,183	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

	As at March 31, 2025	As at March 31, 2024
(₹ in '000s)		
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	2,38,461	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



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)



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	84,53,955	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	2,05,795	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)



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.



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.



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.



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 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 Investments 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.



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.



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:

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

e) Repurchase and Reverse repurchase transactions

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

f) Broken period interest, brokerage etc.

Broken period interest and costs such as brokerage paid at the time of acquisition of the 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.



D Fixed assets and depreciation / amortisation

Tangible assets

Tangible fixed assets are accounted for at cost less accumulated depreciation, amortization and accumulated impairment losses. Cost includes freight, duties, taxes and all other directly attributable expenditures towards acquisition and installation of assets before it is ready for commercial use. Subsequent expenditure incurred on assets put to use is capitalised only when it increases the future benefit / functioning capability from / of such assets. Tangible fixed assets under construction and tangible fixed assets acquired but not ready for their intended use will be disclosed as capital work-in-progress.

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

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

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

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

Intangible assets

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

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

Impairment of Assets

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



E Foreign Currency transactions

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

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

F Derivatives

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

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

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

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

G Employee benefits

a. Defined Contribution Plan –

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

b. Defined Benefit Plan and Compensated absences-

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

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



H Share Issue Expenses

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

I Employee Stock Option Scheme

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

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

J Lease transactions

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

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

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

K Taxation

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

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

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

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

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



L Provisions and contingencies

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

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

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

M Earnings per share (EPS)

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

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

N Cash and cash equivalents

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

O Cash Flow Statements

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

P Segment reporting

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

Q Priority Sector Lending Certificates

The Bank vide RBI circular FIDD.CO.Plan.BC.23/04.09.01/2015-16 dated 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:

1. 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.

2. 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.)

Particulars	(₹ in crore except share data)			
	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.



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 2 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	10,632.50	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	612.13	850.19	1,880.16	266.34	61.40	4,957.89
Borrowings	-	0.02	0.02	0.05	67.11	75.12	349.20	438.41	1,205.32	14.44	305.08	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 2 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	270.63	668.31	431.53	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	2,501.98	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	71.12	315.87	626.75	699.05	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.



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 ₹7.3 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 time 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 & PSBs	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	184.98%	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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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:

	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	8,862.24	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	2,852.61
(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)	3,774.5	150.98	3,13.35	125.34	264.61	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	13,294.74	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	1,840.93	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%	-	184.38%	-	187.05%

(₹ in crore)



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:

	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	-	-	-	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	638.52	63.56
(ii) Non-operational deposits (all counterparties)	488.49	195.39	880.31	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 funding (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	-	3,774.63	-	3,580.43	-	3,563.86	-	3,237.13
14 Total Net Cash Outflows (8-12)	-	2,366.59	-	1,979.08	-	1,683.46	-	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.



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.



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

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.

		NSFR Disclosure				(€ in crore)
		Unweighted value by residual maturity				Weighted value
		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.



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	
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)



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)



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	-



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)



Utkarsh Small Finance Bank Limited

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.



Urbash Small Finance Bank Limited

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)

18.4.1 Classification of advances and provisions held		As at March 31, 2025					(₹ in Crores)
	Particulars	Standard Advances	Non-performing Advances			Total	
			Sub-standard	Doubtful	Loss		Total Non-performing Advances
(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 drawdowns 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



(₹ in crore)

		As at March 31, 2024					(₹ in Crores)	
	Particulars	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	552.67	78.83	-	431.50	13,357.11	
	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.



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



Utkarsh Small Finance Bank Limited

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

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.



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

(₹ in crore)	
Particulars	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).



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.



Utkarsh Small Finance Bank Limited

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

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



Utkarsh Small Finance Bank Limited

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

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;	-	-



(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.



Utkarsh Small Finance Bank Limited

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

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%



Utkarsh Small Finance Bank Limited

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

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.



Utkarsh Small Finance Bank Limited

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

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.



Utkarsh Small Finance Bank Limited

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

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).



Utkarsh Small Finance Bank Limited

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

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	-



Utkarsh Small Finance Bank Limited

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

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.



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

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

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

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

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

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

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

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

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

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

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

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



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

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

a) For MD & CEO 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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Schedules forming part of the financial statements for the year ended March 31, 2025

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 Disclosures-

As at March 31, 2023 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)	0.11	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.	<p>RBI vide its letter dated September 16, 2024 approved pay to MD & CEO in the following manner:</p> <p>i. Grant of ₹2.57 crore as fixed pay, including perquisite w.e.f. April 1, 2024.</p> <p>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:</p> <p>- 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 installments.</p> <p>- 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 installments. 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.</p>	<p>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.</p> <p>Further, RBI vide its letter dated October 06, 2023 approved pay to MD & CEO in the following manner:</p> <p>i. Grant of ₹2.34 crore as fixed pay, including perquisite, for FY 2023-24.</p> <p>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:</p> <p>- 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 installments.</p> <p>- 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 installments. 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.</p>
4(i)	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	9.22	0.12
	Non-deferred	10.65	9.41
5(i)	Total amount of outstanding deferred remuneration and resumed 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.	-	-



#	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 dated 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 ₹1.70 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 ₹1.35 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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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 ⁴ (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 ^{3*}	-	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.



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	-	-



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.



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

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



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 scholtes 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



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

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



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.



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/81/23/04-D18/2006-07 dated April 18, 2007 read with DBR/BC/BC/23/21/04-D18/2015-16 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	437.03	298.33	266.34	218.30	3,660.79	3,062.18	-	-	4,364.16	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)									3.99	161.76
Extraordinary profit/(loss)									-	-
Net Profit									23.79	497.63
Other Information:										
Segment Assets	8,462.37	6,764.47	2,532.58	1,958.43	16,506.88	14,672.14	-	-	27,501.83	23,295.01
Unallocated Assets									625.61	507.64
Total Assets									28,127.44	23,802.65
Segment Liabilities	2,368.10	2,021.28	7,450.53	6,961.81	13,312.92	11,927.92	-	-	23,131.55	20,911.01
Unallocated Liabilities									2,995.89	2,991.67
Total Liabilities									26,127.44	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)	(28.67)	648.10	543.43	-	-	659.39	535.81
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	1,958.43	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	5,984.60	11,927.92	8,734.44	-	-	20,911.01	17,090.34
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 organisation 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, marked gas/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.



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:

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: Sarjankumar Pravin Sharma (CFO)	KMP: Murbhish Ganapathy (CS)	Enterprise where KMP exercise significant influence: RAAG Family Private Trust	KMP Relative - Ravati Govind Singh	KMP Relative - Ankur Singh	KMP Relative - Achin Singh	KMP Relative - Ramesh Chandra Singh	KMP Relative - Parvati Devi	KMP Relative - Nirmala Sharma	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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ESOP cost cross charged #	(0.23)	8.50	-	-	-	-	-	-	-	-	-	-	-	-	8.50
Service charge for collections	0.01	-	-	-	-	-	-	-	-	-	-	-	-	-	(0.23)
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:

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



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: Sarjokumar Pravin Simaria (CFO)	KMP: Mubashir Ganapathy (CS)	Enterprise where KMP exercise significant influence: RAAG Family Private Trust	KMP Relative - Ravati 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 gross 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 arrears 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 arrears 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:

- 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.
- Refer Schedule 18.16 on ESOP grant to MD & CEO



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



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



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.



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.



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.

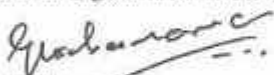
18.31 As per the requirements of rule 3(1) of the Companies (Accounts) Rules 2014 the Bank uses only such accounting software for maintaining its books of account that have a feature of recording audit trail of each and every transaction creating an audit log of each change made in the books of account 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.



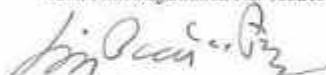
Utkarsh Small Finance Bank Limited
Schedules forming part of the financial statements for the year ended March 31, 2025

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

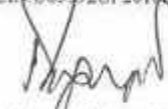
As per our report of even date attached
for M/s Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration No. 117365W



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 Pingre
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

